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SOUTH HAMS COUNCIL - THURSDAY, 14TH FEBRUARY, 2013

Agenda, Reports and Minutes for the meeting

Agenda No Item

1. **Agenda Letter** (Pages 1 - 4)

2. **Reports**

Reports to Council:

a) Item 11 - Revenue and Capital Budget 2013/14 (Pages 5 - 62)

3. **Minutes** (Pages 63 - 74)

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Agenda Item 1

Please reply to: Darryl White
Service: Corporate Services
Direct Telephone: 01803 861247
E-Mail: darryl.white@southhams.gov.uk

To: Chairman & Members of South Hams District Council

Our Ref: CS/DW

cc: Usual press and officer circulation

6 February 2013

Dear Councillor

A meeting of the **South Hams District Council** will be held in the **Council Chamber**, Follaton House, Plymouth Road, Totnes, on **Thursday, 14 February 2013 at 2.00 pm** when your attendance is requested.

Yours sincerely



Richard Sheard
Chief Executive

<p>FOR ANY QUERIES ON THIS AGENDA, PLEASE CONTACT DARRYL WHITE DEMOCRATIC SERVICES MANAGER ON DIRECT LINE 01803 861247</p>

A G E N D A

1. **Minutes** – to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Council held on 13 December 2012 (pages 1 to 13);
2. **Urgent Business** – the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under item 7 below);
3. **Confidential Business** – the Chairman to inform the meeting of any confidential item of business;
4. **Exempt Information** – to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;
5. **Declarations of Interest** – Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;
6. **Chairman's Announcements**;
7. **Business Brought Forward by the Chairman** – to consider business (if any) brought forward by the Chairman as reported under item 2 above;

8. **Questions** – to consider the following questions received in accordance with Council Procedure Rule 8.

From Cllr Pennington to Cllr Carter, lead Executive Member for Planning, Economy and Community

- (i) Will the Executive Member for Development Management obtain from the Council's agricultural planning advisor the definitive criteria governing both the functional test and the financial test to enable Members to fully appraise the above tests when considering planning applications involving agricultural and horticultural implications?
- (ii) Will the Executive Member for Development Management request that the Council's agricultural advisor on agricultural and horticultural planning applications consider an invitation for him to attend an informal Council meeting to discuss his role in that process?
- (iii) Would the Executive Member for Development Management agree that where planning applications are under scrutiny by the Local Government Ombudsman, the Development Management Committee should not reach a final decision on such applications until the Council receives his or her final report?
- (iv) Would the Executive Member for Development Management agree that for all major planning applications an Environment Impact Assessment should be a requirement and should become Council policy?

From Cllr Baldry to Cllr Hawkins, lead Executive Member for Environmental Health and Housing

- (i) As the "viability" of profit levels now takes priority in residential housing approval, does the District agreed percentage affordable housing levels in our policy (AH DPD Sept 2008) serve any purpose?

From Cllr Baldry to Cllr Bastone, lead Executive Member for ICT and Customer Services

- (i) I am grateful for the recent briefing on rough sleepers. As you know there is a regular demand to house 10-15 homeless people in Totnes, the vast majority of who prefer to remain in Totnes. What additional steps are being made to house these people in Totnes in their own community?

From Cllr Brazil to Cllr Hicks, Deputy Leader of the Council

- (i) The Government has doubled the rate relief to small businesses from 50% to 100%. Due to an oversight, small rural businesses do not qualify. Will the Council be lobbying Government to right this wrong?

9. **Notice of Motion** – to consider the following motions received in accordance with Council Procedure Rule 10.1.

(a) By Cllrs Pennington and Coulson

For future budget procedure process, all Scrutiny Panels be provided with detailed agendas within their remits for full discussion to show proposed expenditure for all services over which they have scrutiny responsibilities together with outturn expenditure incurred for the previous financial year and full lists of changes in expenditure and reasons for those changes.

The Scrutiny Panel meetings to take place prior to the Joint Scrutiny Panels meeting to enable more in depth scrutiny of all Council services and to allow all Scrutiny Panels to make recommendations to the Joint Scrutiny Panels Budget meeting who can then make recommendations to the Executive and full Council.

(b) By Cllrs Hannaford and Barber

That this Council agrees when a viability assessment is necessary for a development, a summary of the report is sent to the Ward Member/s as an exempt item before it is discussed at the Development Management Committee meeting or considered for delegated authority.

(c) By Cllrs Pennington and Holway

Authority be delegated in the Affordable Housing Allocations Policy review to the Head of Environmental Health and Housing in consultation with the Executive portfolio holder and the local ward council member to implement minor changes following consultation with registered providers and parish and town councils.

10. **Presentation from the Lead Executive Member for Planning, Economy and Community** – presentation to focus on the current achievements, aims and challenges which are ongoing within the Planning, Economy and Community Service;
11. **Revenue and Capital Budget 2013/14** – to consider a report which presents the recommendations of the Executive on the proposals for the Council's Budget for 2013/14 (circulated separately);
12. **Reports of Bodies** – to receive and as may be necessary approve the minutes and recommendations of the under-mentioned Bodies:-

Council Body		Date of Meeting	Minute Nos.	Page Nos.
a	Corporate Performance & Resources Scrutiny Panel*	3 January 2013	CPR.24/12 – CPR.33/12	14 - 23
b	Joint Scrutiny Panel	10 January 2013	JSP.1/12 – JSP.3/12	24 - 29
c	Audit Committee*	10 January 2013	A.19/12 – A.24/12	30 - 33
d	Development Management Committee*	16 January 2013	DM.39/12 – DM.44/12	34 - 48
e	Executive	24 January 2013	E.69/12 – E.80/12	49 - 57
f	Salcombe Harbour Board*	4 February 2013	SH.42/12 – SH.56/12	To follow

Members of the public may wish to note that the Council's meeting rooms are accessible by wheelchairs and have a loop induction hearing system.

**An optional lunch will be available for all Members
in the Dining Room at 1.00 pm**

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER
THIS AGENDA HAS BEEN PRINTED ON ENVIRONMENTALLY FRIENDLY PAPER**

If you or someone you know would like this publication in a different format, such as large print or a language other than English, please call Darryl White on 01803 861247 or by email at: darryl.white@southhams.gov.uk

**SOUTH HAMS DISTRICT
COUNCIL**

14 FEBRUARY 2013

**2013/14
BUDGET PROPOSALS**

2013/14 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 Joint Scrutiny Group, 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 2013/14. 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 24th January 2013 is also included for consideration by full Council.

RECOMMENDATIONS:-

(The references in the Recommendations below refer to the relevant Section or Appendix of the 2013/14 Revenue Budget report presented to the Executive on 24 January 2013 unless otherwise stated)

- 1. That in order to set a Balance Budget for 2013-14: An increase in Council Tax of 3.5% will be set (the Band D Council Tax for South Hams District Council will be £142.71 for 2013-14, an increase of £4.83 per year or 9 pence per week) as per Section 4 (this represents a Council Tax Requirement for 2013-14 of £5,056,799)**
- 2. That the financial pressures in Appendix A of £623,988 be noted**
- 3. To agree the £10,000 discretionary budget bid for the Citizens Advice Bureau to be taken from the New Homes Bonus Community Fund**
- 4. To agree the schedule of savings identified in Appendix A identified by the Council's Senior Management Team (SMT), totalling £254,682**
- 5. To agree the Collection Fund Surplus of £30,000 as shown in Appendix B**
- 6. To set the amount of budget savings from the options laid out in Section 6.6 at £297,774**
- 7. The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix D**

2013/14 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

8. That the Council should set its total net expenditure for 2013/2014 as shown in Appendix C at £9,158,826 – This is subject to final confirmation of Government funding which will be notified at the end of January 2013. If the Government changes the funding, delegated authority be given to the Head of Finance and Audit (S151 Officer) in liaison with the Leader of the Council to identify an appropriate solution
9. To use £460,000 of New Homes Bonus funding from 2013-2014 to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 7.3
10. To agree to 4 months seasonal closure of under utilised public conveniences for implementation in October 2014, allowing time for consultation as per Appendix E (shown as a £80,000 saving for 2014-15), or where agreement is reached with Town or Parish Councils that some toilets could be closed this autumn
11. To approve the fees and charges as set out in Appendix A of the Executive report of 24 January 2013 for Commercial Waste (E.80/12 refers), and the fees and charges as recommended by the Executive at the meeting of 6 December 2012 in relation to Environmental Health and Housing and Parks, Open Spaces, Outdoor Sport and Recreation (E.66/12 b ii refers)
12. To approve the fees and charges as set out in Appendix 5 for the Lower Ferry, Dartmouth
13. That the minimum level of the Unearmarked Revenue (General Fund) Reserve Balance be maintained to at least £1.5 million as per Section 8.2
14. That the level of reserves as set out within 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

Officer contact:

Michael Tithecott, Acting Head of Finance & Audit
01803 861413 michael.tithecott@swdevon.gov.uk

Part 1: The Executive's considerations in arriving at its final proposals for bids, savings and Council Tax (Executive meeting held on 24 January 2013).

1. Over the past few months, the Executive has given the budget very detailed consideration. The recommendations before Members take account of the consultation exercises with the Joint Scrutiny Group, Town and Parish Councils, the public and business communities. This

2013/14 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

process has enabled and informed Members in their consideration of the appropriate level of service provision and council tax levels.

2. The Council is faced with plugging a £479,000 funding gap following a much reduced Government grant* this year. In order to protect front line services we are proposing to raise council tax by 3.5%. This amounts to a £4.83 increase on an average Band D property over a year equivalent to 9p a week.

N.b. The Council received confirmation of its Government funding on 4 February 2013. The change from the provisional settlement is minimal for our basic revenue grant (a reduction of £283). In addition, there are two grants that have been added. The first is "Efficiency Support for Services in Sparse Areas" Grant which is for rural authorities. It is for one year only and amounts to around £16,000. The second is the New Homes Bonus Adjustment Grant where the Government is returning the excess money it took out of Formula Grant Funding, but did not allocate through the New Homes Bonus system. Again, this will be for one year only and amounts to around £14,000. However, there is uncertainty over the timing and payment methodology for these new grants. In view of this uncertainty and the temporary nature of the grants it is not proposed to build them in to the Council's core budget.*

3. South Hams is one of the few types of council being allowed to do this simply because of its past successes in keeping its council tax so low. Councils in the same position are being allowed to raise their council tax by up to a £5 per year. The Council currently has the third lowest council tax in Devon and we will continue to be well below the 2012/13 average for Devon Districts of £153.
4. With the proposed increase in council tax there will be no cuts to vital services. We are also taking steps to protect the most vulnerable in the area. We know that personal budgets are being stretched and we have removed the second homes discount to support those most at risk in the area through the Council Tax Support Scheme. And we are again supporting South Hams Citizens Advice Bureau (CAB) with a further £20,000 above our service level agreement to bring the charity's total grant up to £62,000 this year – to help those most at risk.
5. Existing charges for all current South Hams District Council car parks are being frozen for the third year running in order to help both residents and businesses during these challenging economic times.
6. We have identified budget savings and income generation amounting to more than £500,000 in total for 2013/14. These savings include income generation such as renting our offices at Follaton House to partners and further savings from shared services with West Devon Borough Council.
7. Since 2007, South Hams District Council has saved £2.15 million from shared services with West Devon and annual savings are now

2013/14 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

£700,000. This is the equivalent of a 14% increase in council tax.

8. On the 29 November 2012, the Community Life & Housing Scrutiny Panel considered a report on the New Homes Bonus (NHB) Strategy. Within the budget, we have included income arising from this positive initiative from the Government to help alleviate council budget pressures.
9. The following recommendations in line with the approved NHB Strategy, are being made as to how income from New Homes Bonus will be used:-
 - To continue to use £100,000 to fund the Revenue Base Budget
 - To use £10,000 to support a CAB Outreach Worker
 - To use £460,000 to finance housing capital projects (Disabled Facilities Grants and Affordable Housing)
10. On 24 January, the Executive considered an exempt report on commercial waste and recommended Council to approve the fees and charges as set out in Appendix A of the presented report. This forms part of the overall Budget for 2013/14 and is covered by Recommendation 11 on this report.
11. The General Fund revenue budget, our five year financial strategy and the recommendations for the 2013/14 bids and savings are summarised in Appendices 1 to 5 of this report. 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

- 9 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.
- 10 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 years.
- 11 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.

- 12 Strong finances built up over past years and new ways of working have enabled the Council to not only accommodate essential and high priority service pressures, but to do so whilst still maintaining a low level of council tax. I commend the budget proposals to the Council. This is a budget to protect frontline services and the longer term viability and future of the Council.

Councillor R J Tucker
Leader of the Council

2013/14
REVENUE BUDGET (INCORPORATING BUDGET PROPOSALS)

APPENDIX 1A

		<u>Estimate 2013/2014 (at outturn prices)</u>		
Estimate 2012/2013 (At outturn prices)		Gross Expenditure	Income	Net Expenditure charged to General Fund
£	SERVICE EXPENDITURE ANALYSIS	£	£	£
861,800	Central Services	2,087,400	(1,004,200)	1,083,200
1,656,800	Corporate and Democratic Core	1,356,218	(37,800)	1,318,418
1,791,800	Cultural and Related Services	2,230,000	(288,900)	1,941,100
5,889,600	Environmental Services	8,055,700	(2,176,700)	5,879,000
(1,736,800)	Highways, Roads and Transport Services	3,435,500	(5,189,200)	(1,753,700)
1,116,700	Housing Services	24,580,400	(23,445,700)	1,134,700
	Homelessness Prevention Grant Expenditure	84,988		84,988
203,500	Non Distributed Costs	203,200		203,200
927,600	Planning and Development services	3,479,600	(2,621,700)	857,900
10,711,000		45,513,006	(34,764,200)	10,748,806
(100,000)	Vacancy provision	(100,000)		(100,000)
	Non recurring items funded from reserves:			
7,000	<i>Elector Fund</i>	7,000		7,000
	<i>Discretionary Bid - CAB</i>	10,000		10,000
(50,000)	Shared Services Target	(55,074)		(55,074)
135,000	Inflation provision	135,000		135,000
10,703,000	NET COST OF SERVICES	45,509,932	(34,764,200)	10,745,732
	FINANCING AND INVESTMENT INCOME & EXPENDITURE			
(230,000)	Interest receivable (investment income)		(190,000)	(190,000)
(6,300)	Income and expenditure in relation to investment properties	66,800	(55,300)	11,500
	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS			
(1,545,000)	Reversal of depreciation	(1,771,000)		(1,771,000)
(500,000)	Reversal of pension costs (IAS 19)	(500,000)		(500,000)
665,594	CONTRIBUTIONS TO/ (FROM) RESERVES	1,052,800	(190,206)	862,594
9,087,294	AMOUNT TO BE FUNDED FROM TAXATION AND NON-SPECIFIC GOVERNMENT GRANTS	44,358,532	(35,199,706)	9,158,826
	FINANCED BY:			
(3,777,176)	Government Grant (business rates & revenue support grant)		(3,511,776)	(3,511,776)
	Council Tax Support Grant - SHDC	145,003	(620,266)	(475,263)
	Homelessness Prevention Grant		(84,988)	(84,988)
(5,270,004)	Council Tax		(5,056,799)	(5,056,799)
(40,114)	(Surplus) / Deficit on Collection Fund		(30,000)	(30,000)
0	BALANCE	44,503,535	(44,503,535)	0
38,221.67	<i>Council Tax Base</i>	35,434.09	£137.88	£ 142.71

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Estimate 2012/2013			Estimate 2013/2014	
To	(From)		To	(From)
£	£		£	£
16,900		Community Park & Open Spaces	16,900	
10,000		District Elections	10,000	
181,600		Capital Programme	181,600	
12,000		Economic Regen./Community Wellbeing	12,000	
25,000		Ferry major repairs & renewals	87,000	
	(100,000)	New Homes Bonus		(110,000)
20,800		Pay & Display Equipment	20,800	
31,500		Pension Fund Strain Payments	122,000	
-	(100,000)	Planning Policy & Major Developments	-	(63,000)
3,500		Print equipment renewals	3,500	
55,000		Repairs and maintenance	55,000	
	(17,206)	Strategic Issues		(17,206)
524,500		Vehicle & Plant Renewals	542,000	
2,000		Interest credited to reserves	2,000	
882,800	(217,206)	TOTALS	1,052,800	(190,206)
665,594		GRAND TOTAL	862,594	

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FINANCIAL STRATEGY - UPDATED FOR BUDGET PROPOSALS

Line No.	SOUTH HAMS DISTRICT COUNCIL	Base 2012/13 £	Yr1 2013/14 £	Yr2 2014/15 £	Yr3 2015/16 £	Yr4 2016/17 £
	Base budget brought forward	9,087,294	9,087,294	9,158,826	8,641,141	8,417,026
	Budget pressures (Appendix 3)		623,988	350,000	425,000	410,000
	CAB Bid		10,000			
	Savings already identified by SMT and built into base budget (Appendix 4)		(254,682)	(145,000)	0	0
	Savings requiring Member Approval (Appendix 4)		(297,774)			
	Proposed funding of CAB bid from New Homes Bonus		(10,000)			
A	Projected Net Expenditure:	9,087,294	9,158,826	9,363,826	9,066,141	8,827,026
	Note : the net expenditure figures includes a contribution of £100,000 per annum being used from New Homes Bonus to finance the base budget					
	Government Formula Grant	3,777,176				
	Localised Business Rates and Revenue Support Grant		3,511,776	2,979,820	2,741,434	2,549,534
	Council Tax income - assumes an increase in Council Tax of 3.5%. A 100 Band D Equivalent increase in taxbase has also been modelled in for future years	5,270,004	5,056,799	5,071,070	5,085,341	5,099,612
	Collection Fund surplus	40,114	30,000	30,000	30,000	30,000
	Specific Grant for Council Tax Support		475,263	475,263	475,263	475,263
	Specific Grant for Homelessness Prevention		84,988	84,988	84,988	84,988
B	Total Projected Income	9,087,294	9,158,826	8,641,141	8,417,026	8,239,397
C	Budget gap per year					
	(Projected Expenditure line A - Projected Income line B)	0	0	722,684	649,115	587,628
Cumulative Budget Gap (if savings are not met each year)			0	722,684	1,371,799	1,959,427

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	2013/14 £
BUDGET PRESSURES	
Triennial Pension revaluation - new contribution rates from April 2013	125,000
Inflation on expenditure	195,000
Increase annual contribution to the Ferry Major Repairs and Renewals Reserve	62,000
Increase contribution to Vehicle, Plant & Equipment Reserve	17,000
Reduced Housing Benefit administration subsidy	50,000
Reduction in the income target for Car Parking	50,000
Variation in interest on investments	40,000
Homelessness Prevention (a specific grant will be received for this)	84,988
TOTAL IDENTIFIED BUDGET PRESSURES	623,988
DISCRETIONARY BID - Citizens Advice Bureau; Outreach Worker	10,000

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PROPOSED BUDGET SAVINGS

APPENDIX 4

2013/14
£

BUDGET SAVINGS AND INCOME GENERATION IDENTIFIED BY SMT

Additional rental income at Follaton from partners	37,
Additional planning fee income	50,
Savings on audit fees	40,
Savings on ICT - software, maintenance and licensing	40,
Additional shared services income	60,
Other small savings	27,
TOTAL	254,

FURTHER SAVINGS AND INCOME GENERATION

S1 Assets- Cleaning Contracts	11,
S2 Assets - Facilities Management Staff	8,
S3 Assets - Beach & Water Safety	5,
S5 PEC - Community Engagement and Localism Initiatives	15,
S6 Essential User Allowance - review eligibility criteria	60,
S7 Reduce mileage allowance to 45 pence per mile (HMRC rate)	18,
Target for Shared Services Savings	55,
Income generation:	
<i>Lower Ferry Dartmouth - review of charges</i>	100,
<i>Commercial Waste -income from food waste recycling</i>	20,
<i>Housing rents & Environmental Health Charges - review of charges</i>	5,
TOTAL	297,

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APPENDIX 5

Proposed Lower Ferry Fares 2013/14								
Ticket	Passenger Ferry	Higher Ferry From 1 Oct 12	Lower Ferry existing 2012/13	Lower Ferry proposed 2013/14	Potential increase in income**	2011/12 % of business	% of business total	
Foot Passenger								
Single	£1.50	£0.50	£1.10	£1.40	£43,000	20%	99%	
School children (5-16)			£0.50	£0.50	£0			
40 crossings		£10.00	£21.00	£23.00	£4,500	6%		
Car and small van								
Single		£4.70	£4.00	£4.50	£29,000	27%		
Return		£8.50	£7.00*	£8.00	£31,000	25%		
10 crossings		£21.00	£14.00	£16.00	£7,000	21%		
20 crossings		£28.00	£24.00	£25.00				
40 crossings		£52.00	£45.00	£46.00				
Car and caravan								
Single			£8.00	£9.00	minimal			
Commercial								
Single 1000-1800kg		£4.70	£4.70	£5.00	minimal			
1801- 3500kg			£6.20	£6.50	minimal			
10 crossings		£21.00						
20 crossings up to 3500kg		£28.00	£24.00	£25.00	minimal			
40 crossings up to 3500kg			£45.00	£46.00	minimal			
Motorcycle								
Single		£2.00	£2.20	£2.20	£0			
20 crossings		£15.00	£15.00*	£15.00	£0			
Bicycle								
Bicycle		Free	Free	Free	£0			
Estimated Total					£114,500			

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SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Executive
DATE	24 January 2013
REPORT TITLE	2013/2014 Budget
Report of	Head of Finance & Audit
WARDS AFFECTED	All

Summary of report: This report updates Members on the revenue budget position for 2013-14 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 14th February 2013. On 6 December 2012 (Minute E.63/12), the Executive considered a report on the Capital Programme for 2013/14 for £1,594,000. This will also be a recommendation to Council on 14 February 2013.

Financial implications: The report presents the latest assessment of the budget position for the revenue budget which is facing the Council for the next four years. It outlines the options in Section 6.6 that are available to balance the 2013/2014 budget gap of **£478,921**. In 2014/15 the predicted Budget Gap is £723,167. This is largely due to the 15% reduction in Government funding in 2014/15 which equates to £532,000 as shown in 2.2. The cumulative budget gap is £2.4 million by 2016/2017.

RECOMMENDATIONS:

That the Executive resolves to **RECOMMEND** to Council:

1. That in order to set a **Balanced Budget for 2013-2014**

EITHER

Option 1) - A Nil increase in council tax for 2013-14 will be set (the Band D Council Tax for South Hams District Council will remain at £137.88 for 2013-14) and the Council will accept the one-off Council Tax Freeze Grant being offered by the Government of £52,977 as per Section 4 (this represents a Council Tax Requirement for 2013-14 of £4,885,652);

OR

Option 2) - An increase in Council Tax of 1.9% will be set (the Band D Council Tax for South Hams District Council will be £140.50 for 2013-14, an increase of £2.62 per year or 5 pence per week) as per Section 4 (this represents a Council Tax Requirement for 2013-14 of £4,978,490);

OR

Option 3) - An increase in Council Tax of 3.5% will be set (the Band D Council Tax for South Hams District Council will be £142.71 for 2013-14, an increase of £4.83 per year or 9 pence per week) as per Section 4 (this represents a Council Tax Requirement for 2013-14 of £5,056,799);

- 2. That the financial pressures in Appendix A of £623,988 be noted;**
- 3. To agree the £10,000 discretionary budget bid for the Citizens Advice Bureaux;**
- 4. To agree the schedule of savings identified in Appendix A identified by the Council's Senior Management Team (SMT), totalling £254,682;**
- 5. To agree the Collection Fund Surplus of £30,000 as shown in Appendix B;**
- 6. To set the amount of budget savings from the options laid out in Section 6.6 at £TBA;**
- 7. The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix D;**
- 8. That the Council should set its total net expenditure for 2013/2014 as shown in Appendix C at £TBA – This is subject to final confirmation of Government funding which will be notified at the end of January 2013. If the Government changes the funding, delegated authority be given to the Head of Finance and Audit (S151 Officer) in liaison with the Leader of the Council to identify an appropriate solution;**
- 9. To use £460,000 of New Homes Bonus funding from 2013-2014 to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 7.3;**
- 10. To agree to 4 months seasonal closure of all public conveniences which are not in the towns of Dartmouth, Ivybridge, Kingsbridge, Modbury, Salcombe, South Brent and Totnes for implementation in October 2014, allowing time for consultation as per Appendix E (shown as a £80,000 saving for 2014-15);**

11. That the minimum level of the Unearmarked Revenue (General Fund) Reserve Balance be maintained to at least £1.5 million as per Section 8.2;
12. That the level of reserves as set out within 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;
13. To agree an allocation of £TBA from New Homes Bonus to support the Revenue Budget.

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1. BACKGROUND

- 1.1 On 6 September 2012, the Executive considered a report on the Medium Term Financial Strategy for 2013/14 to 2016/17 and resolved that:

Members recommend to Council that:

- The Financial Strategy, including the schedule of Earmarked Reserves, is accepted as a foundation document for the Council's budget setting process;
 - The minimum level of the Unearmarked General Fund Revenue Reserves be maintained to at least £1.5 million;
 - The Senior Management Team be tasked with identifying options for savings necessary to balance the 2013/14 budget.
- 1.2 The Medium Term Financial Strategy (MTFS) provides a financial framework for the Council's strategic planning and decision making. The MTFS 2013/17 incorporates key factors such as the Government's Comprehensive Spending Review, our spending plans and the level of savings that are likely to be needed to keep Council Tax affordable. By anticipating financial pressures now, we can plan ahead early to meet the significant challenges in a way that ensures financial resources are targeted to the Council's highest priorities and the minimum impact on services.
 - 1.3 As part of the medium term financial strategy, it will also be necessary to review the level and phasing of schemes within the future Capital Programme for 2013/14 onwards. It is important that the Capital Programme is matched with available resources and that the impact on reserves and the revenue budget is

fully assessed. Therefore this report updates Members on the revenue budget position. On 6 December 2012 (Minute E.63/12), the Executive considered a report on the Capital Programme for 2013/14 for £1,594,000. This will be a recommendation to Council on 14 February 2013. The revenue budget and the Capital Programme are intrinsically linked.

2. GOVERNMENT FUNDING

2.1 Our Government Grant was reduced by 26% over the two years 2011/12 and 2012/13. In 2012/13, our Government Grant reduced from £4.139 million (Adjusted figure) to £3.649 million – a reduction of £490,000. The council tax freeze grant for 2010/11 of £128,133 is now included within the Formula Grant for 2012/13 onwards. Therefore the Formula Grant figure for 2012/13 was £3,777,176.

2.2 The Finance Settlement (December 2012) has announced the following provisional funding position for the Council for 2013/14 and 2014/15 (figures will be confirmed by around the end of January 2013 by the Government):

	2012/2013	Provisional 2013/2014	Provisional 2014/15
	£	£	£
Government Formula Grant (as shown in Appendix B)	3,777,176		
Localised Business Rates (new system introduced 1 st April 2013) and Revenue Support Grant (As shown in Appendix B)		3,511,776	2,979,820
Reduction in funding (Amount £)		(265,400)	(531,956)
Reduction in funding (%)		(7.03)%	(15.15)%

2.3 Therefore in addition to the 26% reduction in funding in the two years 2011/12 and 2012/13, there will be a further 21% (in aggregate) of funding reductions in the next two years, 2013/14 and 2014/15.

2.4 The Government quotes the figures in terms of SUFA (Start Up Funding Allocation). In 2014/15 the specific grants for Council Tax Support Funding and Homelessness Prevention Funding are rolled into the main funding stream and not separately identified. For presentation purposes, as assumption of the funding being at the same level in 2014/15 has been shown below. However in reality a decision will need to be made in 2014/15 about how much of the main funding will be allocated to Council Tax Support Funding and Homelessness Prevention Funding.

	2012/13 £	2013/14 £	% change	2014/15 £	% change
Funding from Localised Business Rates (new system introduced 1 st April 2013) and Revenue Support Grant	3,777,176	3,511,776	-7.03%	2,979,820	-15.15%
Council Tax Support Funding (including Parish element)	621,189	620,266		620,266	
Homelessness Prevention Funding	84,988	84,988		84,988	
Start Up Funding Allocation (SUFA)	4,483,353	4,217,030	-5.94%	3,685,074	-12.61%

2.5 Floors and damping are still in operation in this Finance settlement. The cost of guaranteeing a maximum decrease in grant for some Councils continues to be paid for by the scaling back, known as the “damping effect”, of the grant levels of Councils above the floor level. South Hams has lost £241,000 in the grant funding system due to the effect of ‘damping’.

3. BUDGET UPDATE 2013-2014 - BUDGET PRESSURES AND OVERALL FINANCIAL FORECAST

3.1 This budget report highlights progress made to date on the Revenue Budget for 2013-2014. Appendices A and B illustrate the financial impact of the budget pressures on the Council’s financial position for the four years to 2016/17. The main considerations included in the appendices are as follows;

3.2 **Triennial Pension Revaluation** – A revaluation has been carried out which is effective from April 2011 and we will see an increase in our employer contributions.

3.3 Our share of the Pension Fund is now 98% funded (compared to the average 81%) due to economic factors and increased life expectancy of pensioners. This means that our contribution rate will have to increase to 15.2% by incremental steps over the three years (compared to the fund average of 18%).

3.4 The contribution rates are 12.4% for 2011/12, 13.8% for 2012/13 and 15.2% for 2013/14. This results in an additional £125,000 budget pressure for pension contributions for 2013/14 as shown in Appendix A.

- 3.5 **Price Inflation** – To be able to produce a meaningful resource plan, a number of assumptions have to be made regarding prices. Consumer Price Index (CPI) in November 2012 was 2.7% (Retail Price Index was 3%). A Budget Pressure of £195,000 has been included within Appendix A to allow for inflation on expenditure, in particular, utilities and premises costs and supplies and services such as postage.
- 3.6 **Pay Inflation** – The Government does not have direct control over local authority pay rates and it will be up to the employers and unions to negotiate a national pay award. For budgeting purposes only, the Council has modelled a 1% pay offer for 2013/14 onwards.
- 3.7 **Ferry Major Repairs and Renewals Reserve** – The report to the Executive on 31 May 2012 set out the proposed financing of the capital project for the work to the Dartmouth Lower Ferry slipway. This was agreed by Council (Minute E.15/12). It was agreed that if £250,000 was used from the Ferry Major Repairs and Renewals Reserve to finance this project, that the replenishing of this reserve would be built back into the Medium Term Financial Strategy. Building this funding back over a 4 year period means increasing the annual contribution from £25,000 to £87,000 (a budget pressure of £62,000 – as shown in Appendix A).
- 3.8 **Car Parking Income** - The latest budget monitoring report predicts that car parking income will be £250,000 below the income target of £3.1 million. This is a national trend and is reflecting motorist behaviour. It has been further compounded by poor weather during the peak tourist season. Whilst we recognise that this budget area is underperforming against the income target this will be addressed through a realignment exercise over a period of time. It is recommended that the income target for car parking in reduced by £50,000 for 2013/14, to reflect the position. South Hams car parking income performance is holding up well against local and national trends in terms of percentage decrease (regional reported decrease of around 14%).
- 3.9 **Housing Benefit Administration subsidy** – A budget pressure of £50,000 has been included within Appendix A for the announced level of reduction.
- 3.10 **Investment Income** – Interest rates are currently at a record low level with bank base rate at 0.5%. Sector, our financial advisors predict that the rates will slowly increase from the current base rate of 0.5% in early 2015. The November 2012 Bank of England Inflation Report is forecasting growth at around 1% in 2013 and 2% in 2014.

- 3.11 Therefore a prudent view has been taken about future interest rates with variable rates averaging 0.85% being used for 2013/14. We will have average investments of some £22 million. Therefore a budget pressure of £40,000 has been built in for 2013/14 based on these projections. A 0.5% increase in rates generates approximately £110,000.
- 3.12 To illustrate how falling interest rates are affecting the Council, in 2007/08 we had investment income of £1,366,000. In 2011/12 the Council achieved £242,000, a reduction of over £1.1 million over the four years. To put it another way this is approximately 21% (£29) on the average Band D council tax.

BUDGET SAVINGS

- 3.13 **Rental of Follaton House** –The Council will receive income from renting out space at Follaton House to partners. An amount of £60,000 was budgeted for this in 2012/2013 with a further £37,000 being budgeted annually from 2013/14 (£97,000 per year in total).
- 3.14 **Planning fee income** – The Government has introduced a 15% increase in planning fees.
- 3.15 **Audit Fees** – There is a saving of £40,000 on audit fees due to the national re-tendering of external audit contracts.
- 3.16 **Information and Communications Technology (ICT)** – A saving of £40,000 has been realised from a review and reduction of all maintenance contracts.
- 3.17 **Shared services savings** – Since 2007, South Hams District Council has saved £2.15 million from shared services with West Devon and annual savings for South Hams District Council are now in excess of £600,000. In 2012/13, the Council has generated a further £110,000 in savings from shared services (on top of the £600,000). This £110,000 compares to a target which the Council set itself of achieving £50,000. Therefore a further £60,000 budget saving has been shown in Appendix A. The Council has the option to maintain the previous target for savings from shared services of £50,000 for 2013/2014 (see 6.6).

DISCRETIONARY BUDGET BID

- 3.18 **Discretionary Budget Bid - Citizens Advice Bureau** - There is a bid for £10,000 for additional funding for the CAB, for an officer to work with the Housing and Benefits team. This funding will save work for the Council's benefits team. This work will be subject to the same service level agreement as the current financial year.

4. COUNCIL TAX FREEZE GRANT FOR 2013-2014

- 4.1 On 8 October 2012, the Government announced that it will offer a council tax freeze grant for 2013-2014. The grant is the equivalent of raising the 2012-13 council tax by one per cent. A one percent increase in council tax equates to approximately £48,900 for South Hams District Council.
- 4.2 The council tax freeze grant funding will be given to Councils as a grant for two years (2013/14 and 2014/15). If a Council seeks to raise council tax by more than 2% in 2013-14, there would be a local referendum and local people would have the right to keep council tax bills down through a binding referendum veto. This is the same for Police and Crime Commissioners and Fire and Rescue Authorities.
- 4.3 However, there will be an exception made for those shire districts, Police and Crime Commissioners and fire and rescue authorities whose council tax in 2012/13 was in the lower quartile of their category of authority. This is the case for South Hams District Council.
- 4.4 In the case of these authorities, a referendum must only be held where the authority increases its Band D council tax for 2013/14 by more than 2%, **and** there is a cash increase that is more than £5 in the Band D council tax.
- 4.5 Therefore South Hams District Council would have an option of being able to increase the current Band D council tax of £137.88 by up to a maximum of 3.5% (an additional £4.83 a year), without the requirement to hold a council tax referendum.
- 4.6 Therefore the options for Members regarding council tax levels are:-

OPTIONS FOR COUNCIL TAX

Options	Effect on the Budget Gap - Reduction of (£)
Option 1 – Freeze Council Tax and receive a Council Tax Freeze Grant equivalent to a 1% increase – predicted amount of £52,977	£52,977 (one off amount for 13/14 and 14/15 only)
Option 2 – Increase Council Tax by 1.9% (a 1.9% increase would increase the Band D Council Tax from £137.88 to £140.50 – an increase of £2.62 per year or 5 pence per week) - TaxBase for 2013/14 = 35,434.09	£92,837 (permanent increase in council tax income for 13/14 onwards)
Option 3 – Increase Council Tax by 3.5% (a 3.5% increase would increase the Band D Council Tax from £137.88 to £142.71 – an increase of £4.83 per year or 9 pence per week) - TaxBase for 2013/14 = 35,434.09	£171,147 (permanent increase in council tax income for 13/14 onwards)

- 4.7 The advantage of accepting the freeze grant is that the council tax proportion set by South Hams District Council (currently £137.88 per Band D property) will be frozen for residents in 2013-14. The risk with taking advantage of the council tax freeze grant is that the Council will have less funding from council tax income for every subsequent year after 2014-15, due to not increasing the council tax in 2013-2014.
- 4.8 Of the current council tax collected, the Council keeps just 9.01% or £2.65 per week for its services (£137.88 per Band D property).
- 4.9 The Finance Settlement has also confirmed that Town and Parish Councils will not be subject to the principles for holding a council tax referendum for 2013/14 – so towns and parishes will not be subject to the excessiveness principles for council tax in 2013/14.
- 4.10 However, within the Finance Settlement there is a statement from the Government that this issue will be re-visited in the 2014/15 finance settlement if Town and Parish Councils have chosen not to show financial restraint when setting their 2013/14 precepts.

5. OVERALL POSITION – PREDICTED BUDGET GAP

- 5.1 Appendix A illustrates the overall financial forecast for the forthcoming four years. Although the Council's Net Budget is in the region of £9 million, the Gross Expenditure of the Council is around £50 million. Appendix B shows the budget gaps after taking into account the budget pressures, inflation, savings and a reduction in funding from Government.
- 5.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures, discretionary bids and the savings and income generation in Appendix A were approved.

	Amount (£)
Net Base Budget for 2012/2013	9,087,294
Add budget pressures – as per Appendix A D	623,988
Discretionary budget bid of £10,000 for CAB) (Appendix A)	10,000
Less savings and income generation – as per Appendix A	(254,682)
Total Net Base Budget for 2013/14 (A)	9,466,600

- 5.3 The funding available, modelling a Nil increase in Council Tax (for illustration purposes only) for 2013/2014 is as follows:

Funding available:	Amount (£)
Government Funding (as per Appendix B) (Localised Business Rates and Revenue Support Grant)	3,511,776
Collection Fund Surplus	30,000
Income from Council Tax Modelling a Nil increase in council tax for 2013-14 for illustration (The current Band D Council Tax is £137.88 for 2012-13) TaxBase for 2013-14 = 35,434.09	4,885,652
Specific Grant for Council Tax Support	475,263
Specific Grant for Homelessness Prevention	84,988
Total funding available for 2013/14 (B)	8,987,679
CURRENT BUDGET GAP (A – B)	478,921

- 5.4 The table above sets out a current **budget gap for 2013-2014 of £478,921.**

6. OPTIONS TO CLOSE THE BUDGET GAP

- 6.1 Appendix E sets out 7 savings options (reference S1 to S7) which could contribute towards closing the budget gap of £478,921. These savings amount to £117,500.

Income Generation – Proposals for Fees and Charges for 2013/2014

- 6.2 On 22 November 2012, the Economy and Environment Scrutiny Panel considered a report on the review of fees and charges for 2013-2014. A summary of the main points from this report are included below. A further option for fees and charges has been shown for the Lower Ferry Dartmouth following the recommendations of the Scrutiny Panel which were to reconsider the passenger fare and to reconsider the concessionary increases.
- 6.3 **Lower Ferry Dartmouth, Charges Review 2013/2014** – The increases on the attached Appendix F have the potential to deliver an additional income of Option 1 £140,000, Option 2 £114,500 p.a. based on the same pedestrian / traffic volumes as 2011/12. The income is currently down by £40,000 (prior to closure of the ferry for the slipway works). The poor summer and the Olympics would account for some of the loss. The refurbishment of the slipway has commenced and the intention is to review the entire fare structure by consolidating and simplifying the categories. These proposals in Appendix F would stand for one year, 2013/2014, with an annual review. In view of the current income position, it may be prudent to only budget for additional income of £100,000 for Option 1 and £65,000 for Option 2.

- 6.4 **Commercial Waste Charges and other additional income** - It is anticipated that an additional amount of income of £20,000 can be generated for 2013/14 and it is planned to set pricing to reflect this increase. The service was rationalised in 2012/13 and gained funding support for the development of a food waste recycling service. Future development of the service should now help us to increase our customer base year on year, particularly around the niche target market looking to recycle business food waste. In addition, there is £5,200 additional income from an increase in housing rents and environmental health charges.
- 6.5 **Council Tax** – as detailed in Section 4.6, there are choices regarding whether Members accept the council tax freeze grant for 2013-14, or increase council tax by up to 3.5% for 2013-2014.

6.6 SUMMARY OF OPTIONS TO CLOSE THE BUDGET GAP

The table below summarises the options to close the budget gap of **£478,921**

Options	Lower option for saving and income generation (£)	Higher option for saving and income generation (£)
Savings options 7 savings options set out in Appendix E (reference savings options S1 to S7)	£117,500	£117,500
Lower Ferry Dartmouth (additional income generation) (see 6.2 to 6.3 and Appendix F) Option 1 additional income of £100,000 Option 2 additional income of £65,000	£65,000	£100,000
Commercial Waste income (see 6.4)	£20,000	£20,000
Additional income from an increase in housing rents and environmental health charges. (see 6.4)	£5,200	£5,200
Shared services savings target for 2013/14 (maintain previous target of £50,000 per annum per Council)	£50,000	£50,000
New Homes Bonus funding (see Note 1 below)	TBA	TBA
Sub total	257,700	292,700
Council Tax – <u>Options as shown in Section 4.6:-</u> Option 1 – Freeze Council Tax (£52,977) Option 2 – Increase Council Tax by 1.9% (£92,837) Option 3 – Increase Council Tax by 3.5% (£171,147)	£52,977	£171,147
TOTAL of all options	£310,677	£463,847

Note 1

In addition, there are choices for Members with regard to how much New Homes Bonus funding to use to support the revenue base budget (see Section 7 below).

7. NEW HOMES BONUS STRATEGY AND BUSINESS RATES POOLING

- 7.1 **New Homes Bonus Strategy** – On 29th November 2012, the Community Life & Housing Scrutiny Panel considered a report on the New Homes Bonus Strategy. The New Homes Bonus has been top-sliced from formula grant funding.
- 7.2 It was Resolved (CLH. 27/12) that the New Homes Bonus funding for 2013/14 be used to support the following categories:
- To finance housing capital projects
 - Community re-investment projects
 - Funding for the revenue base budget
 - Community grants and projects
 - To provide funding for the overall Capital Programme and
 - To make a provision for a share of the New Homes Bonus for the Dartmoor National Park when appropriate
- 7.3 The Council's allocation of New Homes Bonus funding is **£1,026,018** for 2013-14. Of this amount £100,000 is currently funding the revenue base budget. The report on the Capital Programme was considered by the Executive on 6 December 2012 and is recommending that £460,000 of New Homes Bonus is used to fund housing capital projects as shown below.

	Amount (£)
Allocation for 2013-14	£1,026,018
Recommended to be used to finance housing capital projects (The Capital Programme report for 2013/14 for £1,594,000 was considered by the Executive on 6 December 2012 - Minute E.63/12 will be a recommendation to Council on 14 February 2013) - £230,000 to fund Disabled Facilities Grants - £230,000 to fund Affordable Housing	£460,000
Current funding of the revenue base budget	£100,000
Balance remaining	£466,018

7.4 **Pooling Arrangements for Business Rates** – Detailed information on the proposed pooling arrangements for Business Rates were discussed in the Financial Strategy. All Devon authorities are signed up to the proposal for pooling arrangements and Plymouth will be the lead authority. No additional income from the pooling arrangements has yet been factored into the budget report, as the income is not guaranteed at this stage and it is the first year of operation of the Devonwide pool. However modelling shows that the potential gain from the pooling arrangements for South Hams for 2013-14 could be in the region of £73,000.

8. **EARMARKED AND UNEARMARKED REVENUE RESERVES**

8.1 **Specific Earmarked and Unearmarked Reserves** - A schedule of Earmarked and Unearmarked Reserves is attached at Appendix G.

8.2 The Council is still within a prudent level of reserves. It is recommended that the minimum level of Unearmarked (General Fund) Revenue Reserves is maintained at £1.5 million.

8.3 The Council can take comfort that our Unearmarked (General Fund) Revenue Reserves (predicted balance of approximately £2 million as shown in Appendix G) stand above the minimum balance. They act as a safeguard should any of our specific reserves prove too low.

9. **SUMMARY, NEXT STEPS AND CONCLUSION**

9.1 **Budget Timetable** - Appendix H sets out an indicative timetable for the budget setting process.

9.2 **Benchmarking comparisons** – As in previous years, we will continue to make broad comparisons of our expenditure with similar authorities. This will enable us to investigate whether expenditure is reasonable and in accordance with corporate priorities, raising questions where necessary.

9.3 **Consultation** – We have been consulting with all stakeholders including town and parish councils, the business community and the general public on expenditure priorities. From the end of November, a budget consultation survey was circulated to all households in South Hams in the Connect magazine and this was also available on the Council's website by clicking onto southhams.gov.uk/budgetconsultation. The feedback from the consultation exercise is attached as Appendix I.

9.4 **Financial Strategy assumptions** – These will be kept under review over the coming months and any new information will be amended in the forecast.

9.5 **Budget Monitoring** – A budget monitoring report for 2012/13 (showing the position as at November 2012) is also on this Executive agenda. This is predicting a surplus of £14,000 at the year end.

10. CAPITAL PROGRAMME 2013-2014

10.1 On 6 December 2012 (Minute E.63/12), the Executive considered a report on the Capital Programme for 2013/14 for £1,594,000. This will be a recommendation to Council on 14 February 2013.

11. LEGAL IMPLICATIONS

11.1 The Executive is responsible for recommending to Council the budgetary framework. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.

11.2 The preparation of a Medium Term Financial Strategy is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.

12. FINANCIAL IMPLICATIONS

12.1 The report presents the latest assessment of the budget position for the revenue budget which is facing the Council for the next four years. It outlines the options in Section 6.6 that are available to balance the 2013/2014 budget gap of **£478,921**.

12.2 In 2014/15 the predicted Budget Gap is £723,167. This is largely due to the 15% reduction in Government funding in 2014/15 which equates to £532,000 as shown in 2.2.

12.3 The cumulative budget gap is £2.4 million by 2016/2017.

13. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	Local Government Acts 1972 and 2003
Considerations of equality and human rights:	A 360 degree assessment has been conducted. This document is available online.
Biodiversity considerations:	None directly related to this report.
Sustainability considerations:	None directly related to this report.
Crime and disorder implications:	None directly related to this report.
Background papers:	Executive – 6 September 2012 – Medium Term Financial Strategy for 2013/14 Community Life & Housing Scrutiny Panel – 29 November 2012 – New Homes Bonus Strategy Community Life and Housing Scrutiny Panel – 29 November 2012 – Council Tax Support Executive – 6 December 2012 – 2013/14 Budget and Capital Programme 2013/14
Appendices attached:	Appendix A – Budget Bids and Savings Identified Appendix B – Modelling of the Financial Strategy Appendix C – Service Expenditure Analysis for 2013/2014 Appendix D – Analysis of contributions to/from Earmarked Reserves Appendix E – Options to close the Budget Gap Appendix F – Proposed Lower Ferry fares 2013-2014 Appendix G – Schedule of Earmarked and Unearmarked Reserves Appendix H – Budget Timetable Appendix I – Results of the Budget Consultation exercise (To follow)

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel		
1	Robustness of medium term financial strategy and service blue-prints	<p>Not achieving financial savings as anticipated</p> <p>External change to the national economic environment which may impact on our funding expectations.</p> <p>Implications of changes to the funding of local government through locally collected business rates and revenue support grant. Effect of the localisation of council tax support.</p> <p>Achieving anticipated income targets in the current financial climate.</p>	4	4	16 ⇔	<p>Corporate engagement in the development of the medium term financial strategy.</p> <p>Service commitment to business planning processes.</p> <p>Robust horizon scanning to monitor changes in Government policy.</p> <p>The Council will carry out monthly monitoring of the new business rates scheme and the council tax support scheme, to assess the impact on the Council's finances. The Council is part of a Devonwide pooling agreement for business rates.</p> <p>Monitoring of corporate income streams and revenue budgets.</p>	<p>H of Finance & Audit</p> <p>Corporate Director (TW)</p> <p>Corporate Director (AR)</p> <p>H of F&A</p> <p>H of F&A</p>

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
2	Setting a lawful budget	Failure of the Council to set a lawful budget	5	1	5	↔	<p>The Budget is compiled in accordance with best practice guidelines issued 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.</p> <p>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>	Head of Finance and Audit
3	Corporate Priorities	Failure to target budgets to service priorities	5	1	5	↔	<p>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 and the business community. Thorough planning and monthly monitoring of performance to management, quarterly to the Executive.</p>	Head of Finance and Audit

Direction of travel symbols ↓ ↑ ↔

BUDGET PRESSURES AND SAVINGS

APPENDIX A

SOUTH HAMS DISTRICT COUNCIL

	Yr1 2013/14 £	Yr2 2014/15 £	Yr3 2015/16 £	Yr4 2016/17 £
BUDGET PRESSURES (See Section 3 for details) - these are reflected in Appendix C				
Triennial Pension revaluation - new contribution rates from April 2014	125,000	100,000	100,000	100,000
Inflation on expenditure	195,000	250,000	275,000	300,000
Increase annual contribution to the Ferry Major Repairs and Renewals Reserve	62,000			
Increase contribution to Vehicle, Plant & Equipment Reserve	17,000			
Reduced Housing Benefit administration subsidy	50,000			
Reduction in the income target for Car Parking	50,000			
Variation in interest on investments	40,000		10,000	10,000
Leisure contract - profiled increase			40,000	
Homelessness Prevention (a specific grant will be received for this)	84,988			
TOTAL IDENTIFIED BUDGET PRESSURES	623,988	350,000	425,000	410,000
DISCRETIONARY BID - Citizens Advice Bureau	10,000			
BUDGET SAVINGS AND INCOME GENERATION IDENTIFIED BY SMT - See Section 3 for details These are reflected in Appendix C				
Additional rental income at Follaton from partners	(37,000)			
Additional planning fee income	(50,000)			
Savings on audit fees	(40,000)			
Savings on ICT - software, maintenance and licensing	(40,000)			
Additional shared services income	(60,000)			
Leisure contract - profiled reduction		(65,000)		
Variation in interest on investments		(80,000)		
Other small savings	(27,682)			
TOTAL SAVINGS AND INCOME GENERATION	(254,682)	(145,000)	0	0

Although the difference between the budget pressures (including bids) and the savings identified above only amount to £379,306 in 2013/14 (£633,988 less £254,682), when the reduction in Government Grant funding of around £265,400 is also factored in and other changes in funding, this increases the budget gap in 2013/14 to £478,921 as per Appendix B.

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FINANCIAL STRATEGY

Line No.	SOUTH HAMS DISTRICT COUNCIL	Base 2012/13 £	Yr1 2013/14 £	Yr2 2014/15 £	Yr3 2015/16 £	Yr4 2016/17 £
1	Base budget brought forward (line 10)	9,087,294	9,087,294	8,987,679	8,469,511	8,244,914
2	Budget pressures including bids (as per Appendix A)		633,988	350,000	425,000	410,000
3	Savings already identified (as per Appendix A)		(254,682)	(145,000)	0	0
4	Projected Net Expenditure: Note : the net expenditure figures includes a contribution of £100,000 per annum being used from New Homes Bonus to finance the base budget	9,087,294	9,466,600	9,192,679	8,894,511	8,654,914
5	Government Formula Grant	3,777,176				
6	Localised Business Rates and Revenue Support Grant		3,511,776	2,979,820	2,741,434	2,549,534
7	Council Tax income - This is the position before any council decisions for 2013/14 are made (i.e. Members have a choice whether to freeze council tax or to increase council tax for 2013/14) - a 100 Band D Equivalent increase in taxbase has been modelled in for future years	5,270,004	4,885,652	4,899,440	4,913,228	4,927,016
8	Collection Fund surplus	40,114	30,000	30,000	30,000	30,000
	Specific Grant for Council Tax Support		475,263	475,263	475,263	475,263
	Specific Grant for Homelessness Prevention		84,988	84,988	84,988	84,988
9	Total Projected Income	9,087,294	8,987,679	8,469,511	8,244,914	8,066,801
10	Budget gap per year (Projected Expenditure line 4 - Projected Income line 9)	0	478,921	723,167	649,598	588,111

Cumulative Budget Gap (if savings are not met each year) (The cumulative budget gap would total £5.97 million over the 4 years)	478,921	1,202,088	1,851,686	2,439,797
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**2013/14
REVENUE BUDGET**

APPENDIX C

Estimate 2012/2013 (At outturn prices)		<u>Estimate 2013/2014 (at outturn prices)</u>		
£	SERVICE EXPENDITURE ANALYSIS	Gross Expenditure £	Income £	Net Expenditure charged to General Fund £
861,800	Central Services	2,117,200	(1,004,200)	1,113,000
1,656,800	Corporate and Democratic Core	1,371,218	(37,800)	1,333,418
1,791,800	Cultural and Related Services	2,235,900	(288,900)	1,947,000
5,889,600	Environmental Services	8,044,900	(2,119,700)	5,925,200
(1,736,800)	Highways, Roads and Transport Services	3,440,300	(5,089,200)	(1,648,900)
1,116,700	Housing Services	24,586,600	(23,441,500)	1,145,100
	Homelessness Prevention Grant Expenditure	84,988		84,988
203,500	Non Distributed Costs	203,200		203,200
927,600	Planning and Development services	3,510,200	(2,571,700)	938,500
	Planning Fee Income		(50,000)	(50,000)
	Discretionary Bid - CAB	10,000		10,000
10,711,000		45,604,506	(34,603,000)	11,001,506
(100,000)	Vacancy provision	(100,000)		(100,000)
7,000	Non recurring item funded from reserves	7,000		7,000
(50,000)	Shared Services Target			0
135,000	Inflation provision	135,000		135,000
10,703,000	NET COST OF SERVICES	45,646,506	(34,603,000)	11,043,506
	FINANCING AND INVESTMENT INCOME & EXPENDITURE			
(230,000)	Interest receivable (investment income)		(190,000)	(190,000)
(6,300)	Income and expenditure in relation to investment properties	66,800	(55,300)	11,500
	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS			
(1,545,000)	Reversal of depreciation	(1,771,000)		(1,771,000)
(500,000)	Reversal of pension costs (IAS 19)	(500,000)		(500,000)
665,594	CONTRIBUTIONS TO/ (FROM) RESERVES	1,052,800	(180,206)	872,594
9,087,294	AMOUNT TO BE FUNDED FROM TAXATION AND NON-SPECIFIC GOVERNMENT GRANTS	44,495,106	(35,028,506)	9,466,600
	FINANCED BY:			
(3,777,176)	Government Grant (Business rates & revenue support grant)		(3,511,776)	(3,511,776)
	Council Tax Support Grant - SHDC	145,003	(620,266)	(475,263)
	Homelessness Prevention Grant		(84,988)	(84,988)
(5,270,004)	Council Tax		(4,885,652)	(4,885,652)
(40,114)	(Surplus) / Deficit on Collection Fund		(30,000)	(30,000)
0	BALANCE - (SURPLUS)/DEFICIT	44,640,109	(44,161,188)	478,921
	<i>478,921</i>			
38,221.67	<i>Council Tax Base</i>	35,434.09	137.88	

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Estimate 2012/2013			Estimate 2013/2014	
To	(From)		To	(From)
£	£		£	£
16,900		Community Park & Open Spaces	16,900	
10,000		District Elections	10,000	
181,600		Capital Programme	181,600	
12,000		Economic Regen./Community Wellbeing	12,000	
25,000		Ferry major repairs & renewals	87,000	
(100,000)		New Homes Bonus		(100,000)
20,800		Pay & Display Equipment	20,800	
31,500		Pension Fund Strain Payments	122,000	
-	(100,000)	Planning	-	(63,000)
3,500		Print equipment renewals	3,500	
55,000		Repairs and maintenance	55,000	
	(17,206)	Strategic Issues		(17,206)
524,500		Vehicles & Plant Renewals	542,000	
2,000		Interest credited to reserves	2,000	
782,800	(117,206)	TOTALS	1,052,800	(180,206)
665,594		GRAND TOTAL	872,594	

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OPTIONS TO CLOSE THE BUDGET GAP

The predicted budget gap is £478,921 as set out in Section 6.

Set out below is a range of options for Members to consider in closing this budget gap:-

Saving Service Title	ref. and	Saving Amount for 2013-14 (£)	Saving Amount for 2014-15 (£)	Description
S1 Assets – Cleaning contracts		£11,500		10% saving on main cleaning contract plus amalgamation of other minor contracts into the main contract
S2 Assets - Facilities Management staff		£8,000		Changes in staff work patterns to avoid statutory and contractual overtime payments previously paid.
S3 Assets - Beach and Water Safety		£5,000		Savings on general equipment budget for beach and water safety.
S4 Environment Services – Seasonal opening of Public Conveniences			£80,000	<p>The original proposal in December 2012 was to look at seasonal opening for 16 of the 50 public conveniences owned.</p> <p>Following consultation with the Council’s Scrutiny Groups, an alternative option is now proposed of:-</p> <p>To agree to 4 months seasonal closure of all public conveniences which are not in the towns of Dartmouth, Ivybridge, Kingsbridge, Modbury, Salcombe, South Brent and Totnes for implementation in October 2014, allowing time for consultation (hence shown as a saving for 2014-15).</p> <p>If the idea is accepted in principle then there is sufficient time for discussion with affected parishes during the summer months – whilst localities might wish to fund local opening of units to allow a continuation of service it is important to be mindful of the fact that local cleaning solutions would be required to allow the saving offered to be achieved. We would consult on the local practical issues relating to any seasonal closures.</p>

Saving Service Title	ref. and Saving Amount for 2013-14 (£)	Saving Amount for 2014-15 (£)	Description
			<p>It is recognised that this is a reduction to the current service levels but the Council does run a relatively high stock of public toilets year round.</p> <p>Below are the levels of toilet facilities offered elsewhere in Devon:</p> <p>East Devon 38 Exeter 24 Mid Devon 14 North Devon 22 Plymouth 25 Teignbridge 34 Torridge 21 West Devon 13</p> <p>Of the above most authorities have some toilet blocks subject to seasonal openings. Toilets would be made safe and prepared for winter closure. They could also be monitored during periods of closure externally by passing officers. In talking to other authorities who close public conveniences seasonally, there has been no increase in vandalism experienced.</p>
<p>S5</p> <p>Planning Economy and Community</p> <p>Community Engagement and Localism Initiatives</p>	<p>£15,000</p>		<p>Reduce community engagement activities, guidance and assistance to services, corporate consultations and support for service consultations (note: 2015 programme project) and support for community led planning process and support for Connect Outreach.</p> <p>Reduce input into Non-statutory Localism Work including advice and guidance and all Localisation of Services work. All non-statutory corporate policy work and provision of guidance and advice on Government consultations and legislation.</p>
<p>S6</p> <p>All services</p>	<p>£60,000</p>		<p>We currently have 105 Essential Users who receive a £963 annual Essential User Allowance (total cost of £100,000 per annum).</p>

Saving Service Title	ref. and Saving Amount for 2013-14 (£)	Saving Amount for 2014-15 (£)	Description
Essential User Allowance			<p>Essential User Allowance is paid to staff travelling over 1,500 miles per annum.</p> <p>Following a proposal to remove the essential car user allowance, officers entered into constructive discussions with staff and Unison to develop an alternative that would bring significant savings whilst retaining a lump sum allowance for those staff for which a car is absolutely essential.</p> <p>It was agreed that any approach should be aligned with our drive toward greater agile working and to reduce the overall cost of travelling.</p> <p>We are still in detailed negotiations with Unison and the following alternative model is proposed:-</p> <ul style="list-style-type: none"> • To redefine how we determine whether a post attracts the essential car user allowance • To remove the mileage criterion of 1,500 miles • To Incentivise car sharing by increasing the allowance payable to a car sharing driver (subject to HMRC rules). • To set a target of an overall reduction in mileage of 15%, to be managed by Middle Managers • That if the proposed measures do not deliver an agreed level of saving, Members revisit the proposal to withdraw the essential car user allowance in 2014/15.
S7 All services	£18,000		Reduce mileage rates to 45 pence per mile for all employees (This is the HMRC allowed limit before Tax and NI is applied)

Saving Service Title	ref. and	Saving Amount for 2013-14 (£)	Saving Amount for 2014-15 (£)	Description
Reduce mileage rate to 45 pence per mile				<p>Currently Essential Users receive 50.50 pence and Casual Users 65 pence. Some Councils in Devon have reduced their mileage rates to 45 pence per mile.</p> <p>Reducing the Essential User Allowance and reducing the mileage rate to 45 pence* per mile would need to be implemented together ideally. (* To be maintained in accordance with national guidelines)</p>
TOTAL SAVINGS		£117,500	£80,000	

APPENDIX F

Proposed Lower Ferry Fares 2013/14				Option 1		Option 2				
Ticket	Comparison with the Passenger Ferry	Comparison with the Higher Ferry From 1 Oct 12	Lower Ferry existing 2012/13	Lower Ferry proposed 2013/14	Potential increase in income**	Lower Ferry proposed 2013/14	Potential increase in income**	2011/12 % of business	% or business total	
Foot Passenger										
Single	£1.50	£0.50	£1.10	£1.50	£57,000	£1.40	£43,000	20%	99%	
School children (5-16)			£0.50	£0.50	£0	£0.50	£0			
40 crossings		£10.00	£21.00	£25.00	£9,000	£23.00	£4,500	6%		
Car and small van										
Single		£4.70	£4.00	£4.50	£29,000	£4.50	£29,000	27%		
Return		£8.50	£7.00*	£8.00	£31,000	£8.00	£31,000	25%		
10 crossings		£21.00	£14.00	£18.00	£14,000	£16.00	£7,000	21%		
20 crossings		£28.00	£24.00	£26.00		£25.00				
40 crossings		£52.00	£45.00	£48.00		£46.00				
Car and caravan										
Single			£8.00	£9.00	minimal	£9.00	minimal			
Commercial										
Single 1000-1800kg		£4.70	£4.70	£5.00	minimal	£5.00	minimal			
1801- 3500kg			£6.20	£6.50	minimal	£6.50	minimal			
10 crossings		£21.00								
20 crossings up to 3500kg		£28.00	£24.00	£26.00	minimal	£25.00	minimal			
40 crossings up to 3500kg			£45.00	£48.00	minimal	£46.00	minimal			
Motorcycle										
Single		£2.00	£2.20	£2.20	£0	£2.20	£0			
20 crossings		£15.00	£15.00*	£15.00	£0	£15.00	£0			
Bicycle										
Bicycle		Free	Free	Free	£0	Free	£0			
Estimated Total					£140,000		£114,500			

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					
		Annual Contribution £000	Opening balance 1 April 2012 £000	Projected Balance 31.3.2013 £000	Comments
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
0635	Affordable Housing		540	74	Reduction due to capital programme commitments
0645	Strategic Issues		1,325	747	Includes a commitment of £406K for slipway work (E15/12)
0650	Community Parks & Open Spaces	17	90	89	
0655	Economic Regen.& Community Well Being	12	21	16	
0660	Pension/ Redundancy	32	62	0	
0665	Repairs & Maintenance	55	424	474	
0830	Members Sustainable Community Locality Fund		25	0	
0670	Land and Development		282	148	Includes provisions for Follaton accomodation changes accomodation
0675	Ferry Repairs & Renewals	25	350	125	Includes a commitment of £250K for slipway work (E15/12)
0680	Economic Initiatives		222	175	
0685	Vehicles & Plant Renewals	525	322	349	
0690	Pay & Display Equipment Renewals	21	39	37	
0695	On-street Parking		44	54	
0700	Print Equipment	4	69	73	
0705	ICT Development		552	459	
0710	Sustainable Waste Management		151	74	
0715	Community Grants		2	0	
0720	District Elections	10	30	39	
0725	Beach Safety		17	17	
0730	Planning Policy & Major Developments		1,003	461	Staffing and other commitments
0735	Building Control		99	99	
0740	Section 106 Deposits		49	49	Comprises deposits with no repayment conditions - created as a result of accounting changes introduced by IFRS
0631	Capital Programme	182	198	617	
0633	Revenue Grants		387	261	Comprises grants with no repayment conditions - created as a result of accounting changes introduced by IFRS. Planning delivery grant (£122k) transferred to the Planning reserve.
	TOTAL - Earmarked Reserves	883	6,303	4,437	
GENERAL RESERVES					
0765	General Fund Balance (Accumulated Surplus)		2,443	2,040	Includes provision of £120K for service investment & £235K for loss of income at Dartmouth Lower Ferry
	TOTAL - General Reserves				
TOTAL REVENUE RESERVES			8,746	6,477	

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APPENDIX H

Budget Timetable for 2013/14

Meeting Date		Purpose
22 November 2012	Economy & Environment Scrutiny Panel	<i>Fees and Charges report covering:-</i> Annual review of pay and display charges in off-street car parks Community Parks, Open Spaces and Recreation charges Lower Ferry Charges Review Trade Waste Charges Environmental Health & Housing Fees and Charges
November - December	Website Budget Survey Budget Consultation event/ events	Consultation on the Budget Through the Cluster meetings
28 November 2012	Business Voice event	Business Voice – Consultation on the Budget
26 November – 2 December		Connect magazine distributed to all households containing Budget Survey
29 November 2012	Community Life & Housing Scrutiny Panel	Options for New Homes Bonus and Council Tax Support
6 December 2012	Executive	Present Draft Budget proposals for 2013-14
13 December	Council	Decision on Pooling and Council Tax Support
Late December		The Government will announce the provisional funding position for the Council for 2013-14
10 January 2013	Joint Scrutiny Panel (Budget) am	Considers Executive Budget
24 January 2013	Executive	Final Budget proposals for 2013-14
14 February 2013	Council	To agree the Revenue and Capital Budgets for 2013/14 and the consequential level of Council Tax proposed for 13/14
26 February 2013	Council Tax Setting Panel	To set the Council Tax for 2013/14

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SOUTH HAMS DISTRICT COUNCIL

2013 - Budget Survey Analysis

Approach: In order to enable the residents of South Hams to contribute their views to the development of the Council's budget for 2013-14, a budget survey was carried out during December and January. It was available both online through the website and in the Connect Magazine which was delivered to every household in the district.

There were 291 responses received to the survey.

Q1 Respondents were asked to think about the services listed and rank the 5 services **most important** to them to stay at the same level. The top 5 responses to this question were as follows.

1	Street cleaning and litter collection
2	Community Safety
3	Public Toilets
4	Garden Waste Collection
5	Recycling – Education road shows, recycling banks, water butts and compost bins

Q2 Respondents were asked to think about the services listed and rank the 5 services where they would be willing to see the council **reduce** the level of service or increase charges. The top 5 responses to this question were as follows.

1	Bulky Waste Collection
2	Rural Outreach
3	Car Park Charges
4	Garden Waste Collection
5	Consulting & Engaging with local people on council services

Q3 When asked whether the council should increase the charge for bulky waste collection, 50% voted to increase the charges.

Q4 Respondents were asked whether we should consider seasonal opening for some of the public toilets. A slight majority of 57% voted **not** to consider seasonal opening hours.

Q5 The public were asked to share their ideas on ways that the Council could reduce its costs or increase income. 193 people answered this question which was a free text response and so there was a wide range of responses. These have been categorised into different subject areas and the top areas in which people wanted to make suggestions were:

1. **Staff Terms and Conditions** – 17 comments were received with ideas such as review salaries and consider charging staff for car parking at Follaton House.
2. **Alternative Service Delivery** - 16 comments were received with suggestions including encouraging community groups to be involved in litter clearance and beach cleaning, and transferring play equipment or parks and open spaces to 3rd party organisations.
3. **2nd Home Council Tax** – 14 comments were received and almost all suggested that 2nd home owners pay at least 100% of their council tax bill
4. **Recycling** – 13 comments were received with suggestions including charging for garden waste collection or alternative materials which could be recycled.
5. **Publicity** – 10 comments were received including putting more information online and questioning whether the South Hams Connect magazine was an efficient method of communication.

All of the comments will be forwarded to the relevant Head of Service for consideration in their budget planning process.

Q6 Finally respondents were asked if they had anything else they would like to tell the council.

There were 163 responses to this question. These have also been categorised into different subject areas so that the relevant Head of Service can consider the responses. The top areas in which people wanted to comment were as follows:

- 1) **Recycling** - The comments received included considering alternative materials for recycling and the green waste collection service.
- 2) **General** – These comments covered a range of issues and statements such as:
 “2nd homes are destroying communities”
 “The bottom line must shift away from only being financial and towards ecology, community cohesion and responsibility.”
 “A difficult choice - none should have to be reduced.”
- 3) **Car Parking** – The comments received included several calling for a reduction in car parking fees and the introduction of pay as you go car parking machines.
- 4) **Environmental Services** – The comments received focussed on protecting the natural environment and in particular were concerned with littering and on fining offenders.
- 5) **Positive Comments** – These comments were positive about the services provided by South Hams District Council, a selection are below:
 “Thank all of you for your hard work on our behalf.”
 “Thank you for all you do - our dustmen are very kind and thoughtful. And the people who keep the green tidy do a great job.”
 “I personally think South Hams Council provides a good service.”

Outcome of the 360 Assessment for South Hams District Council Budget Proposals 2013/14

Proposal	Impact	Action / Objective / Target OR Justification
<p>S4 Seasonal opening of some public toilets</p>	<p>Older people, children, disabled people & pregnant women, may be disadvantaged more than general members of the community where access to public toilets is reduced.</p>	<p>Justification The Council has the highest number of public toilets in Devon so by shutting only 16 we are still offering a high level of public toilets.</p> <p>Mitigation Publicise the location of other toilets in the area, consider not closing disabled toilets or those with baby changing units.</p>
<p>S5 Reduction in recycling education and initiatives</p>	<p>Some members of the community may be less informed. There may be an impact on recycling levels in the District and an increase in refuse. This would in turn result in an impact on the environment</p>	<p>Justification The council needs to balance the impact on the environment with the need to reduce spending as a result of spending cuts</p>
<p>S7 Cease community engagement activities and Non-statutory Localism Work</p>	<p>Without a comprehensive approach to engaging with all sectors of the community; those who are isolated, marginalised or vulnerable may have less ability to influence service delivery and plans to meet their needs. If planning isn't shaped by local communities then it may not be so sensitive to the local environment or meet the needs and aspirations of all in the community.</p> <p>If outreach is not supported then rural communities would suffer and feel more isolated and be less well informed and educated about services.</p> <p>Proposed saving could result in a redundant post within the Community Team & one member of the team is currently on maternity leave, due to return in mid-January</p>	<p>Justification The impact could be justified on the basis that the Council has to reduce its spend to close the budget gap. The council needs to balance the possible impact on the environment with the need to reduce spending as a result of spending cuts</p> <p>Mitigation Need to promote alternative options for engagement and information on how people can get involved in plans for their local area.</p> <p>A team restructure may have to be carried out to ensure the Community Team functions to achieve a potential change in the council's priorities. All officers will be treated fairly within this process, in line with the Managing Organisation Change Policy</p>
<p>S8 Phase out essential user allowance</p>	<p>Staff may become disincentivised to travel to home visits or appointments individuals would potentially</p>	<p>Justification The impact could be justified on the basis that the Council has to</p>

Outcome of the 360 Assessment for South Hams District Council Budget Proposals 2013/14

	miss out on vital services and support and be less well informed about the services we offer and how to engage with us.	reduce its spend to close the budget gap
S9 Reduce mileage rates for all employees	Staff may become disincentivised to travel to home visits or appointments individuals would potentially miss out on vital services and support and be less well informed about the services we offer and how to engage with us.	Justification The impact could be justified on the basis that the Council has to reduce its spend to close the budget gap

MINUTES OF THE MEETING OF COUNCIL

HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY, 14 FEBRUARY 2013

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr K J Baldry	*	Cllr M J Hicks
*	Cllr A D Barber	*	Cllr P W Hitchins
∅	Cllr H D Bastone	*	Cllr J M Hodgson
∅	Cllr J H Baverstock	*	Cllr T R Holway
*	Cllr J I G Blackler	*	Cllr L P Jones
*	Cllr I Bramble	∅	Cllr D W May
*	Cllr J Brazil	*	Cllr C M Pannell
*	Cllr C G Bruce-Spencer	*	Cllr J T Pennington
*	Cllr B F Cane	*	Cllr R Rowe (Chairman)
*	Cllr B E Carson (Vice Chairman)	*	Cllr M F Saltern
*	Cllr R J Carter	*	Cllr P C Smerdon
∅	Cllr B S Cooper	*	Cllr J W Squire
*	Cllr S E Cooper	*	Cllr R C Steer
*	Cllr P Coulson	*	Cllr M Stone
*	Cllr P K Cuthbert	*	Cllr R J Tucker
*	Cllr R J Foss	*	Cllr R J Vint
*	Cllr R D Gilbert	*	Cllr L A H Ward
*	Cllr A S Gorman	*	Cllr J A Westacott MBE
*	Cllr M J Hannaford	*	Cllr K R H Wingate
∅	Cllr J D Hawkins	*	Cllr S A E Wright

Item No.	Minute Ref No below refers	Officers in attendance and participating
All agenda items		Chief Executive, Monitoring Officer and Democratic Services Manager
Item 10	56/12	Head of Planning, Economy and Community

64/12 MINUTES

The minutes of the meeting of the Council held on 13 December 2012 were confirmed as a correct record and signed by the Chairman.

65/12 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, but there was none made.

66/12 CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised that she wished to put on record her appreciation to those officers who had been involved in the tremendous work to ensure the recent launch of the new Council website.

Furthermore, the Chairman agreed a request made by the Council's representative on the South Devon Healthcare NHS Foundation Trust to address the meeting. In highlighting the good work being undertaken by the Trust, the Council's representative advised that if any colleagues were interested in becoming members of the Trust (which had no cost implications), then they should make their interest known to her.

67/12 QUESTIONS

It was noted that seven questions had been received in accordance with Council Procedure Rule 8:

From Cllr Pennington to Cllr Carter, lead Executive Member for Planning, Economy and Community

- (i) *Will the Executive Member for Development Management obtain from the Council's agricultural planning advisor the definitive criteria governing both the functional test and the financial test to enable Members to fully appraise the above tests when considering planning applications involving agricultural and horticultural implications?*

In reply, Cllr Carter advised that advice in respect of agricultural, forestry and other occupational dwellings was contained in Planning Policy Statement 7 Annex A (copies of which had been tabled to the meeting), which specifically dealt with functional and financial tests. This guidance had effectively been cancelled by the introduction of the National Planning Policy Framework. However, in practice, the rationale contained in Annex A remained good and robust in the absence of any new supporting guidance.

- (ii) *Will the Executive Member for Development Management request that the Council's agricultural advisor on agricultural and horticultural planning applications consider an invitation for him to attend an informal Council meeting to discuss his role in that process?*

In response, Cllr Carter replied that whilst we could invite our expert to one such meeting, it would be more appropriate to include this issue on the Member Planning Training timetable. In addition, Cllr Carter commented that this could be prioritised and include some workshop discussions to inform Members more effectively.

- (iii) *Would the Executive Member for Development Management agree that where planning applications are under scrutiny by the Local Government Ombudsman, the Development Management Committee should not reach a final decision on such applications until the Council receives his or her*

final report?

Cllr Carter responded by saying that he did not agree because the Ombudsman could not scrutinise planning decisions and could only ensure that due process was being followed. The Council could not delay planning decisions, as this would prejudice applicants.

In reply to a supplementary question, the Monitoring Officer endorsed the response given by Cllr Carter.

- (iv) *Would the Executive Member for Development Management agree that for all major planning applications an Environment Impact Assessment should be a requirement and should become Council policy?*

In reply, Cllr Carter advised that he did not agree with the sentiments of the question since a Screening Opinion was necessary on every relevant application, but not a full Environmental Impact Assessment (for which there was no requirement). Cllr Carter considered that such a policy would constitute a sledgehammer to crack a nut and would require significant additional staffing resources. The Council must have a process which considered each application on its own merits on a site by site basis and not have a blanket policy in this respect.

From Cllr Baldry to Cllr Hawkins, lead Executive Member for Environmental Health and Housing

- (i) *As the “viability” of profit levels now takes priority in residential housing approval, does the District agreed percentage affordable housing levels in our policy (AH DPD Sept 2008) serve any purpose?*

In the absence of Cllr Hawkins, the Chairman invited Cllr Tucker to reply to this question. In so doing, Cllr Tucker confirmed his belief that the affordable housing targets were a really good tool and enabled developers to know the Council's aspirations on each site. In still serving a purpose, Cllr Tucker was also of the view that these targets remained very relevant.

In response to a supplementary question, Cllr Tucker stated that without such high targets, the result would be lower percentages of affordable housing on each site. Whilst he personally would not support such a move, Cllr Tucker also stated that if the Council was so minded, these targets could be reduced.

From Cllr Baldry to Cllr Bastone, lead Executive Member for ICT and Customer Services

- (i) *I am grateful for the recent briefing on rough sleepers. As you know there is a regular demand to house 10-15 homeless people in Totnes, the vast majority of who prefer to remain in Totnes. What additional steps are being made to house these people in Totnes in their own community?*

In the absence of Cllr Bastone, the Chairman invited Cllr Tucker to reply to this question. Cllr Tucker proceeded to advise that recent indications were that there were currently seven homeless people in the South Hams. Whilst there was dedicated accommodation in the other towns of

Kingsbridge, Dartmouth and Ivybridge for homeless people, there had been a lack of provision in Totnes, however, a solution was being worked on. Even without dedicated accommodation, alternative housing was offered to anyone that the Council was aware was homeless. In addition, the Council had adopted a cold weather protocol which could be instigated at any given time. In conclusion, Cllr Tucker stated that there was no reason for anyone who was homeless (and who did not want to be) to be on the streets.

From Cllr Brazil to Cllr Hicks, Deputy Leader of the Council

- (i) *The Government has doubled the rate relief to small businesses from 50% to 100%. Due to an oversight, small rural businesses do not qualify. Will the Council be lobbying Government to right this wrong?*

Cllr Hicks responded by saying that there was an anomaly in this regard. Upon investigation, these changes seemed to come into effect between two and three years ago. Whilst these businesses could apply to the Council for additional rate relief, Cllr Hicks had contacted the Local Government Association regarding this issue, who had given assurances that the matter would be taken up with central government.

In reply to a supplementary question, Cllr Hicks gave an assurance that he would keep Members updated on progress and provide feedback on this matter.

68/12 **NOTICE OF MOTION**

It was noted that three motions had been received in accordance with Council Procedure Rule 10.1.

(a) By Cllrs Pennington and Coulson

“For future budget procedure process, all Scrutiny Panels be provided with detailed agendas within their remits for full discussion to show proposed expenditure for all services over which they have scrutiny responsibilities together with outturn expenditure incurred for the previous financial year and full lists of changes in expenditure and reasons for those changes.

The Scrutiny Panel meetings to take place prior to the Joint Scrutiny Panels meeting to enable more in depth scrutiny of all Council services and to allow all Scrutiny Panels to make recommendations to the Joint Scrutiny Panels Budget meeting who can then make recommendations to the Executive and full Council.”

Before the motion was proposed and seconded, the Chairman invited the Lead Executive Member for Finance and Audit to address the Council. In so doing, the Member advised that he had given a commitment at the last Executive meeting whereby, in the future, the presented budget information would include additional columns. These columns would outline the percentage differences in comparison to the previous year and for those figures which exceeded a five percent variance, these would include explanatory comments.

In addition, it was noted that the involvement of Scrutiny in the budget setting process was to be considered at the next meeting of the Political Structures Working Group.

(Having been given these assurances, the proposer and seconder advised of their wish to withdraw this motion in accordance with Council Procedure Rule 12.8.)

(b) By Cllrs Hannaford and Barber

“That this Council agrees when a viability assessment is necessary for a development, a summary of the report is sent to the Ward Member/s as an exempt item before it is discussed at the Development Management Committee meeting or considered for delegated authority.”

In his introduction, the proposer advised that the driver for submitting this motion was the recent Riverside planning application. In this instance, the proposer felt that the local ward Members were not able to fully understand the nature of the viability study for what was such a major planning application. The proposer felt that in order to represent their communities adequately, it was essential for local Members to see the viability study on the occasions when one had been deemed necessary.

In discussion, reference was made to:-

- the importance of local Members receiving a summary of the viability study to enable them to reach a valid judgement and to supplement their local knowledge;
- time constraints. Whilst supporting the motion, a Member stressed the importance of maintaining timely decisions and not allowing such information to delay the decision making process;
- the information being declared as exempt. Some Members stated their hope that certain elements of the study could be made available in the public domain or released in its entirety at an appropriate time. The view was expressed that increased transparency would result in enhanced public confidence.

It was then:

RESOLVED

That this Council agrees when a viability assessment is necessary for a development, a summary of the report is sent to the Ward Member/s as an exempt item before it is discussed at the Development Management Committee meeting or considered for delegated authority.

(c) By Cllrs Pennington and Holway

“Authority be delegated in the Affordable Housing Allocations Policy review to the Head of Environmental Health and Housing in consultation with the Executive portfolio holder and the local ward council member to implement minor changes following consultation with registered providers and parish and town councils.”

Before the motion was proposed and seconded, the Chairman invited the lead Executive Member for Corporate Services to address the Council. In his address, the Member felt that the motion may have been borne out of a misunderstanding and seemed to undermine the delegation process. In addition, it was noted that during the stakeholder consultation, Members would have the ability to make their representations.

(In light of these comments, the proposer and seconder advised of their wish to withdraw this motion in accordance with Council Procedure Rule 12.8.)

69/12 **PRESENTATION FROM THE LEAD EXECUTIVE MEMBER FOR PLANNING, ECONOMY AND COMMUNITY**

In accordance with Council Minute Number 55/10, the Lead Executive Member for Planning, Economy and Community was invited to provide a presentation on the current achievements, aims and challenges which were ongoing within his portfolio area.

In the subsequent discussion, the following points were raised:-

- A Member highlighted the recent announcement that Devon would be included in the Transition Zone classification (which entitled the county to a share of £2.6 billion of European Union monies). When questioned, the lead Executive Member gave an assurance that he would ensure the Council was at the forefront to ensure that some funding was received in the South Hams;
- It was noted that officers had now compiled a list of masterplans currently in the system and this information would be made available to Members;
- With regard to the successful Coastal Communities Fund bid of £450,000 entitled 'South Devon Fisheries Development', some Members requested additional information on this matter and felt it would be opportune to schedule this item on to a future Informal Council session;
- It was recognised that important decisions in respect of resource and capacity levels in the Development Management service would need to be made in the upcoming months;
- As a general point, some Members requested that these presentations should focus more on the added value provided by the Executive Member and outline a greater strategic overview of each service area;
- In respect of the Town and Parish Fund, congratulations were extended to officers and Members who had ensured that all available monies were likely to be spent in the South Hams. It was believed that the Devon County Council Cabinet had recently recommended the continuation of the Fund for 2013/14.

70/12 **REVENUE AND CAPITAL BUDGET 2013/14**

The Council considered a report which presented the recommendations of the Executive on the proposals for the Council's Budget for 2013/14.

In his introduction, the Leader of Council made reference to:-

- the central Government grant being cut by 26% in the last two years. In addition, there was to be a further 15% cut in 2014/15;
- the need to explore alternative service delivery models;
- the importance of innovation and up to date IT capability. The Leader felt the new Council website to be a major step forward and emphasised the importance of embracing social media;
- the need to consider the future in setting the Council Tax to protect front line services. The Leader reiterated that there would be no such cuts in this Budget and felt that a nine pence per week Council Tax increase was an acceptable price to pay to protect front line services. For clarity, the Council had the ability to increase Council Tax by 3.5% since it was defined as a low taxing local authority;
- the Council continuing to be at the forefront of the shared services agenda, which was resulting in annual savings of over £700,000;
- the transformation agenda generating more savings than anticipated;
- some additional grant funding to be received for those rural local authorities in Sparse areas; and
- car parking charges being frozen for a third successive year.

In discussion, the following points were raised:-

- (a) Some Members expressed their displeasure at any increase in Council Tax levels, particularly in the current economic climate. These Members highlighted the financial pressures being faced by residents and felt that the recent Council decision to increase Member Allowances conveyed the wrong message to the public. In reply, other Members stated that it was not their wish to increase Council Tax, but such was the seriousness of the government settlement announcement that there was little choice to ensure the sustainability of the Council. With regard to the increase in Allowances, some Members commented that the deletion of the Electronic Allowance in 2011/12 had resulted in the Basic Allowance still being at a lower level than it was in 2009/10;
- (b) A Member felt that the Council should now be exploring greater Shared Services opportunities with Teignbridge District Council. In reply, the Leader confirmed that the Council had made attempts to progress this agenda, but these had, to date, been unsuccessful;
- (c) In support of the proposed Budget, a Member commented that in light of such financial cuts, a minimal increase in real terms in Council Tax was preferable to a cut in services, which would disproportionately affect poorer residents.

It was then:

RESOLVED

1. That in order to set a Balance Budget for 2013-2014, an increase in Council Tax of 3.5% will be set (the Band D Council Tax for South Hams District Council will be £142.71 for 2013-14, an increase of £4.83 per year or 9 pence per week) as per Section 4 (this represents a Council Tax requirement for 2013-14 of £5,056,799);
2. That the financial pressures in Appendix A of £623,988 be noted;
3. To agree the £10,000 discretionary budget bid for the Citizens Advice Bureau to be taken from the New Homes Bonus Community Fund;
4. To agree the schedule of savings identified in Appendix A identified by the Council's Senior Management Team (SMT) totalling £254,682;
5. To agree the Collection Fund Surplus of £30,000, as shown in Appendix B;
6. To set the amount of budget savings from the options laid out in Section 6.6 at £297,774;
7. The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix D;
8. That the Council should set its total net expenditure for 2013-2014, as shown in Appendix C, at £9,158,826 – this is subject to final confirmation of Government funding which will be notified at the end of January 2013. If the Government changes the funding, delegated authority be given to the Head of Finance and Audit (S151 Officer), in liaison with the Leader of the Council, to identify an appropriate solution;
9. To use £460,000 of New Homes Bonus funding from 2013-2014 to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 7.3. The budget for the 2013/14 Capital Programme totalling £1,594,000 and the proposed method of funding as set out in the Executive report dated 6 December 2012 (Minute E.63/12 refers) be approved;
10. To agree to four months seasonal closure of under utilised public conveniences for implementation in October 2014, allowing time for consultation as per Appendix E (shown as a £80,000 saving for 2014-2015), or where agreement is reached with town or parish councils that some toilets could be closed this autumn;

11. To approve the fees and charges as set out in Appendix A of the Executive report of 24 January 2013 for Commercial Waste (E.80/12 refers), and the fees and charges as recommended by the Executive at the meeting of 6 December 2012 in relation to Environmental Health and Housing and Parks, Open Spaces, Outdoor Sport and Recreation (E.66/12 b ii refers);
12. To approve the fees and charges as set out in Appendix 5 for the Lower Ferry, Dartmouth;
13. That the minimum level of the Unearmarked Revenue (General Fund) Reserve Balance be maintained to at least £1.5 million as per Section 8.2.
14. That the level of reserves, as set out within 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.

(NOTE: in accordance with Council Procedure Rule 15.6, Cllr Baldry requested that his vote against this recommendation be formally recorded).

71/12 **REPORTS OF BODIES**

RESOLVED

That the minutes and recommendations of the undermentioned bodies be received and approved subject to any amendments listed below:-

- (a) Corporate Performance & Resources Scrutiny Panel 3 January 2013

CP&R.28/12: South Hams Members' Code of Conduct

RESOLVED

1. That the Members Code of Conduct, as attached in the presented agenda at Appendix A, be formally adopted; and
2. That the Corporate Performance and Resources Scrutiny Panel continue to review its ongoing operation.

- (b) Joint Scrutiny Panel 10 January 2013

- (c) Audit Committee 10 January 2013

A.23/12: Financial Procedure Rules 2012

RESOLVED

That the Council approve the updated and aligned Financial Procedure Rules and its inclusion in the Council's Constitution, subject to the amendments as outlined.

- (d) Development Management Committee 16 January 2013
(e) Executive 24 January 2013
(f) Salcombe Harbour Board 4 February 2013

SH.47/12: Whitestrand Shower Project

RESOLVED

That the Council agree that the increase in the budget for the Whitestrand Shower Project be funded from the Harbour General Reserve.

(Meeting commenced at 2.00 pm and concluded at 3.45 pm)

Chairman

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