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SOUTH HAMS COUNCIL - THURSDAY, 13TH FEBRUARY, 2014

Agenda, Reports and Minutes for the meeting

Agenda No Item

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

2. **Reports**

Reports to Council:

a) Item 10 - Budget 2014/15 (Pages 5 - 60)

b) Item 11 - Business Rates - Retail Relief (Pages 61 - 80)

c) Item 12 - Pay Policy Statement 2014/15 (Pages 81 - 88)

d) Item 13 - Appointment of Electoral Registration Officer and Returning Officer (Pages 89 - 94)

3. **Minutes** (Pages 95 - 106)

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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

5 February 2014

Dear Councillor

A meeting of the **South Hams District Council** will be held in the **Council Chamber**, Follaton House, Plymouth Road, Totnes, on **Thursday, 13 February 2014 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 19 December 2013 (pages 1 to 14);
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 Engagements;**

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 question received in accordance with Council Procedure Rule 8.

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

1. South Hams Council pre-application policy and planning procedure was resolved by the Executive at its meeting of 18 July 2013 and recorded in the minutes of the Council of 26 September 2013. This process is “committed to supporting effective pre-application engagement with developers and applicants and local communities.” Therefore, does the lead Executive Member for planning confirm that it is an essential requirement in the Council’s planning procedure and pre-application process that in all planning applications for developments of between 10 and 50 dwellings the undermentioned procedures must be strictly observed:-
 - a) Commencement of community engagement attendance by developer and case officer at town or parish council meetings to agree how and when community will be engaged?
 - b) Second technical meeting between developer and local planning authority involving case officer, developer, ward Member(s), town and parish council representatives to consider community feedback and include discussions about s106 HOTs?
 - c) Holding of a Development Forum if considered appropriate for scale of development being proposed or extent of contentious community feedback received?
 - d) Final meeting between developer and LPA to be held if outstanding issues to be discussed/resolved to involve developer, officers and ward Member(s)?
9. **Notice of Motion** – to consider the following motions (if any) received in accordance with Council Procedure Rule 10.1.
10. **Budget 2014/15** – to consider a report which presents the recommendations of the Executive on the proposals for the Council’s Budget for 2014/15 (circulated separately);
11. **Business Rates – Retail Relief** – to consider a report which advises Members of new regulations in respect of Business Rates Relief (circulated separately);
12. **Pay Policy Statement 2014/15** – to consider a report which sets out the Council’s statutory obligation to adopt a pay policy statement in accordance with the provisions of the Localism Act (circulated separately);
13. **Appointment of Electoral Registration Officer and Returning Officer** – to consider a report which seeks the approval of the Council for the appointment of Mrs Jan Montague as the Council’s Electoral Registration Officer and Returning Officer (circulated separately);

14. **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	Salcombe Harbour Board *	23 September 2013	SH.19/13 – SH.28/13	15 - 20
b	Development Management Committee	15 January 2014	DM.38/13 – DM.42/13	21 - 29
c	Audit Committee	16 January 2014	A.19/13 – A.25/13	30 - 33
d	Executive *	23 January 2014	E.51/13 – E.61/13	34 - 41
e	Salcombe Harbour Board *	3 February 2014	SH.x/13 – SH.x/13	To follow

* Indicates minutes containing recommendations to Council.

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.

**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

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AGENDA ITEM: 10

**SOUTH HAMS DISTRICT
COUNCIL**

13 FEBRUARY 2014

**2014/15
BUDGET PROPOSALS**

2014/15 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 minutes of the Executive meeting are included elsewhere on this agenda and provide a more complete picture of the decisions taken.

A hard copy of the report submitted to the Executive on 23 January 2014 was previously provided to all Members and is also available on the Council's website.

Since the Executive met, the Government has confirmed that the threshold limit for the increase in council tax that would trigger the requirement for local authorities to hold a referendum on their proposed council tax increases has been maintained at 2%. In addition, the Government has finalised the details of the Local Government Finance Settlement. South Hams District Council has gained £503 in grant since the draft settlement and the Executive's original recommendations have been modified accordingly

The General Fund Revenue Budget, Medium Term Financial Strategy (MTFS) and the recommendations for the 2014/15 bids and savings are summarised in Appendices 1 to 3 of this report. The MTFS has been rolled forward to enable Members to look ahead to future years in considering their spending plans and council tax levels.

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

RECOMMENDATIONS:-

(The references in the Recommendations below refer to the Appendices in this report or to the relevant Section of the 2014/15 Revenue Budget report presented to the Executive at its meeting on 23 January 2014)

It is RECOMMENDED that:

1. the Council Constitution be amended to reflect the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 whereby it is now mandatory for councils to amend their standing orders to require recorded votes to be taken on the budget at Council meetings, to be effective immediately.
2. in order to set a Balanced Budget for 2014/15 an increase in council tax of 1.9% be set for 2014/15. The Band D Council Tax for South Hams District Council will be £145.42 for 2014-15, an increase of £2.71 per year or 5 pence per week, as per Section 8 of the Executive report (this represents a Council Tax Requirement for 2014-15 of £5,271,513);

2014/15 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

3. the financial pressures in Appendix 3 of £906,000 be noted
4. the £10,000 discretionary budget bid for the Citizens Advice Bureaux be agreed;
5. the schedule of savings identified in Appendix 3 totalling £690,000 be agreed;
6. the Collection Fund Surplus (increase) of £30,000 as shown in Appendix 1A be agreed ;
7. the level of contributions to reserves to be included within the Authority's budget, as set out in Appendix 1B be agreed;
8. the allocation of Council Tax Support Grant for Town and Parish Councils be set at £125,370 in 2014-15, a reduction of 13.54% as per Section 5.5 of the Executive report;
9. an additional allocation of £464,043 from New Homes Bonus to support the Revenue Budget in 2014-15 as per Section 8 of the Executive report be agreed;
10. Council should set its total net expenditure for 2014-15 at £9,027,727 (Appendix 1A)
11. £153,900 of New Homes Bonus funding for 2014/15 be allocated to a Community Reinvestment Projects budget for 2014/15. Any under spend from the 2013/14 Community Reinvestment Projects budget of £153,900 is to be transferred into the Capital Programme Reserve.
12. the unallocated New Homes Bonus funding of £160,105 for 2014-15 be transferred to the Capital Programme Reserve as per Section 4.8 of the Executive report (being £624,148 minus £464,043);

2014/15 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

13. the Council transfers £17,277 of its allocation of the New Homes Bonus for 2014/15 to the Dartmoor National Park Sustainable Community Fund. The funds are awarded as a one off payment to Dartmoor National Park, to award projects on an application basis administered by Dartmoor National Park. The following conditions will apply:
- A. decisions must be taken in consultation with the South Hams District Council local Ward Member(s);
 - B. funding can only be used for capital spending on projects in those parts of Dartmoor National Park which fall within the South Hams District Council Boundaries and enable the Dartmoor National Park to carry out its social economic responsibilities; and
 - C. Dartmoor National Park reports on the progress in the application of, and use of the funds to the Community Life and Housing Panel on a six monthly basis and in time for budget decisions to be made (i.e. June and November).
14. £460,000 of New Homes Bonus funding from the 2014-15 allocation be used to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 9.9 of the Executive report;
15. the Capital Programme for 2014-15 totalling £2,377,000 (and funding sources) be agreed as set out in Appendix H (Exempt) of the Executive Report.
16. 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:

Lisa Buckle, Head of Finance
lisa.buckle@swdevon.gov.uk

Michael Tithecott, Chief Accountant
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 23rd January 2014).

1. Over the last six months, the Executive has given the budget very detailed consideration and has undertaken consultation with the Town and Parish Councils, the public and business communities. This process has enabled and informed Members in their consideration of the appropriate level of service provision and council tax levels.
2. The Council has a budget gap of £582,000 for 2014 -15 following a cut in grant from Central Government. It faces a further reduction in funding the following year. The Executive voted unanimously to raise its portion of the council tax by 1.9%, increasing the cost of an average Band D property to £145.42. This represents an increase of 5 pence per week or £2.71 per year.
3. The Executive agreed a total of more than £50,000 in grants to the Citizens Advice Bureau. The Executive also agreed a capital works programme amounting to £2.3 million and a budget of £153,900 for a Community Reinvestment Projects Fund. The fund will allow towns and parishes to make applications for community capital projects of £5,000 or more where "significant housing development has taken place." Projects could include community buildings, sports facilities, play areas, allotments, gardens or orchards.
4. Over the next year, the Council will make ground-breaking changes to the way it runs its services saving the authority £2.5 million a year from 2017. Working with its shared services partner West Devon Borough Council, the Council will be using the latest technology so that residents can conduct their business with the authority online 24 hours a day, 7 days a week. Those who prefer will still be able to contact the Council in the more traditional way, such as by phone or visit. The transformation will also mean that the Council's workforce will be smaller, more flexible, and customer focused. Savings from the changes will provide a long term solution to meeting the Council's budget shortfall, which is currently being met from the New Homes Bonus.

Part 2: Conclusion

5. 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.
6. The proposed budget will leave the Council on a firm financial footing with a level of reserves which will help us manage the impact of expected further cutbacks in Central Government funding over the coming years.
7. This has been a tough year. However, robust forward planning has allowed us to ease the pressures on front line services and for those in our community who face financial difficulties. We have frozen both parking charges and the Dartmouth Lower Ferry fares.
8. Strong financial management over many years and the continual drive for efficiency has enabled the Council to accommodate service pressures while still maintaining a low level of council tax. This is a budget to maintain frontline services and the longer term viability and future of the Council. I commend the budget proposals to the Council.

Part 3: Recorded Votes at Budget Meetings

On 4 February 2014, I received a letter from the Department for Communities and Local Government in respect of Recorded Votes at Budget Meetings (as attached at Appendix 4). As a consequence of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 making it 'mandatory for councils as soon as is practicable after the Regulations are in force, to amend their Standing Orders so as to include provisions requiring recorded votes at Budget meetings', Council approval is sought to amend the Constitution accordingly, to be effective immediately.

Councillor R J Tucker
Leader of the Council

SUMMARY OF REVENUE EXPENDITURE
RECOMMENDATION 2 - INCREASE COUNCIL TAX BY 1.9%

Estimate 2013/2014 (At outturn prices)	Estimate 2014/15 (at outturn prices)	Estimate 2014/15 (at outturn prices)		
		Gross Expenditure	Income	Net Expenditure charged to General Fund
£	SERVICE EXPENDITURE ANALYSIS	£	£	£
1,030,600	Central Services	1,680,700	(797,500)	883,200
1,393,218	Corporate and Democratic Core	1,401,500	(37,500)	1,364,000
1,948,800	Cultural and Related Services	2,454,700	(313,700)	2,141,000
5,901,500	Environmental Services	8,074,500	(2,316,100)	5,758,400
(1,794,100)	Highways, Roads and Transport Services	3,340,000	(4,950,900)	(1,610,900)
1,191,088	Housing Services	22,962,200	(21,940,800)	1,021,400
203,200	Non Distributed Costs	231,400		231,400
873,900	Planning and Development services	3,638,500	(2,548,400)	1,090,100
145,003	Council Tax Support Grant - payable to Town & Parish Councils (budget reduction proposed for 2014/15)	125,370		125,370
10,893,209		43,908,870	(32,904,900)	11,003,970
(100,000)	Vacancy provision	(100,000)		(100,000)
	Non recurring item funded from reserves:			
7,000	<i>Elector Fund</i>	7,000		7,000
10,000	<i>Discretionary Bid - CAB</i>	10,000		10,000
(55,074)	Shared Services Target	(55,100)		(55,100)
	Revaluation of the Pension Fund	114,000		114,000
135,000	Inflation	135,000		135,000
10,890,135	NET COST OF SERVICES	44,019,770	(32,904,900)	11,114,870
	FINANCING AND INVESTMENT INCOME & EXPENDITURE			
(190,000)	Interest receivable (investment income)		(110,000)	(110,000)
12,100	Income and expenditure in relation to investment properties	78,300	(54,700)	23,600
	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS			
(1,771,000)	Reversal of depreciation		(1,933,000)	(1,933,000)
(500,000)	Reversal of pension costs (IAS 19)		(500,000)	(500,000)
862,594	CONTRIBUTIONS TO/ (FROM) RESERVES	1,013,300	(581,043)	432,257
9,303,829	AMOUNT TO BE FUNDED FROM TAXATION AND NON-SPECIFIC GOVERNMENT GRANTS	45,111,370	(36,083,643)	9,027,727
	FINANCED BY:			
(4,217,030)	Government Grant (Business rates & revenue support grant)		(3,696,214)	(3,696,214)
(5,056,799)	Council Tax		(5,271,513)	(5,271,513)
(30,000)	Collection Fund Surplus		(60,000)	(60,000)
0	BALANCE - (SURPLUS)/DEFICIT	45,111,370	(45,111,370)	0
142.71	<i>Band D Council Tax</i>	145.42		
35,434.09	<i>Council Tax Base</i>	36,250.26		0

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

RECOMMENDATION 2 - INCREASE COUNCIL TAX BY 1.9%

Estimate 2013/14			Estimate 2014/15	
To £	(From) £		To £	(From) £
181,600		Capital Programme	181,600	
16,900		Community Parks & Open Spaces	16,900	
12,000		Community Wellbeing		
10,000		District Elections	10,000	
87,000		Ferry major repairs & renewals	87,000	
	(110,000)	New Homes Bonus		(574,043)
20,800		Pay & Display Equipment	20,800	
122,000		Pension Fund Strain Payments	99,000	
-	(63,000)	Planning		
3,500		Print equipment renewals		
55,000		Repairs and maintenance	55,000	
	(17,206)	Strategic Issues		(7,000)
542,000		Vehicles & Plant Renewals	541,000	
2,000		Interest credited to reserves	2,000	
1,052,800	(190,206)	TOTALS	1,013,300	(581,043)
862,594		GRAND TOTAL	432,257	

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UPDATED FOR BUDGET PROPOSALS:

RECOMMENDATION 2 - INCREASE COUNCIL TAX BY 1.9%

	Base 2013/14 £ '000	Yr1 2014/15 £ '000	Yr2 2015/16 £ '000	Yr3 2016/17 £ '000	Yr4 2017/18 £ '000
Baseline Data					
Base budget brought forward (includes CT support grant paid to Town/Parish Councils of £145,003)	9,304	9,304	9,028	8,562	8,266
Income & Expenditure Variations					
Budget Pressures (Appendix 3)		906	520	275	390
Budget Savings (Appendix 3)		(690)	(250)	(1,880)	(470)
Additional requirement from New Homes Bonus		(464)			
Reduction in Council Tax Support Grant for Town & Parish Councils		(19)			
Review of charges/ additional income (Appendix 3)		(9)	(100)	(100)	(100)
Projected Expenditure:	9,304	9,028	9,198	6,857	8,086
FINANCING: -					
Government Grant (Settlement Funding Assessment - SFA)	4,217	3,696	3,131	2,702	2,383
Council Tax income	5,057	5,272	5,401	5,534	5,670
Surplus(deficit) on Collection Fund	30	60	30	30	30
Projected Income :	9,304	9,028	8,562	8,266	8,083
Budget gap per year (Projected Expenditure less Projected Income)	0	0	636	(1,409)	3

3 year cumulative budget gap/(surplus) (770)

KEY ASSUMPTIONS	Base 2013/14 £ '000	Yr1 2014/15 £ '000	Yr2 2015/16 £ '000	Yr3 2016/17 £ '000	Yr4 2017/18 £ '000
Inflation: General Expenditure		2.5%	2.5%	2.5%	2.5%
Review of fees & charges		As agreed	2%	2%	2%
Interest rates		0.5%	0.5%	1%	1%
Pay Award		1%	1%	1%	1%
Pension revaluation - increased employer contributions		1.2%	0.0%	0.0%	1.0%
Council Tax Base : assume increase of 200 properties per year for 2015/16 and thereafter	35,434.09	36,250.26	36,450.26	36,650.26	36,850.26
Assumed Council Tax increase		1.9%	1.9%	1.9%	1.9%
Council Tax - Band D (£)	142.71	145.42	148.18	151	153.87

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	Yr1	Yr2	Yr3	Yr4
	2014/15	2015/16	2016/17	2017/18
	£ '000	£ '000	£ '000	£ '000
BUDGET PRESSURES				
Inflation on expenditure	340	270	275	280
Estimated reduction in Benefit Administration Grant	54			
Car Parks - review of income target	50	50		
Car Parks - transfer of On Street Civil Parking to Devon County Council	56			
Planning staff - cease funding from reserves	63			
Reduction in admin fees from Section 106 Deposits	20			
Staffing Bid (Planning - Development Management) (E.14/13)	99			
Reduction in income from Grounds Maintenance	30			
Variation in interest on investments	80	5		10
Triennial Pension revaluation April 2014	114			100
Leisure contract - profiled increase		40		
Reversal of vacancy provision		100		
Reversal of Shared Services Target		55		
TOTAL BUDGET PRESSURES	906	520	275	390
DISCRETIONARY BID - Citizens Advice Bureau; Outreach Worker	10			
BUDGET SAVINGS				
Transformation Project (T18)		-100	-1,780	-470
Identified by SMT through the "Budget Scouring" Exercise (Appendix B - E.12/13)	-140			
Discretionary Rate Relief - now accounted for within the Business Rate Collection Fund	-161			
Strategic Waste Review (EE.16/13 & Council 30/13)	-140	-150		
Household Waste Collection - additional income re Torr Quarry	-20			
Seasonal Closure of public conveniences	-80			
Leisure Contract - profiled reduction	-71		-5	
Housing Benefits - increased recoveries etc.	-38			
Pension Fund Strain Payments - reduction in payments	-23			
Deletion of contribution to Community Well Being Reserve	-12			
Dartmouth Lower Ferry - net saving arising from the implementation of a new ticketing system	-5			
Variation in interest on investments			-95	
TOTAL BUDGET SAVINGS	-690	-250	-1,880	-470
ADDITIONAL INCOME				
Review of charges	-9	-100	-100	-100
	-9	-100	-100	-100

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**Department for
Communities and
Local Government**

The Leader
Principal Councils in England

Brandon Lewis MP
Parliamentary Under Secretary of State

**Department for Communities and Local
Government**

Eland House
Bressenden Place
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Dear Leader

04 February 2014

Recorded Votes at Budget Meetings

In the coming weeks, your council will be holding its annual budget meeting at which it will be formally taking decisions about its expenditure on local services and council tax levels for the year ahead. These discussions will affect the lives and household budgets of all who live in the council's area. Local people should be able to see how those they have elected to represent them have voted on these critical decisions.

Accordingly I am writing to you today to say that the Government's expectation is that at this year's budget meetings, all councils will adopt the practice of recorded votes – that is recording in the minutes of the meeting how each member present voted – on any decision relating to the budget or council tax. People will thus be able to see how their councillor's voted, not only on the substantive budget motions agreeing the budget, setting council taxes or issuing precepts, but also on any amendments proposed at the meeting.

We are very clear that any serious commitment to transparency and democratic accountability, which I am confident we all share, demands nothing less in today's circumstances. I know that the practice of recorded votes is already being followed in a range of circumstances across councils. If local people are to continue to have confidence in their councils and their elected representatives, then the practice of recorded votes needs to be followed everywhere on this year's budget decisions.

To facilitate this, we have last week made 'The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014'. These Regulations make it mandatory for councils as soon as is practicable after the Regulations are in force, to amend their Standing Orders so as to include provisions requiring recorded votes at budget meetings.

I recognise that some councils may be holding budget meetings before they have formally amended their Standing Orders, but nothing prevents the council from simply resolving to holding a recorded vote, in line with the Regulations.

BRANDON LEWIS MP

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NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (applies to Appendix H only)

AGENDA
ITEM

7

AGENDA
ITEM

7

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Executive
DATE	23 January 2014
REPORT TITLE	Budget Proposals 2014/15
Report of	Head of Finance & Audit
WARDS AFFECTED	All

Summary of report:

1. To update Members on the revenue budget position for 2014/15. This forecast is intended to provide a framework within which decisions can be made regarding future service provision and council tax levels. The Executive's recommendations will be considered by Full Council on 13th February 2014.
2. To set out a proposed Capital Programme for 2014/15 that will also form part of the recommendations to Council on 13th February 2014.

FINANCIAL IMPLICATIONS:

1. The report sets out an anticipated revenue budget gap for 2014/15 of £582,000 (Appendix A). The budget gap must be reduced to zero in order to set a balanced budget. This report sets out the strategy and options available to close the budget gap.
2. The proposed Capital Programme for 2014/15 requires funding of £2,377,000.

RECOMMENDATIONS:

That the Executive resolves to RECOMMEND to Council:

- 1 That in order to set a Balanced Budget for 2014/15**

EITHER

Option 1) - A Nil increase in council tax for 2014-15 will be set (the Band D Council Tax for South Hams District Council will remain at £142.71 for 2014-15) and the Council will accept the one-off Council Tax Freeze Grant being offered by the Government of £56,530 as per Section 8 (this represents a Council Tax Requirement for 2014-15 of £5,173,275)

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 £145.42 for 2014-15, an increase of £2.71 per year or 5 pence per week) as per Section 8 (this represents a Council Tax Requirement for 2014-15 of £5,271,513)

- 2 That the financial pressures in Appendix C of £906,000 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 C totalling £690,000**
- 5 To agree the Collection Fund Surplus of £30,000 as shown in Appendix A**
- 6 The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix E**
- 7 That the Council should set its total net expenditure for 2014-15 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 2014. 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.**
- 8 To set the allocation of Council Tax Support Grant for Town and Parish Councils at £ 125,370 in 2014-15, a reduction of 13.54% as per 5.5**

- 9 That the Council transfers £17,277 of its allocation of New Homes Bonus for 2014/15 to the Council's Community Re-investment Fund, to be applied for and drawn down by Dartmoor National Park as required. This amount is a one-off payment and the position will be considered annually by the Council as part of the budget process. The condition is that this is for use within the boundaries of the District Council only.
- 10 To agree an allocation of £TBA from New Homes Bonus to support the Revenue Budget in 2014-15 as per Section 8.
- 11 To allocate £153,900 of New Homes Bonus funding for 2014/15 to a Community Reinvestment Projects budget for 2014/15. Any underspend from the 2013/14 Community Reinvestment Projects budget of £153,900 is to be transferred into the Capital Programme Reserve.
- 12 To transfer any unallocated New Homes Bonus funding for 2014-15 to the Capital Programme Reserve as per 4.8
- 13 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.
- 14 To use £460,000 of New Homes Bonus funding from the 2014-15 allocation to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 7.3.
- 15 To agree the Capital Programme for 2014-15 totalling £2,377,000 (and funding sources) set out in Appendix H.

Officer contact:

Lisa Buckle, Head of Finance
lisa.buckle@swdevon.gov.uk

Michael Tithecott, Chief Accountant
michael.tithecott@swdevon.gov.uk

1. BACKGROUND

- 1.1 At the Executive on 18 July 2013, Members acknowledged a £2.35m budget gap over the four financial years 2014/15 to 2017/18. The forecast was based on a set of assumptions which represent a cautious estimate about the Council's income and expenditure. Members were advised that these figures would be revised as we progress through the financial year.
- 1.2 Since that meeting, a number of events and announcements have taken place which impact upon the financial position of the authority and the budget gap going forward. These are summarised below:
- The Chancellor's Autumn Statement of 5 December 2013 and the Local Government Finance Settlement announced on 18 December 2013.
 - The receipt of monitoring information from the "Localisation of Business Rates" initiative introduced by the Government on 1 April 2013. Members will be aware that the yield from business rates now forms an integral part of the new Government Grant system.
 - Council approval of the Transformation Programme (T18).
- 1.3 Accordingly, the assumptions for financial modelling purposes have been reviewed and the budget gap revised. For 2014/15 the gap is £582,000 (Appendix A).
- 1.4 At the July meeting the Executive approved the inclusion of the following items within the base budget for 2014/15:
- the £140,000 savings identified by Senior Management Team from the "Budget Scouring" exercise (E.12/13 -Appendix B)
 - A revenue bid for additional Development Management staff (E.14/13)
- These items, alongside a number of other budget pressures/savings are summarised in Appendix C and are included in Appendix A which sets out the budget gap in more detail. The key assumptions used for modelling purposes are discussed in the next section.
- 1.5 A cost pressure of £56,000 has been added to Appendix A for the transfer of On Street Civil Parking to Devon County Council. The majority of this amount is for loss of income from the difference between previous penalty charges and statutorily set penalty charges.

2. ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

- 2.1 Reduction in government funding each year from 2015/16 to 2017/18 of at least 12%.
- 2.2 Salaries increase by 1% on an annual basis (Appendix A).
- 2.3 Inflation will run at 2.5% over the period. The interest return on our investments will be 0.5% for 2014/15 and 2015/16.
- 2.4 A range of council tax increases from a Nil increase to a 1.9% increase have been modelled for 2014/15. For 2015/16 onwards a council tax increase of 1.9% has been modelled.
- 2.5 The budget for income from car parking will be reduced by £50,000 per annum for the next two financial years, based on trends over the last three years.
- 2.6 Staff costs, presently provided for from earmarked reserves, will be absorbed into the revenue budget.
- 2.7 The number of properties within the District will increase by 200 per annum from 2015/16 to 2017/18 (based on projections produced by the Forward Planning Section and consistent with the rolling 5 year average). These additional properties have been used to calculate the amount of additional Council Tax and also the potential for New Homes Bonus.
- 2.8 Income from the administration of Section 106 agreements will reduce by £20,000 reflecting trends over the last two years.
- 2.9 Savings of £290,000 per annum will be achieved from the Strategic Waste Review (EE.16/13 and Council 30/13).
- 2.10 The £80,000 saving on the public convenience budget will be achieved once seasonal closure has been agreed.
- 2.11 Members will appreciate that capital spending has an impact on revenue. As part of the Medium Term Strategy it is necessary to review the level and phasing of schemes within the Capital Programme. A proposed programme for 2014/15 is attached as Appendix H to this report.
- 2.12 Similarly, the Strategic Asset Review will have an impact on the revenue budget. No assumptions have been made at this stage, but will be built into the forecast once decisions are reached on the scale of the asset disposal/investment programme.

3. THE MEDIUM TERM CHALLENGE

Local Government Finance Settlement

3.1 On 18 December 2013, Local Government Minister, Brandon Lewis MP, made a written statement on the provisional local government finance settlement 2014/15. Key issues emerging from the announcement include:

- The Council's draft allocation for 2014/15 of Government Grant (Settlement Funding Assessment)
- Council Tax Freeze Grant funding for 2014/15 and 2015/16 will be built into the Spending Review baseline and will be on-going
- Council Tax threshold principles will be announced in the New Year.

The Minister announced **that local authorities will face an overall reduction in spending power of 2.9%**; and that no local authority would experience a decrease of more than 6.9%.

In a similar manner to the previous three years, the Government's headlines focus on comparative figures concerning a local authority's "revenue spending power", as shown below:-

Spending Power analysis for SHDC	2014-15	2013-14	%change
Council Tax requirement	5,109,000	5,057,000	+1.03%
Business Rates and Revenue Support Grant (Settlement Funding Assessment)	3,696,000	4,254,000	-13.1%
Council Tax Support Parishes	-144,000	-144,000	N/A
New Homes Bonus	1,365,000	1,026,000	+33%
Other items	594,000	559,000	+6.2%
Total reduction in Spending Power	10,620,000	10,752,000	-1.23%

South Hams Spending Power figure has decreased by 1.23%. This is less than the 13.1% reduction in Government funding (Business Rates and Revenue Support Grant) due to the fact that New Homes Bonus and Council Tax funding are included in the Spending Power calculation as shown above.

Government Grant (Settlement Funding Assessment)

3.2 Adjusted Settlement Funding Assessment (SFA) in 2013/14 was £4.254 million. The Council's total funding in 2014/15 is predicted to be £3.696 million – this represents a decrease of 13.1% (£558,000). In 15/6 our SFA is predicted to reduce by a further 15.3%.

Council Tax Freeze Grant

3.3 Council Tax Freeze Grant funding (equivalent to a 1% Council Tax increase) for 2014/15 and 2015/16 will be built into the Spending Review baseline. The Minister stated that this has been done with the intention of giving maximum possible certainty for councils that the extra funding for freezing council tax will remain available, and there will not be a 'cliff edge' effect from the freeze grant disappearing in 2016/17.

Council Tax Referendum Limit (currently 2% for 2013/14)

3.4 Council Tax threshold principles will be announced in the New Year. The current referendum threshold is 2%. The government has indicated that it is open to representations on how these will operate and that the government is particularly **open to suggestions that some lower threshold be applied to all or some categories of authorities.**

Income from Business Rates

3.5 In the Chancellor's Autumn Statement there was a commitment by the Government to clear 95% of all business rates appeals by July 2015. This is likely to have a detrimental impact on our income from business rates, but the situation is not clear. The Government will introduce regulations to allow authorities to spread the cost of backdated appeals over a number of years. We are awaiting further guidance from the Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) on the accounting system for appeals.

New Homes Bonus

3.6 Another key announcement in the Autumn Statement was that the proposed New Homes Bonus Top Slice (for 2015/16 onwards) will be removed for authorities outside of London.

4. NEW HOMES BONUS (NHB)

- 4.1 This grant was introduced in 2011/12 and provides incentives for local authorities and local communities to be supportive of housing growth. It is not ring fenced and can be spent on anything. New Homes Bonus funding was top-sliced from Revenue Support Grant funding.
- 4.2 On 29 November 2012, the Community Life & Housing Scrutiny Panel considered a report on the New Homes Bonus Strategy. It was resolved (CLH. 27/12) that the New Homes Bonus funding for 2013/14 is 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
 - To make a provision for a share of the New Homes Bonus for the Dartmoor National Park when appropriate

4.3 Members have approved the following uses of the New Homes Bonus to date:

Use of New Homes Bonus

Year	2011/12 (£)	2012/13 (£)	2013/14 (£)
Grant received	297,567	826,317	1,026,018
Use of New Homes Bonus (£)			
Housing Capital Projects (Affordable Housing and Disabled Facilities Grants)		300,000	460,000
Community Reinvestment Projects			153,900
Revenue Base Budget	100,000	100,000	100,000
Community Grants (CAB Outreach worker)			10,000
Funding for the overall capital programme	197,567	419,567	TBA
Dartmoor National Park		6,750	TBA
To be allocated			302,118
TOTAL	297,567	826,317	1,026,018

At the Council meeting in December 2013, Council agreed that any NHB received in 2013/14 that is not allocated to a specific use is transferred to the Capital Programme Reserve to support the funding of future capital projects.

4.4 **Dartmoor National Park (DNP)** – DNP have requested a share of the New Homes Bonus to reflect new homes delivered within the park. DNP would like NHB money to be used to support a local community fund and, for example, joint work through the rural housing enabler. The New Homes Bonus legislation says that Councils are expected to negotiate with National Park Authorities to recognise their role as the sole local planning authority for their area in granting planning permissions and that Councils should reach an agreement and split the funding from NHB at a locally determined rate.

4.5 It is suggested that the following system is put in place

- A one off payment is agreed on an annual basis based on actual completions.
- The allocation received by DNP is spent only within those parishes falling within the boundaries of the District Council.
- The agreed sum is added to the Community Re-investment Fund and the DNP make applications to draw down funds as required in line with the process agreed for that fund.

4.6 On this basis the share of NHB due for DNP based on completed properties is summarised below:

	Payable for 12/13 £	Payable for 13/14 £	Forecast for 14/15 £	Forecast for 15/16 £	Forecast for 16/17 £	Forecast for 17/18 £	Forecast for 18/19 £
Share of award	4,605	12,672	4,939	4,939	31,035	36,859	36,859

It is recommended that £17,277 (£4,605 + £12,672) representing the entitlement for 2012/13 and 2013/14 is paid from the Council's 2014/15 NHB allocation.

4.7 An estimate of New Homes Bonus for the next four years is shown below:

NHB Forecast (£)	2013/14	2014/15	2015/16	2016/17	2017/18
2011/12 actual allocation	297,567	297,567	297,567	297,567	
2012/13 actual allocation	528,750	528,750	528,750	528,750	528,750
2013/14 actual allocation	199,701	199,701	199,701	199,701	199,701
2014/15 forecast allocation		339,307	339,307	339,307	339,307
2015/16 forecast allocation			249,760	249,760	249,760
2016/17 forecast allocation				249,760	249,760
2017/18 forecast allocation					249,760
TOTAL	1,026,018	1,365,325	1,615,085	1,864,845	1,817,038

- 4.8 Assuming that the current commitments of £723,900 (Section 4.3) are re-approved for another year, approximately £624,000 is available to support the revenue budget in 2014/15 or a new capital programme as shown below (after deducting £17,277 for the Dartmoor National Park as per 4.6):

	2014/15 (£)
Allocation of NHB	1,365,325
Possible Use of NHB:	
Housing Capital Projects	460,000
Community Reinvestment Projects	153,900
Revenue Base Budget	100,000
Community Grants (CAB Outreach Worker)	10,000
Funding for the overall capital programme	TBA
Dartmoor National Park	17, 277
Total of "commitments"	741,177
UNALLOCATED	624,148

** N.b. All items subject to future Council approval..*

It is recommended to allocate £153,900 of New Homes Bonus funding for 2014/15 to a Community Reinvestment Projects budget for 2014/15 and that any underspend from the 2013/14 Community Reinvestment Projects budget of £153,900 is to be transferred into the Capital Programme Reserve.

It is recommended to transfer any unallocated New Homes Bonus funding for 2014-15 to the Capital Programme Reserve.

5. CLOSING THE 2014/15 BUDGET GAP

Localisation of Council Tax

- 5.1 In the 2010 Spending Review the Government announced that it would abolish Council Tax Benefit (CTB) and localise support for council tax from 1 April 2013, whilst reducing expenditure by 10%, equivalent to £500m nationally. This is part of the Government's wider agenda, which includes a major overhaul of the welfare system. The Council approved a Council Tax Reduction (CTR) Scheme to replace Council Tax Benefit in 2013-14 for one year only.
- 5.2 At its December 2013 meeting, Council approved the adoption of a revised CTR scheme for 2014/15. The scheme will take effect on 1 April 2014 and replace the current scheme. The scheme is cost neutral and introduces the following changes
- An 80% maximum liability restriction meaning that working age claimants pay a minimum of 20% towards their Council Tax bill;
 - A property valuation band D restriction meaning that working age claimants living in larger properties do not receive greater levels of support than those living in small properties;
 - An exception hardship fund to help those claimants experiencing severe financial difficulties.

Allocation of Council Tax Support Grant to Town and Parish Councils

- 5.3 The Council Tax Support Funding introduced for the 2013/14 financial year is one of many elements that make up the Settlement Funding Assessment for District Councils.
- 5.4 In the December Statement, the Minister has reminded local authorities that within the funding for Council Tax Support Schemes there is an element to specifically reflect reductions in the parish tax base that has resulted from the introduction of Localised Support for Council Tax. He confirms that the funding is not separately identified, because it is not ring-fenced and there is recognition that as caseloads change and schemes evolve, the amount that different parishes need will change. He also states that there is an expectation by the Government that billing authorities will continue to pass on support to town and parish councils to help mitigate any reduction in their tax base due to the local Council Tax support scheme.
- 5.5 However, it is considered appropriate that the Council Tax Support Grant to Town and Parish Councils should reduce in line with the reduction that the District Council is experiencing with its Settlement Funding Assessment. ***South Hams District Council wrote to all Town and Parish Councils in September to ask them to prepare for a 13.54% reduction in funding. This means that the original allocation of £145,003 would be reduced to £125,370 in 2014/15 if this reduction is approved by Members.***

Localisation of Business Rates

- 5.6 The Government introduced the Business Rates Retention Scheme on the 1 April 2013. This system enables the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities. Business Rates retention is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of any growth that is generated in Business Rates revenue in their area. The new scheme is complex and carries with it the risk of volatility due to rating Appeals.
- 5.7 A report was presented to Council on 17 December 2013 regarding the Devon-wide Business Rates pool. A decision was made under delegated authority by the Head of Finance and Audit, in consultation with the Leader, Executive Portfolio Holder for Finance and Senior Management Team to remain in the Pool for 2014/15. The membership of the Devon pool consists of the eight District Councils in Devon and Devon County Council, Torbay Unitary and Plymouth Unitary, with Plymouth acting as the Lead Authority for the pool. No pooling gains have been built into the 2014/15 budget due to the risks associated with the results of rating appeals.

Transformation Programme (T18).

- 5.8 In response to the unprecedented scale of financial challenges that this Council faces, Members have approved an innovative Transformation Programme (T18). This is viewed as the primary driver to achieve the savings required over the next few years. The programme is currently being designed to deliver a long term organisational vision which will remove the need to deal with the budget gap through an annual service and financial planning process.
- 5.9 A summary of the savings and investment required is shown below:

SHDC	2014/15 £million	2015/16 £million	2016/17 £million	2017/18 £million
Investment	1.1	1.28	0.54	0.15
Savings	(0.09)	(1.38)	(2.42)	(2.50)
TOTAL	1.01	(0.10)	(1.88)	(2.35)

Review of Charges

5.10 On 14 November 2013, the Economy and Environment Scrutiny Panel considered a report on the review of fees and charges for 2014-2015. The Panel recommended that charges are frozen for car parks and the Lower Ferry, Dartmouth in 2014/15. The additional income generated from the review of each of the fees and charges is estimated as follows:

Fees and Charges	Amount (£)
Environmental Health Charges	1,500
Housing Rents	3,700
Outdoor Recreation	3,500
TOTAL	8,700

Income from Council Tax

5.11 Council agreed to raise council tax by 3.5% from 1 April 2013. This amounted to a £4.83 increase on an average Band D property over a year equivalent to 9p a week. South Hams was one of the few types of council allowed to do this because of its past successes in keeping its council tax so low. It is not known if this concession will be offered by the Government for 2014/15.

A 1% rise in Council Tax generates £52,000 in extra income per annum:

Council Tax increase	Income generated (£)
1.0%	52,000
1.5%	78,000
2.0%	104,000

5.12 South Hams currently has the third lowest Council Tax in Devon :

Council	Band D Tax 2013/14 £
East Devon	121.78
Exeter	129.84
South Hams	142.71
Torrige	142.97
Teignbridge	150.17
North Devon	164.58
Mid Devon	182.15
West Devon	200.69

5.13 The Localism Act introduced the power for the Secretary of State to set principles each year under which council tax increases are determined as excessive. This can apply to SHDC, Devon County Council, Fire, Police or Towns and Parishes (this did not apply to Town and Parishes in 2013-14). In all such cases, SHDC has to make arrangements to hold a local referendum for residents. Costs can be recovered from the relevant precepting authority. At the time of writing this report, the council tax referendum threshold principles for 2014/15 have not been announced by the Government.

6. OTHER REVENUE BUDGET CONSIDERATIONS

Discretionary Budget Bid - Citizens Advice Bureau (Outreach Worker)

6.1 Members approved a "non-recurring" bid for £10,000 for additional funding for the CAB, for an officer to work with the Housing and Benefits team in the 2013/14 budget (funded from New Homes Bonus). This arrangement saves work for the Council's benefits team. The work undertaken is subject to the same service level agreement as the current financial year. **Members are requested to consider if they wish to renew this arrangement for 2014/15.**

Interim arrangements for the Chief Executive

6.2 The Council will temporarily not be replacing the shared Chief Executive, who retires in March. As an alternative, South Hams and West Devon Councils have agreed to pilot an executive director model of working which is already in use in some authorities nationally. The move will save up to approximately £80,000 between the two Councils over a full year. However, no savings have been built into the 2014/15 budget as this is an interim measure.

7. RESERVES

Earmarked Reserves

- 7.1 The level and commitments for each reserve are kept under review each year to make sure that the uncommitted balance is adequate for its purpose. A schedule of Earmarked Reserves is attached at Appendix G which includes comments on their proposed use. A review of the Council's Earmarked Reserves has been undertaken as part of the budget process. As a result, it is recommended that the annual contribution to the Community Wellbeing Reserve ceases. The balance of this reserve is forecast to be around £40,000 at the end of 2014/15 with no future commitments having been identified.

General Fund Balance (un-earmarked revenue reserve)

- 7.2 Previous guidance from the Audit Commission suggested that the General Fund Balance should be between 5% and 10% of net operating expenditure. The Council's net operating expenditure is £9.3 million for 2013/14; so an appropriate balance would be in the region of £465,000 to £930,000.
- 7.3 The General Fund Balance stood at £2.5 million at 31st March 2013. Taking into account current commitments including investment for T18, leaves an uncommitted balance of approximately £1.8 million.
- 7.4 Therefore, the Council is still within a prudent level of reserves. At its December 2013 meeting, the Executive (E41/13) recommended to Council that the General Fund Balance is maintained at £1.5 million.
- 7.5 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £1.5 million the following have been taken into account:
- The size of the authority
 - The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
 - The risks faced by the Council with regard to funding unforeseen events
 - The level of investment income used to support council tax arising from our reserves
 - Uncertainty over future Government funding – in particular the introduction of the Localisation of Business Rates Scheme
- 7.6 The Council can take comfort that our General Fund Balance stands above the minimum balance. It acts as a safeguard against unforeseen financial pressures.

8. OPTIONS TO CLOSE THE BUDGET GAP

The following table demonstrates a possible ways forward to meet the 2014/15 budget: gap of £582,417 (Appendix D).

Option A – Council Tax Increase of 1.9%	Amount (£)
Council Tax increase (assuming an increase of 1.9% to the current Band D of £142.71 to £145.42 – an increase of £2.71)	98,238
Reduction in Council Tax Support Grant for Town and parish Councils (see 5.5)	19,633
Requirement from New Homes Bonus	464,546
TOTAL OF ALL OPTIONS	582,417

Option B – Council Tax Increase of 1.4%	Amount (£)
Council Tax increase (assuming an increase of 1.4% to the current Band D of £142.71 to £144.71 – an increase of £2.00)	72,501
Reduction in Council Tax Support Grant for Town and parish Councils (see 5.5)	19,633
Requirement from New Homes Bonus	490,283
TOTAL OF ALL OPTIONS	582,417

Option C – Council Tax Freeze	Amount (£)
Accept Council Tax Freeze Grant on offer from Government	56,530
Reduction in Council Tax Support Grant for Town and parish Councils (see 5.5)	19,633
Requirement from New Homes Bonus	506,254
TOTAL OF ALL OPTIONS	582,417

9. CAPITAL PROGRAMME

- 9.1 As part of the Medium Term Financial Strategy (MTFS), it is also necessary to review the level and phasing of schemes within the Capital Programme. It is important that the programme is matched with available resources and the impact on reserves and the revenue budget is fully assessed.
- 9.2 A new Capital Programme is proposed for 2014/15. The Head of Assets invited bids for capital funding from all service areas for a new capital programme during September 2013 on the strict proviso that all bids must go towards meeting a corporate priority. All property capital bids received would be ranked against prescribed priority criteria set out in the bid process.
- 9.3 The submitted capital bids have now been assessed against the categories in each priority. Priority 1 categories include statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure that the Council's existing property assets remain operational. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/ revenue income or reduce revenue spending. A capital bid that will rationalise service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives.
- 9.4 The proposed programme outlines the principles of the projects proposed for capital expenditure and includes an estimate of predicted costs including fees. All projects will be subject to project appraisals as required under the Council's Asset Strategy.
- 9.5 The Strategic Review of Property Assets (SAR) will provide a comprehensive review of each asset class and undertake a locality based assessment challenging the retention of each individual asset. Underperforming or surplus assets will be considered within the disposal programme. The overall outcome will be the creation of capital receipts and a reduction of property running costs to the Council.
- 9.6 Consideration needs to be given to the funding options for the 2014/15 Capital Programme. The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.
- 9.7 The Prudential Code for capital, which came into effect from 1st April 2004, replaced the previous Government regulated limits on capital expenditure and borrowing. In its place Councils now have the power to determine their own appropriate levels of capital expenditure and borrowing for capital purposes, based on the principles of affordability, prudence and sustainability. The Code requires the Council, in setting its capital spending plans, to assess the impact on its revenue account and council tax levels. The Council is currently debt-free and has not undertaken any prudential borrowing for capital projects to date.

- 9.8 The proposed capital programme is set out in Exempt Appendix H and amounts to £2,377,000 in value. Bids arising from the SAR will be brought to Members at a later date.
- 9.9 The table below shows the recommended way in which the proposed Capital Programme for 2014/15 could be funded.

Capital Programme 2014/15	£000
Capital Programme Reserve	490
Capital Receipts	1,095
Government Grant funding towards Disabled Facilities Grants	282
New Homes Bonus – for housing projects and disabled facilities grants	460
Reserves- repaid House Renovation Grants	50
TOTAL	2,377

10. CONCLUSION

- 10.1 The Council can remain financially viable through careful financial management and a focus on the Transformation Programme. This is not to understate the considerable financial pressures that the Council will face through the continuing reductions in Government Funding.
- 10.2 The Council's external auditors, Grant Thornton, have completed a report entitled, 'A Review of the Council's Arrangements for Securing Financial Resilience'. This was presented to the Audit Committee on 19 September and is available on the following link:-
<http://www.southhams.gov.uk/article/4988/Thursday-19-September-2013>
- 10.3 The executive summary of the financial resilience report showed that South Hams has received four green lights in all of the four areas assessed namely, Performance, Strategic Financial Planning, Financial Governance and Financial Control.
- 10.4 The Council's pleasing performance in terms of New Homes Bonus provides an essential 'stop gap' in funding allowing the Council to deliver significant transformation savings via a well managed programme of change which also aims to minimise any reductions to services.
- 10.5 The proposed Capital Programme includes the items of expenditure deemed as essential in accordance with the approved Asset Strategy and other non asset based investments. Final commitment to finance any of the projects set out in this report will be dependent on a project appraisal, a robust business plan and an assessment of general affordability in the light of future budgetary constraints.

11. LEGAL IMPLICATIONS

- 11.1 The Executive is responsible for recommending the budgetary framework to Council. 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 this MTFS 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.
- 11.3 Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Executive.
- 11.4 Appendix H in this report, relating to the Capital Programme, has been placed in Part 2 of the Agenda due to its commercial sensitivity. An assessment has been carried out as to whether the public interest in withholding this information from the public domain outweighs the public interest in disclosing it. It was assessed that maintaining the confidentiality of the commercially sensitive information relating to various bodies outweighed the public interest in disclosure of the same.

12. FINANCIAL IMPLICATIONS

- 12.1 The report sets out an anticipated revenue budget gap for 2014/15 of approximately £582,000 (Appendices A and D).
- 12.2 The capital bids within the draft Capital Programme for 2014/15 require funding of £2,377,000 (Appendix H).

13. RISK MANAGEMENT

- 13.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

14. OTHER CONSIDERATIONS

Corporate priorities engaged:	A balanced budget underpins the Council's capacity to delivers its corporate priorities
Statutory powers:	Local Government Act 1972, Section 151
Considerations of equality and human rights:	A 360 degree assessment of the equality implications has been carried out and is available on request.
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:	<p>18 July 2013 – Report to the Executive on the MTFS</p> <p>31 October 2013 – Report to Council on the Transformation Programme (T18)</p> <p>14 November 2013 - Report to Economy and Environment Scrutiny Panel on Review of Charges</p> <p>12 December 2013 – Report to the Executive on Budget Proposals 2014/15</p>
Appendices attached:	<p>Appendix A - Modelling of the Medium Financial Strategy (MTFS)</p> <p>Appendix B - Budget Review Exercise</p> <p>Appendix C - Budget Pressures and Savings Identified</p> <p>Appendix D - Revenue Summary</p> <p>Appendix E - Reserve Contributions</p> <p>Appendix F - Service Variations</p> <p>Appendix G - Reserve projections</p> <p>Appendix H - Proposed Capital Programme (EXEMPT)</p>

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.</p> <p>Achieving anticipated income targets in the current financial climate.</p>	5	3	15	↔	<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 regular monitoring during the financial year to ascertain the effect of the new scheme on the Council's finances. (see Risk No. 2 below)</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>

2	Income from Business Rates	<p>The figures for income from Business Rates are best estimates at this date (the NNDR1 return forecasts Business Rates for the forthcoming year).</p> <p>The figures are subject to volatility both from business rating appeals and from the economic climate.</p>	5	3	15	↔	<p>The position will be monitored by the Head of Finance and Audit. Mid Year Reviews undertaken. The quarterly Revenue Budget Monitoring reports will monitor Business Rates income against projections. Any variances will be highlighted to Members at an early stage.</p>	H of F&A
3	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.</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

4	Corporate Priorities	Failure to target budgets to service priorities	5	3	15	↔	The budget is subject to consultation with all Members, the public and the business community. Adequate levels of appropriately trained staff. Thorough planning and monthly monitoring of performance to management, quarterly to the Executive.	Head of Finance and Audit
5	Funding of the future Capital Programme	Availability of capital resources and options of using funding streams, such as New Homes Bonus	4	4	16	↔	Review of potential opportunities to support further capital programme. One of the objectives of the Strategic Asset Review Transformation Project is to identify opportunities for the disposal of assets and the generation of capital receipts.	Corporate Directors, H of F&A H of A Corporate Directors, H of F&A H of A

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	Base 2013/14 £ '000	Yr1 2014/15 £ '000	Yr2 2015/16 £ '000	Yr3 2016/17 £ '000	Yr4 2017/18 £ '000
Baseline Data					
Base budget brought forward (includes CT support grant paid to Town/Parish Councils of £145,003)	9,304	9,304	8,929	8,462	8,163
Expenditure Variations					
Budget Pressures (Appendix C)		906	520	275	390
Budget Savings (Appendix C)		(690)	(250)	(1,880)	(470)
Review of charges/ additional income (Appendix C)		(9)	(100)	(100)	(100)
Projected Expenditure:	9,304	9,511	9,099	6,757	7,983
FINANCING: -					
Government Grant (Settlement Funding Assessment - SFA)	4,217	3,696	3,131	2,702	2,383
Council Tax income	5,057	5,173	5,301	5,431	5,564
Surplus(deficit) on Collection Fund	30	60	30	30	30
Projected Income :	9,304	8,929	8,462	8,163	7,977
Budget gap per year (Projected Expenditure less Projected Income)	0	582	637	(1,406)	6

4 year cumulative budget gap/(surplus) (181)

KEY ASSUMPTIONS	Base 2013/14 £ '000	Yr1 2014/15 £ '000	Yr2 2015/16 £ '000	Yr3 2016/17 £ '000	Yr4 2017/18 £ '000
Inflation: General Expenditure		2.5%	2.5%	2.5%	2.5%
Review of fees & charges		TBA	2%	2%	2%
Interest rates		0.5%	0.5%	1%	1%
Pay Award		1%	1%	1%	1%
Pension revaluation - increased employer contributions		1.2%	0.0%	0.0%	1.0%
Council Tax Base : assume increase of 200 properties per year for 2015/16 and thereafter	35,434.09	36,250.26	36,450.26	36,650.26	36,850.26
Assumed Council Tax increase		TBA	1.9%	1.9%	1.9%
Council Tax - Band D (£)	142.71	142.71	145.42	148.18	151.00

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SUMMARY OF RESULTS FROM BUDGET REVIEW (" SCOURING") EXERCISE				
	Income/ Reductions	Budget Pressures		Notes
	£	£	£	
Planning, Economy & Community				
Business Support	(3,300)			Savings from Printing (£700)/ Subsistence (£2000)/Meetings (£600)
Development Management		63,300		"Sherford Team" currently funded from reserves - cease reserve fund
Community Development	(7,600)			Budget for consultation - will be managed corporately in future and fu
Development Mgt - Applications/Appeals		20,000		Reduction in income from admin fees from S106 deposits
Economic Development	(2,500)			Conference and meeting expenses
Sub totals	(13,400)	83,300	69,900	
Corporate Services				
Legal	(1,200)			Reduced requirement for professional staff subscription
Print Room	(3,000)			Target for additional income from external organisations
Corporate Training & Recruitment	(13,000)			Reduction in line with actual spend
Democratic Representation	(2,200)			Reduction in external legal fees for Monitoring Officer work
Reserves	(3,500)			Cease annual contribution to print room reserve
Sub totals	(22,900)	0	(22,900)	
Finance & Audit				
	TBA	TBA	0	Subject to Service Review
ICT & Customer Services				
Business Development	(600)			Deletion of budget for general office expenses
Design Office	(200)			Reduction in budget for travel expenses
Post Room	(19,000)			Target reduction of £15,000 for postage and saving in overtime of £4
Sub totals	(19,800)	0	(19,800)	
Assets				
Follaton House	(11,500)			Comprises reductions of £9,000 and £2,500 for furniture and automa
Community Parks & Open Spaces	(32,000)			Additional income from kiosks on Dartmouth Embankment (rent review)
Sub totals	(43,500)	0	(43,500)	
Environment Services				
Environment Services	(200)			Removal of home telephone allowance for depot staff member
Street Scene	(7,000)			Reduction in overtime provision
Grounds Maintenance	(5,000)			Reduction in agency staffing
Trade Waste	(1,000)			Reduction in advertising budget
Sub totals	(13,200)	0	(13,200)	
Environmental Health				
Private Sector Housing Renewal	(25,000)			Care & Repair work now undertaken in-house
Licensing	(400)			Reduction in legal fees
Housing Strategy	(1,800)			Moving to e- publications
Sub totals	(27,200)	0	(27,200)	
GRAND TOTAL - (saving) / pressure				
	(140,000)	83,300	(56,700)	
			(56,700)	

	Yr1 2014/15 £ '000	Yr2 2015/16 £ '000	Yr3 2016/17 £ '000	Yr4 2017/18 £ '000
BUDGET PRESSURES				
Inflation on expenditure	340	270	275	280
Estimated reduction in Benefit Administration Grant	54			
Car Parks - review of income target	50	50		
Car Parks - transfer of On Street Civil Parking to Devon County Council	56			
Planning staff - cease funding from reserves	63			
Reduction in admin fees from Section 106 Deposits	20			
Staffing Bid (Planning - Development Management) (E.14/13)	99			
Reduction in income from Grounds Maintenance	30			
Variation in interest on investments	80	5		10
Triennial Pension revaluation April 2014	114			100
Leisure contract - profiled increase		40		
Reversal of vacancy provision		100		
Reversal of Shared Services Target		55		
TOTAL BUDGET PRESSURES	906	520	275	390
DISCRETIONARY BID - Citizens Advice Bureau; Outreach Worker	10			
BUDGET SAVINGS				
Transformation Project (T18)		-100	-1,780	-470
Identified by SMT through the "Budget Scouring" Exercise (Appendix B - E.12/13)	-140			
Discretionary Rate Relief - now accounted for within the Business Rate Collection Fund	-161			
Strategic Waste Review (EE.16/13 & Council 30/13)	-140	-150		
Household Waste Collection - additional income re Torr Quarry	-20			
Seasonal Closure of public conveniences	-80			
Leisure Contract - profiled reduction	-71		-5	
Housing Benefits - increased recoveries etc.	-38			
Pension Fund Strain Payments - reduction in payments	-23			
Deletion of contribution to Community Well Being Reserve	-12			
Dartmouth Lower Ferry - net saving arising from the implementation of a new ticketing system	-5			
Variation in interest on investments			-95	
TOTAL BUDGET SAVINGS	-690	-250	-1,880	-470
ADDITIONAL INCOME				
Review of charges	-9	-100	-100	-100
	-9	-100	-100	-100

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SUMMARY OF REVENUE EXPENDITURE

Estimate 2013/2014 (At outturn prices)		Estimate 2014/15 (at outturn prices)		
		Gross Expenditure	Income	Net Expenditure charged to General Fund
£	SERVICE EXPENDITURE ANALYSIS	£	£	£
1,030,600	Central Services	1,680,700	(797,500)	883,200
1,393,218	Corporate and Democratic Core	1,401,500	(37,500)	1,364,000
1,948,800	Cultural and Related Services	2,454,700	(313,700)	2,141,000
5,901,500	Environmental Services	8,074,500	(2,316,100)	5,758,400
(1,794,100)	Highways, Roads and Transport Services	3,340,000	(4,950,900)	(1,610,900)
1,191,088	Housing Services	22,962,200	(21,940,800)	1,021,400
203,200	Non Distributed Costs	231,400		231,400
873,900	Planning and Development services	3,638,500	(2,548,400)	1,090,100
	Council Tax Support Grant - payable to Town & Parish Councils (budget reduction proposed for 2014/15)			
145,003		145,003		145,003
10,893,209		43,928,503	(32,904,900)	11,023,603
(100,000)	Vacancy provision	(100,000)		(100,000)
	Non recurring item funded from reserves:			
7,000	<i>Elector Fund</i>	7,000		7,000
10,000	<i>Discretionary Bid - CAB</i>			0
(55,074)	Shared Services Target	(55,100)		(55,100)
	Revaluation of the Pension Fund	114,000		114,000
135,000	Inflation	135,000		135,000
10,890,135	NET COST OF SERVICES	44,029,403	(32,904,900)	11,124,503
	FINANCING AND INVESTMENT INCOME & EXPENDITURE			
(190,000)	Interest receivable (investment income)		(110,000)	(110,000)
12,100	Income and expenditure in relation to investment properties	78,300	(54,700)	23,600
	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS			
(1,771,000)	Reversal of depreciation		(1,933,000)	(1,933,000)
(500,000)	Reversal of pension costs (IAS 19)		(500,000)	(500,000)
862,594	CONTRIBUTIONS TO/ (FROM) RESERVES	1,013,300	(107,000)	906,300
9,303,829	AMOUNT TO BE FUNDED FROM TAXATION AND NON-SPECIFIC GOVERNMENT GRANTS	45,121,003	(35,609,600)	9,511,403
	FINANCED BY:			
(4,217,030)	Government Grant (Business rates & revenue support grant)		(3,695,711)	(3,695,711)
(5,056,799)	Council Tax		(5,173,275)	(5,173,275)
(30,000)	Collection Fund Surplus		(60,000)	(60,000)
0	BALANCE - (SURPLUS)/DEFICIT	45,121,003	(44,538,586)	582,417
		<i>582,417</i>		
35,434.09	<i>Council Tax Base</i>	36,250.26	142.71	142.71

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Estimate 2013/14			Estimate 2014/15	
To £	(From) £		To £	(From) £
16,900		Community Parks & Open Spaces	16,900	
10,000		District Elections	10,000	
181,600		Capital Programme	181,600	
12,000		Community Wellbeing		
87,000		Ferry major repairs & renewals	87,000	
	(110,000)	New Homes Bonus		(100,000)
20,800		Pay & Display Equipment	20,800	
122,000		Pension Fund Strain Payments	99,000	
-	(63,000)	Planning		
3,500		Print equipment renewals		
55,000		Repairs and maintenance	55,000	
	(17,206)	Strategic Issues		(7,000)
542,000		Vehicles & Plant Renewals	541,000	
2,000		Interest credited to reserves	2,000	
1,052,800	(190,206)	TOTALS	1,013,300	(107,000)
862,594		GRAND TOTAL	906,300	

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Central Services				
				£
Estimate 2013-14				1,030,600
Reduction in Benefit Administration Grant from Central Government (DWP)				188,900
Discretionary Rate Relief - now funded from within the Collection Fund				(161,000)
Review of officer time allocations etc.				(175,300)
Other miscellaneous net variances				
Estimate 2014-15				883,200
<i>Check Budget Summary</i>				883,200
				0
Corporate and Democratic Core				
Estimate 2013-14				1,393,218
Review of officer time allocations etc.				(26,018)
Reduction in external legal fees				(3,200)
Estimate 2014-15				1,364,000
<i>Check Budget Summary</i>				1,364,000
				0
Cultural and Related Services				
Estimate 2013-14				1,948,800
Increased charges for depreciation following revaluation of assets.				81,300
Boatmen's Kiosks - rent reviews				(33,600)
Leisure Contract - year 8 savings (net of inflation)				(71,000)
Inflation - leisure utilities				62,000
Review of officer time allocations etc.				162,000
Visit South Devon - reduction				(5,000)
Estimate 2014-15				2,144,500
<i>Check Budget Summary</i>				2,144,500
				0
Environmental Services				
Estimate 2013-14				5,901,500
Strategic Waste Review				(140,000)
Seasonal closure of public conveniences				(80,000)
Capital Charges - revaluations				32,400
Transport costs				22,000
Review of officer time allocations etc.				44,000
Additional income re Tor Quarry				(20,000)
Licencing - review of charges				(1,500)
Estimate 2014-15				5,758,400
<i>Check Budget Summary</i>				5,758,400
Highways				

Estimate 2013-14				(1,794,100)
Car Parks - reduction in target income for car parks				50,000
Car Parks - rate increases				13,300
Car Parks - pay & display machines				6,000
Car Parks - cash collection fees (RINGO)				6,000
Car Parks - transfer of On Street Enforcement to DCC				56,400
Car Parks - review of free car parking				(10,200)
Lower Ferry - increase in insurance premium following asset revaluation				24,100
Review of officer time allocations etc.				42,600
Lower Ferry - replacement Ticket Machines				(5,000)
Estimate 2014-15				(1,610,900)
<i>Check Budget Summary</i>				<i>(1,610,900)</i>
Housing				
Estimate 2013-14				1,191,088
Revised allocation of Housing Benefit Admin Grant as advised by DWP				(136,200)
Additional Housing Benefit Recoveries etc.				(38,000)
Private Sector Renewal - Care & Repair taken in-house				(25,000)
Review of officer time allocations etc.				33,212
Homelessness - review of charges				(3,700)
Estimate 2014-15				1,021,400
<i>Check Budget Summary</i>				<i>1,021,400</i>
Non Distributed Costs				
Estimate 2013-14				203,200
Part of Totnes Depot, area no longer utilised				26,200
Inflation				2,000
Estimate 2014-15				231,400
<i>Check Budget Summary</i>				<i>231,400</i>
				<i>0</i>
Planning				
Estimate 2013-14				873,900
Community Development - reduction in consultation budget				(7,600)
Planning - additional staff				99,000
Planning - reduction in income from admin fees - S106				20,000
Employment estates - rates				14,900
Review of officer time allocations etc.				89,900
Estimate 2014-15				1,090,100
<i>Check Budget Summary</i>				<i>1,090,100</i>
				<i>0</i>

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					
			Opening balance	Projected Balance	
		<i>Annual Contribution</i>	1 April 2013	31 March 14	Comments
		<i>£000</i>	<i>£000</i>	<i>£000</i>	
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
0631	Capital Programme	182	924	308	Due to capital commitments
0639	New Homes Bonus		0	302	
0633	Revenue Grants		320	293	Comprises grants with no repayment conditions - created as a result of accounting changes introduced by IFRS.
0635	Affordable Housing		413	108	Due to capital commitments
0645	Strategic Issues		849	300	T18 investment costs (£310k) - Cncl. 34/13 refers
0650	Community Parks & Open Spaces	17	93	101	
0655	Community Well Being	12	32	40	
0660	Pension/ Redundancy	122	0	0	
0665	Repairs & Maintenance	55	428	478	
0830	Members Sustainable Community Locality Fund		34	0	
0670	Land and Development		213	128	
0675	Ferry Repairs & Renewals	87	114	178	
0680	Economic Initiatives		164	97	
0685	Vehicles & Plant Renewals	542	694	873	
0690	Pay & Display Equipment Renewals	21	17	18	
0695	On-street Parking		44	44	
0700	Print Equipment	4	73	76	
0705	ICT Development		449	278	Due to capital commitments
0710	Sustainable Waste Management		100	0	Due to Recycling & Waste Review.
0720	District Elections	10	40	50	
0725	Beach Safety		17	17	
0730	Planning Policy & Major Developments		932	548	Staffing and other commitments
0735	Building Control		138	122	
0740	Section 106 Deposits		58	58	Comprises deposits with no repayment conditions - created as a result of accounting changes introduced by IFRS
	T18 Investment		0	1,010	A new reserve for T18 investment costs. Cncl. 34/13 refers
	TOTAL - Earmarked Reserves	1,052	6,146	5,427	
GENERAL RESERVES					
0765	General Fund Balance (Accumulated Surplus)		2,534	1,795	T18 investment costs (£700k) - Cncl. 34/13 refers
	TOTAL - General Reserves				
TOTAL REVENUE RESERVES			8,680	7,222	

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AGENDA
ITEM

11

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

11

NAME OF COMMITTEE	Council
DATE	13 February 2014
REPORT TITLE	Business Rates Retail Relief
Report of	Darren Cole, Head of ICT & Customer Services
WARDS AFFECTED	All

Summary of report:

This report provides details of the Retail Relief scheme announced in the Autumn Statement based on the guidance received in February 2014.

Financial implications:

Central Government will reimburse billing authorities 100% of the Retail Relief awarded within the definitions outlined appendix A of this report. There is no financial provision for the administration of the new arrangements and therefore it is suggested that a 'light touch' process is introduced that achieves the objective of supporting local businesses within the constraints of the national guidance.

RECOMMENDATIONS:

1. **To agree to provide the Retail Relief scheme for 2014/15 and 2015/16 in accordance with Central Government guidance to support local businesses.**

2. **To delegate power to the Head of ICT and Customer Service in consultation with the Executive Portfolio Holders for ICT & Customer Services; Planning, Economy & Community; and the Leader to decide on the details of the application and determination process.**

Officer contact: Darren Cole, Head of ICT & Customer Services
Darren.Cole@swdevon.gov.uk, 01803 861200, 07785 294859

BACKGROUND

- 1.1 Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 in each of the years 2014/15 and 2015-16 to all occupied retail properties with a rateable value of £50,000 or less.

- 1.2 Details of how local authorities should administer the scheme were issued on 3 February 2014. The decision to apply the scheme is discretionary for each local authority. If adopted the relief needs to be incorporated in the business rates bills issued in early March, hence this report going straight to Council rather than the normal committee Executive route.
- 1.3 The relief is to recognise that the retail sector is changing, particularly due to internet shopping and many towns and high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The Government wishes to support town centres by providing particular support to retailers.
- 1.5 Many small businesses in South Hams with a rateable value of under £15,000 receive Small Business Rates Relief of up to 100%. There is no restriction placed on the use of the premises in order to receive Small Business Rates Relief.

2. ISSUES FOR CONSIDERATION

- 2.1 Properties that will benefit from the relief will be occupied premises with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- 2.2 The guidance does not directly define the application process but due to the very tight timescale and available resources, a light touch approach process would seem appropriate.
- 2.3 Government has issued guidance on what it considers shops, restaurants, cafes and drinking establishments to mean, details of the definitions can be found in Appendix A.
- 2.4 The list contained in Appendix A is not intended to be exhaustive and authorities have the discretion to determine whether particular properties not listed are broadly similar in nature and therefore eligible for the relief. This will need to be an evolving process with additional uses dealt with on a case by case basis, hence the recommendation for delegated powers to address such cases as they arise.
- 2.5 For South Hams there are estimated to be 800 premises that may qualify for retail relief, thereby reducing the collectable debt by up to £800,000.
- 2.6 Government has also set out types of uses that should not qualify for the relief, these being:
- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
 - Other services (e.g. estate agents, letting agents, employment agencies)
 - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
 - Post office sorting office

- 2.7 Retail Relief will be awarded after all other statutory reliefs have been awarded. This means that some premises may not require the Discretionary Rate Relief awarded by South Hams each year, thereby providing a possible saving for the 2014/15 and 2015/16 financial years.
- 2.8 Retail Relief can be applied to every qualifying premises therefore multiple premises owned by the same ratepayer will receive Retail Relief as long as the use of the premises qualifies, subject to State Aid de minimis limits.
- 2.9 State aid can occur whenever state resources are used to provide assistance that gives organisations an advantage over others. De minimis aid is used to describe small amounts of state aid that do not require European Commission approval. The total de minimis aid which can be given to a single recipient is €200,000 over a 3-year fiscal period.
- 2.10 The implication of State Aid de minimis limits is particularly relevant to those premises that are part of a large retail chain, including charities, where the cumulative total of Retail Relief received could exceed €200,000. Further advice is being sought regarding this issue as applications for large retail chains may need to be dealt with differently to those of local businesses.

3. LEGAL IMPLICATIONS

- 3.1 Local authorities can use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant Retail Relief.

4. FINANCIAL IMPLICATIONS

- 4.1 Central government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions provided in Appendix A.
- 4.2 Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16.
- 4.3 There is no administration funding available to compensate the billing authority for the additional work required to implement Retail Relief.
- 4.4 There may be savings from reduced demand on the Discretionary Rate Relief Scheme for 2014/15 and 2015/16.

5. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy, Community Life
Statutory powers:	As detailed in the Legal Implications of this report
Considerations of equality and human rights:	Equality and human rights considerations made.
Biodiversity considerations:	There are no biodiversity considerations
Sustainability considerations:	This report shows considerations to the sustainability of our town centres and economic growth and prosperity of the district.
Crime and disorder implications:	There are no crime and disorder implications
Background papers:	Autumn Statement 5 December 2013 State Aid de minimis limits
Appendices attached:	Appendix A Business Rates Retail Relief Guidance

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	Economy	Opportunity to support local business during difficult economic times	Failure to show support, risk to reputation	Low	2	↔	Recommendation to proceed with Retail Relief scheme and promote good new story through media	Head of ICT & CS
2	Capacity	Additional workload in very short notice period at busiest time of the year for Revenues staff	Possible errors made in year end billing process	Low	2	↔	Adopt an easy to administer scheme that awards the relief to qualifying premises with the need to apply.	Head of ICT & CS

Direction of travel symbols ↓ ↑ ↔

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Department for
Communities and
Local Government

Business Rates

Retail Relief – Guidance

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Business Rates Retail Relief – Guidance

About this guidance

1. This guidance is intended to support local authorities in administering the “Retail Relief” announced in the Autumn Statement on 5 December 2013. This Guidance applies to England only.
2. This guidance sets out the detailed criteria which central Government will use to determine funding relief for retail properties. The Guidance does not replace existing legislation on retail properties or any other relief.
3. Enquiries on this measure should be addressed to:
ndr@communities.gsi.gov.uk

Introduction

4. The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The Government wishes to support town centres in their response by providing particular support to retailers.
5. The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.
6. This document provides guidance to authorities about the operation and delivery of the policy. Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2014-15 in their bills for the beginning of that year.

Section 1:

Retail Relief

How will the relief be provided?

7. As this is a measure for 2014-15 and 2015-16 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.
8. Central government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this guidance. Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16. Central government will provide payments of the local authorities' share to authorities over the course of the relevant years.

Which properties will benefit from relief?

9. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
10. We consider shops, restaurants, cafes and drinking establishments to mean:
 - i. **Hereditaments that are being used for the sale of goods to visiting members of the public:**
 - Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
 - Charity shops
 - Opticians
 - Post offices
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
 - Car/ caravan show rooms
 - Second hand car lots

- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

11. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
12. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that government considers for this purpose to be retail. Authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.
13. As the grant of the relief is discretionary, authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would

go against the authority's wider objectives for the local area. We would encourage councillors to be consulted on the final scheme that the local authority adopts, so there is a clear line of accountability in case of a dispute on the final local scheme that is adopted.

14. The list below sets out the types of uses that government does not consider to be retail use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

ii. Hereditaments that are not reasonably accessible to visiting members of the public

How much relief will be available?

15. The total amount of government-funded relief available for each property for each of the years under this scheme is £1,000. The amount does not vary with rateable value and there is no taper. There is no relief available under this scheme for properties with a rateable value of more than £50,000. Of course, councils may use their discretionary powers to offer further discounts outside this scheme (and under local rate retention, 50 per cent of the cost would be locally funded and 50 per cent funded by central government).

16. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year:

$$\text{Amount of relief to be granted} = \text{£}1000 \times \frac{A}{B}$$

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year

17. The relief will be applied against the net bill after all other reliefs.

18. Where the net rate liability for the day after all other reliefs but before retail relief is less than the retail relief, the maximum amount of this relief will be no more than the value of the net rate liability. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
19. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

State Aid

20. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)¹.
21. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). Local authorities should familiarise themselves with the terms of this State Aid exemption, in particular the types of undertaking that are excluded from receiving De Minimis aid (Article 1), the relevant definition of undertaking (Article 2(2)²) and the requirement to convert the aid into Euros³.
22. To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation). Section 3 of this guidance contains a sample De Minimis declaration which local authorities may wish to use. Where local authorities have further questions about De Minimis or other aspects of State Aid law, they should seek advice from their legal department in the first instance⁴.

Splits, mergers, and changes to existing hereditaments

23. The relief should be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

² The 'New SME Definition user guide and model declaration' provides further guidance: http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

³ http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

⁴ Detailed State Aid guidance can also be found at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15277/National_State_Aid_Law_Requirements.pdf

How will the relief work in Enterprise Zones?

24. Where a property is eligible for Enterprise Zone relief, that relief should be granted and this will be funded under the rates retention scheme by a deduction from the central share. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, Retail Relief may be granted in the normal way, and this would be reimbursed by grant under section 31 of the Local Government Act 2003. Local authorities should not claim funding for retail relief on properties which would otherwise qualify for Enterprise Zone government funded relief.

Section 2 – Calculation examples for 2014-15

Example 1 – An occupied shoe shop with a rateable value of £40,000

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus 12 months retail relief = £19,280 - £1,000 = £18,280

Rates due (including retail relief) = **£18,280**

Example 2 – A shoe shop with a rateable value of £40,000 that is unoccupied between 1 April 2014 and 30 September 2014 and is then occupied until 31 March 2015.

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus 3 months (no empty rates payable) = £40,000 x 0.482 x $\frac{91}{365}$ = £4,806.79

Minus 6 months retail relief (01/10/14-31/03/15) = £1,000 x $\frac{182}{365}$ = £498.63

Total due for year = **£13,974.58**

Example 3 – An occupied shoe shop with a rateable value of £10,000 that is in receipt of small business rate relief of £1,554 per year.

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.471 = £4,710

Minus small business rate relief of 33% = £4,710 - £1,554 = £3,156

Minus 12 months retail relief = £3,156 - £1,000 = £2,156

Rates due (including all reliefs) = **£2,156**

Example 4 – An occupied charity shop with a rateable value of £10,000 that is in receipt of mandatory charitable rate relief

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.471 = £4,710

Minus charitable rate relief of 80% = £4,710 - £3,768 = £942

Minus 12 months retail relief = £942 - £942 (max relief allowable) = £0

Rates due (including all reliefs) = £0

Example 5 – A shoe shop with a rateable value of £30,000 that has occupied premises previously used as a jewellers shop that was empty for more than 12 months immediately prior to occupation.

Rateable Value = £30,000

Rates due (excluding any reliefs) = £30,000 x 0.482 = £14,460

Minus reoccupation relief of 50% = £14,460 - £7,230 = £7,230

Minus 12 months retail relief = £7,230 - £1,000 = £6,230

Rates due (including all reliefs) = **£6,230**

Section 3 – State Aid

Sample paragraphs that could be included in letters to ratepayers for 2014-15 about Retail Relief

The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16. Your current rates bill includes this Retail Relief for 2014-15.

Awards such as Retail Relief are required to comply with the EU law on State Aid⁵. In this case, this involves returning the attached declaration to this authority if you have received any other De Minimis State Aid, including any other Retail Relief you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of Retail Relief does not exceed the €200,000 an undertaking⁶ can receive under the De Minimis Regulations EC 1407/2013.

Please complete the declaration and return it to the address above. In terms of declaring previous De Minimis aid, we are only interested in public support which is De Minimis aid (State Aid received under other exemptions or public support which is not State Aid does not need to be declared).

If you have not received any other De Minimis State Aid, including any other Retail Relief you are being granted for premises other than the one to which this bill and letter relates, you do not need to complete or return the declaration.

If you wish to refuse to receive the Retail Relief granted in relation to the premises to which this bill and letter relates, please complete the attached form and return it to the address above. You do not need to complete the declaration. This may be particularly relevant to those premises that are part of a large retail chain, where the cumulative total of Retail Relief received could exceed €200,000.

Under the European Commission rules, you must retain this letter for 3 years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter longer than 3 years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on 'De Minimis' aid for the next three years.

⁵ Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

⁶ An undertaking is an entity which is engaged in economic activity. This means that it puts goods or services on a given market. The important thing is what the entity does, not its status. Thus a charity or not for profit company can be undertakings if they are involved in economic activities. A single undertaking will normally encompass the business group rather than a single company within a group. Article 2.2 of the de minimis Regulations (Commission Regulation EC/ 1407/2013) defines the meaning of 'single undertaking'.

'DE MINIMIS' DECLARATION

Dear []

BUSINESS RATES ACCOUNT NUMBER: _____

The value of the business rates retail relief to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State Aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of De Minimis aid within the current financial year or the previous two financial years). The De Minimis Regulations 1407/2013(as published in the Official Journal of the European Union L352 24.12.2013) can be downloaded at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>.

Please list all previously received De Minimis aid below, including the total amount of this and any other Retail Relief you are being granted.

Amount of De Minimis aid	Date of aid	Organisation providing aid	Nature of aid
€	1 April 2014 – 31 March 2015	Local authorities (for the Retail Relief total you do not need to specify the names of individual authorities)	Retail Relief

I confirm that:

- 1) I am authorised to sign on behalf of _____ [name of undertaking]; and
- 2) _____ [name of undertaking] shall not exceed its De Minimis threshold by accepting this Retail Relief.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

REFUSAL OF RETAIL RELIEF FORM

Name and address of premises	Business rates account number	Amount of Retail Relief

I confirm that I wish to refuse Retail Relief in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____[name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

AGENDA
ITEM
12

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM
12

NAME OF COMMITTEE	Council
DATE	13 February 2014
REPORT TITLE	Pay Policy Statement 2014/15
Report of	Personnel Manager
WARDS AFFECTED	All

Summary of report:

The purpose of this report is to set out the Council's statutory obligation to adopt a pay policy statement in accordance with the provisions of the Localism Act.

Financial implications:

There are no financial implications as a result of this report.

RECOMMENDATIONS:

That the Council RESOLVES to adopt the attached pay policy statement for 2014/15.

Officer contact:

Andy Wilson

Andy.wilson@swdevon.gov.uk

01803 861154

1. BACKGROUND

1.1. Section 38 of the Localism Act 2011 requires local authorities in England and Wales to produce and publish a statutory pay policy statement for 2012/2013 and each financial year thereafter. Once approved, the policy will be published on the Council's website.

1.2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates.

2. ISSUES FOR CONSIDERATION

2.1. A draft pay policy statement is attached at Appendix A for consideration.

2.2. Under the terms of the statement, the Leader of Council will take independent pay advice from South West Councils or a similar body and make a recommendation on the level of remuneration for senior officers that will be subject to the approval of the Full Council as and when levels of remuneration are reviewed.

3. LEGAL IMPLICATIONS

3.1. The adoption of a pay policy statement is necessary to meet the Council's statutory obligations under the provisions of s. 38-43 of the Localism Act 2011.

4. FINANCIAL IMPLICATIONS

4.1. There are no financial implications arising from the adoption of the senior pay policy statement

5. RISK MANAGEMENT

5.1. The risk management implications are:

Opportunities	Benefits
To meet the provisions of the Localism Act To give Members a greater say in the setting of senior officers level of remuneration	A transparent and accountable pay policy for senior officers
Issues/Obstacles/Threats	Control measures/mitigation

Corporate priorities engaged:	Community Life
Statutory powers:	S38 Localism Act 2011
Considerations of equality and human rights:	There are no equality or human rights considerations
Biodiversity considerations:	There are no biodiversity considerations
Sustainability considerations:	There are no sustainability considerations
Crime and disorder implications:	There are no crime and disorder considerations
Background papers:	Localism Act: Pay policy statements guidance for local authority chief executives: LGA and SOLACE; 25/11/2011
Appendices attached:	Appendix A: Pay Policy Statement

PAY POLICY STATEMENT

Purpose and scope of the Policy

1. Section 38 of the Localism Act 2011 (the Act) requires local authorities in England and Wales to produce a statutory pay policy statement for 2012/2013 and each financial year thereafter.
2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the preceding financial year to which it relates.
3. The Council may by resolution amend this pay policy statement at any time during the year, subject to the amended statement being published as soon as is reasonably practicable.
4. The Act requires local authorities to have regard to the guidance issued by the Secretary of State. The guidance draws upon the Code of Recommended Practice for Local Authorities on Data Transparency published by the Secretary of State on 29 September 2011, the commitment in the Coalition Agreement to strengthen councillors' powers to vote on large salary packages for council officers and the recommendations made by the Hutton Report published in March 2011 for promoting fairness in the public sector by tackling disparities between the lowest and highest paid in public sector organisations.
5. The pay policy statement brings together these strands of increasing accountability, transparency and fairness in the setting of chief officer pay.
6. The pay policy must set out the authority's policies for the financial year relating to—
 - 6.1. the remuneration of its chief officers,
 - 6.2. the remuneration of its lowest-paid employees, and
 - 6.3. the relationship between—
 - 6.3.1. (i) the remuneration of its chief officers, and
 - 6.3.2. (ii) the remuneration of its employees who are not chief officers.

7. For the purposes of this pay policy, and in accordance with section 43 (2) of the Act, the following officers are considered to be relevant chief officers and deputy chief officers within scope of the Councils' statutory obligation:
 - Executive Directors (including Head of Paid Service)
 - Heads of Service (including s151 officer responsibilities)
 - Monitoring Officer
8. The above officers are collectively known as Chief Officers for the purpose of this pay policy statement.
9. In addition, the pay policy sets out the council's overall pay strategy that is applicable to all employees.

Shared Services

10. For the purposes of this pay policy statement, it should be noted that all of the identified chief officers operate under a shared service agreement with West Devon Borough Council and their salary costs are shared on an agreed basis. For the purpose of this pay policy statement, all shared chief officers are shown, notwithstanding the identity of their employing authority.

Executive Director Model

11. With effect from 1 January 2014, South Hams District Council and West Devon Borough Council agreed to adopt interim arrangements for an Executive Director model following the retirement of the Shared Chief Executive on 31 March 2014.
12. Following a selection process, internal appointments were made to two posts of Interim Executive Director. The interim appointments are until 31 December 2014 or until a revised senior management structure is agreed as part of the Councils' transformation programme. The interim appointments will be reviewed in June 2014.
13. An interim salary was agreed by the Council on the recommendation of the Leader after taking advice on comparable salary levels in other organisations. In addition, the Executive Director (Communities) was appointed as Interim Shared Head of Paid Service and receives an additional responsibility allowance.

Remuneration for Chief Officers

14. The council has chosen to introduce local arrangements for senior manager pay because it believes that this delivers a better outcome in terms of manager performance and flexibility.
15. In reviewing the remuneration package for the chief officers identified above, the Leader of Council will take independent pay advice from South West Councils or a similar body and make a recommendation that will be subject to the approval of the Full Council.

16. The Leader of the Council may recommend to Full Council changes to the remuneration package following a review. Any changes to the remuneration packages will be subject to Full Council approval.
17. Salary increases in relation to cost of living will be made in line with the relevant recommendation of the National Joint Council for Local Government Services (the NJC) or other relevant national negotiating body for each chief officer.
18. The salary for the relevant chief officers will be 'spot' salaries, that is to say all officers will be paid in accordance with a fixed salary upon appointment and there will be no further incremental progression as a result of seniority, experience or performance.
19. Where possible, salary levels will be consistent with similar organisations, although the Council will retain the right to have due regard to market forces that may affect its ability to recruit and retain high quality officers, whilst balancing this against the need to ensure value for money for residents.
20. The 'spot salary' is the only remuneration for work carried out. At present, there are no additional payments made to chief officers relating to performance or any other matters and no bonus is payable.
21. Additional payments are made by Central Government to officers carrying out additional duties at elections. The determination of the allowance is made by the Government and these payments are not within the scope of this policy. There are no payments made by the Council for election duties.
22. In accordance with the provisions of the Council's Travel and Subsistence Policy that applies equally to all employees, the relevant chief officers may attract an essential car user lump sum allowance and be reimbursed with business expenses subject to the submission of a claim with receipts. For 2014/15, all of the Chief Officers are designated as casual car users and will not receive an essential car user lump sum allowance.
23. From 1 April 2013, all business mileage will be reimbursed in accordance with the approved HMRC rates, currently 45p per mile. This replaces the previous policy under which business mileage was reimbursed at the higher rate agreed by the NJC, currently 50.5p per mile for essential users and 65p per mile for casual users.

Severance payments

24. Any termination payments payable to the relevant chief officers will be in accordance with the Council's Redundancy and Interests of Efficiency Policy. All such payments are equally applicable to all employees and no additional payments will be made without the express approval of the Full Council. All severance payments are subject to the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended.

Relationship with the remuneration of other employees of the Council

25. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of Chief Executive to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through this pay policy statement, the Council will track this multiple on an annual basis and will publish the following information on its website each year (see Appendix A(1)):

- The level and elements of remuneration to each relevant chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of the Head of Paid Service and the median earnings of all employees
- Other specific aspects of relevant chief officer remuneration

26. Each year the published data will be reviewed by the Leader of the Council and if the multiplier between the highest and the lowest paid employee within the Council exceeds a factor of 10, the Leader shall present a report to the Full Council for consideration.

27. For the purposes of this pay policy statement, the 'lowest paid employees' are identified as those employees carrying out a substantive role within the Council's established workforce with the lowest annual full-time equivalent salary.

28. The 'median earnings' have been identified by listing all salaries paid to employees in ascending order and finding the salary paid to the employee ranked in the middle of the list.

The Council's overall pay strategy

29. In determining the pay and remuneration of its employees, the council will comply with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained in the Equality Act, the council ensures that all pay arrangements are fair and transparent through the use of Job Assessment methods.

30. The council takes the following approach to assessing individual and overall pay levels:

- Defining the role – a job description is produced that describes the activities, responsibilities and accountabilities which relate to each job within the council. This helps to ensure that the role and its requirements are fully understood by the individual and the manager and enables the council to assess the performance of its staff and so improve efficiency and effectiveness.

- Determining the job size – the council has developed its own job assessment technique that enables the direct comparison of jobs across the council in a fair, transparent and consistent way.
31. The council's pay structure is based on the pay spine agreed by the NJC. Employees receive 'cost of living' increases in pay in line with NJC Agreements. There was a 1% increase agreed with effect from April 2013.
 32. The terms and conditions of employment for Executive Directors are in accordance with the Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities. In 2013/14, there was no pay award agreed by the JNC.
 33. Using the nationally agreed NJC pay spine, the council determines locally the appropriate grading structure, taking into account the need to ensure value for money in respect of the use of public finances balanced against the need to recruit, retain and motivate employees who are able to provide high quality and efficient services to the community.
 34. To encourage employees to develop in their role and to improve their performance, the council has arranged its pay levels within a series of pay grades. Each grade typically contains between 4 and 5 pay levels or increments. Progression through the pay grade is dependent on meeting identified performance targets and is assessed through the council's staff appraisal scheme.
 35. The council uses fixed spot salary pay rates for some groups of workers in conjunction with approved and established bonus schemes.
 36. From time to time, the council may pay special allowances to an employee in specific circumstances and in accordance with its policy, such as to reward an employee who temporarily takes on additional responsibilities.
 37. From time to time, the council may make a one-off merit pay award to an employee in specific circumstances and in accordance with its policy, such as to reward exceptional performance.
 38. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme. The employee contribution rates, which are defined by statute, currently range between 5.5% for those on the lowest incomes to 7.5% for the highest income earners. The Employer contribution rates are set by Actuaries and are reviewed on a triennial basis to ensure the scheme is appropriately funded.

Appendix A (1)

1. The levels and elements of remuneration for each Chief Officer are as follows:

Post	Salary (£)	Comments
Executive Director (Communities) and Head of Paid Service	89,000	Interim appointment and salary until 31 December 2014
Executive Director (Resources)	85,000	Interim appointment and salary until 31 December 2014
Head of Service x 3	62,620	
Head of Service x 4*	62,620	
Monitoring Officer*	39,819	Current post holder is 0.8 FTE
* employed by West Devon Borough Council		

Please note: All chief officers operate under a shared service agreement with West Devon Borough Council and all salary and associated costs are shared on an agreed basis between the two councils.

Following major organisational change in April 2011 and the adoption of the interim Executive Director model in January 2014, the total salary cost of the shared senior management structure at South Hams District Council and West Devon Borough Council is £612,340pa. This compares with the previous total salary cost of the shared management structure across the two councils in 2010/11 of £1,277,812 pa. The Senior Management Team consists of the Executive Directors and Heads of Service but excludes the Monitoring Officer.

2. The full-time equivalent annual salary of the lowest paid employee is a Car Park Attendant, paid in accordance with spinal column point 11 of the National Joint Council for Local Government Services pay spine, currently £14,880pa.
3. The annual median salary of all employees is £19,317.
4. The Head of Paid Service's salary is a pay multiple of 4.61 times the median earnings.
5. The Head of Paid Service's is a pay multiple of 5.98 times the lowest paid employee.

NAME OF COMMITTEE	COUNCIL
DATE	13 FEBRUARY 2014
REPORT TITLE	APPOINTMENT OF ELECTORAL REGISTRATION OFFICER AND RETURNING OFFICER
REPORT OF	EXECUTIVE DIRECTOR (COMMUNITIES) AND HEAD OF PAID SERVICE
WARDS AFFECTED	ALL

Summary of report:

To seek the approval of the Council for the appointment of Jan Montague as the Electoral Registration Officer and Returning Officer, in accordance with the Representation of the People Act 1983.

Financial implications:

There are no financial pressures arising from this report.

RECOMMENDATION

That the Council agree that, with immediate effect:-

- 1) **Jan Montague be appointed as the Electoral Registration Officer and Returning Officer for South Hams District Council; and**
- 2) **Tracy Winser be appointed as the Deputy Electoral Registration Officer for South Hams District Council.**

Officer contact:

Alan Robinson, Executive Director (Communities) & Head of Paid Service; email: alan.robinson@swdevon.gov.uk

Lead Member contact:

Cllr John Tucker (Leader of Council) email: cllr.tucker@southhams.gov.uk

1. BACKGROUND

- 1.1 Members will be aware that the position of Electoral Registration Officer and Returning Officer is currently within the remit of the Chief Executive. These roles are undertaken on a shared basis across both Councils.
- 1.2 It is both a statutory and constitutional requirement for these positions, and the position of Deputy Electoral Registration Officer, to be appointed by full Council.
- 1.3 The main duties of the Electoral Registration Officer include the creation and maintenance of the registers of Electors. The statutory involvement of the post includes the provision of registers and absent voter lists for each polling station, as well as to candidates at the election and to the Returning Officer.
- 1.4 It is the duty of the Returning Officer to organise and conduct elections. As the roles are closely linked, for consistency, it is usual for the Electoral Registration Officer and the Returning Officer roles to be held by the same person, particularly as for UK Parliamentary Elections, the Electoral Registration Officer appointed for the Council automatically becomes the Acting Returning Officer.

2. ISSUES FOR CONSIDERATION

- 2.1 As part of the recently introduced interim Executive Director model, Heads of Service have been keen to use this period as an opportunity to broaden their experience and raise their external profile. To achieve this objective, it is suggested that the two roles are allocated to a current Head of Service, as there is no requirement for the roles to be held by the Head of Paid Service. SMT have unanimously suggested that as the Head of Corporate Services currently has line management responsibility for election services at both Councils, that Jan Montague is best placed to take the roles.
- 2.2 There are, however, other options available to Members:
 - a) Appoint one of the Executive Directors to undertake the role for both authorities;
 - b) Appoint one of the Executive Directors to the role in South Hams, with the other Executive Director similarly appointed in West Devon.
 - c) Appoint the Head of Corporate Services to the role in one Council with one of the Executive Directors appointed to the role in the other Council.
- 2.3 The key demands on the Electoral Registration Officer and the Returning Officer, during the interim period pending Senior Management restructuring as part of T18, will be to manage the introduction of national changes in the electoral registration system and organise and conduct the European elections scheduled for 22 May 2014.

- 2.4 Clearly a shared service Returning Officer would not be physically present at both Counts. A decision would be taken at each election as to where the Returning Officer should be in attendance dependent upon the perceived level of risk that has to be managed. The Returning Officer would, of course, be supported by members of SMT to ensure appropriate cover at Counts. This mirrors the current arrangements as the Chief Executive acts in these roles on a shared basis.
- 2.5 Having considered the issues set out above, it is recommended that the roles are carried out by the Head of Corporate Services, Jan Montague.

3. LEGAL IMPLICATIONS

- 3.1 A Returning Officer is required for a number of different types of elections; principally those held under the Representation of the People Act 1983. The intention is that this appointment would cover all elections and referendums managed by the Council during the interim period pending restructuring of the management team.
- 3.2 The Monitoring Officer advises that as the office of Returning Officer is required to be filled for each Council, it is a necessity to regard the appointed person as separately holding the office for each Council, rather than the office being “shared”, although practically there will be little difference.
- 3.3 There is a separate statutory role of Electoral Registration Officer. The responsibilities of the role are set out in the Electoral Administration Act 2006. Unlike the Returning Officer, who can appoint deputies at election time, it is a requirement that the Council appoints a Deputy Electoral Registration Officer. It is believed that this role should be undertaken by the Executive Director, Tracy Winser.

4. FINANCIAL IMPLICATIONS

- 4.1 The Returning Officer fees for external elections and referendums are set by regulations and are funded externally.

5. RISK MANAGEMENT

- 5.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	None, directly relevant to this report
Statutory Powers:	Local Government Act 2000 Representation of the People Act 1983
Considerations of equality and human rights:	None directly related to this report
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:	Council Constitution Previous report appointing Electoral Registration Officer and Returning Officer
Appendices attached:	None

The risk management implications are:

STRATEGIC RISKS

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	Workload for a single Electoral Registration Officer and Returning Officer	While the suggested post holder has some electoral experience, it could prove a high workload for one officer to perform the role in two councils at the same time as being a key contributor to elements of T18 relating to the HR work stream	4	2	8	↔	Highly experienced Election Officers in each Council reduce the day to day pressure and level of risk.	H of Corporate Services
2	Unable to be in 'on the ground' in both Councils, particularly leading up to election days and the count.	Significant risks can arise during the Count – the Returning Officer may be in the wrong place at the wrong time.	5	2	10	↔	A diligent risk assessment process in advance of each election will identify the risks and facilitate the best decision. The highly experienced Election Officers in each Council can liaise with the RO/ERO to identify and implement the best response to difficult situations as they arise.	H of Corporate Services

Risk Score 20-25: very high; 12-19: high; 8-12; medium; <8: low
 Direction of travel symbols = ↓ ↑ ↔

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MINUTES OF THE MEETING OF COUNCIL

HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY, 13 FEBRUARY 2014

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 (Vice Chairman)
*	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
*	Cllr B E Carson (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		Head of Paid Service, Monitoring Officer and Democratic Services Manager
11	51/13	Customer Services Manager and Revenue and Benefits Team Leader

46/13 MINUTES

The minutes of the meeting of the Council held on 19 December 2013 were confirmed as a correct record and signed by the Chairman.

47/13 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting. These were recorded as follows:-

Cllrs P W Hitchins and C M Pannell both declared a personal interest in Item 10: 'Budget 2014/15' (Minute 50/13 below refers) and specifically in recommendation 13, by virtue of their Dartmoor National Park Authority membership and remained in the meeting during the debate and vote on this matter;

Cllr R D Gilbert declared a personal interest in Item 11: 'Business Rates – Retail Relief' (Minute 51/13 below refers) by virtue of his business interests and remained in the meeting during the debate and vote on this item;

Cllr K R H Wingate declared a Disclosable Pecuniary Interest in Item 11: 'Business Rates – Retail Relief' (Minute 51/13 below refers) by virtue of his business interests and left the meeting room during the debate and vote on this item.

48/13 **CHAIRMAN'S ENGAGEMENTS**

The Chairman made specific reference to:

- the recent storms. In making reference to the impact of the storms on the South Hams, the Chairman wished, on behalf of the Council, to thank those staff who had gone the extra mile to ensure that residents and communities had been helped to overcome the problems caused;
- his Civic Service. The Chairman asked those Members who had yet to inform Member Services if they were intending to attend his Civic Service to do so as soon as possible;
- his Golf Day. The Chairman reminded the Council that he was arranging a Golf Day for his chosen charity (the Alzheimer's Society). Any Members who wished to enter a team for the day, or supply any raffle prizes, were asked to let the Chairman know.

49/13 **QUESTIONS**

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

1. South Hams Council pre-application policy and planning procedure was resolved by the Executive at its meeting of 18 July 2013 and recorded in the minutes of the Council of 26 September 2013. This process is "committed to supporting effective pre-application engagement with developers and applicants and local communities." Therefore, does the lead Executive Member for planning confirm that it is an essential requirement in the Council's planning procedure and pre-application process that in all planning applications for developments of between 10 and 50 dwellings the undermentioned procedures must be strictly observed:-
 - a) Commencement of community engagement attendance by developer and case officer at town or parish council meetings to agree how and when community will be engaged?
 - b) Second technical meeting between developer and local planning authority involving case officer, developer, ward Member(s), town and parish council representatives to consider community feedback and include discussions about s106 HOTs?
 - c) Holding of a Development Forum if considered appropriate for scale of development being proposed or extent of contentious community feedback received?

- d) Final meeting between developer and LPA to be held if outstanding issues to be discussed/resolved to involve developer, officers and ward Member(s)?

In reply, Cllr Hicks advised that the question reflected the decision made by the Executive at its meeting in July 2013, which outlined that the Council was committed to supporting effective community engagement in the pre-application process. Cllr Hicks confirmed that the Council was still committed to this decision.

However, Cllr Hicks stated that there was a wide range of circumstances in developments of between 10 and 50 dwellings and the planning process could be seriously held up by such an extensive course of action being applied for each application. It was therefore a matter for senior planning officers to exercise their professional judgement to determine what would be appropriate for each application submitted.

In asking a supplementary question, Cllr Pennington made reference to a particular planning application to which he felt a grave error had been made in the pre-application process.

(NOTE: In light of this question relating to a specific planning application, the Chairman exercised his discretion to rule that it was out of order and a response was not therefore sought.)

50/13 **BUDGET 2014/15**

A report was considered that presented the recommendations of the Executive on the proposals for the Council's Budget for 2014/15.

In introducing the agenda item, the Leader of Council made specific reference to:-

- the severe cuts to central government grant funding that unduly penalised rural authorities and which were likely to continue at least for the near future. As a consequence, the Council continued to lobby through the District Councils Network and SPARSE for a fairer grant funding settlement. Indeed, just before this meeting, notification had been received whereby the Council would be receiving an additional £10,750 from central government. However, the Leader stated that it was his personal view that the Council would ultimately have to deliver services without receiving any central government grant funding;
- the Budget proposing no increases in car parking or Lower Ferry ticket charges;
- it being to the great credit of Members and officers that the Budget retained provision to invest in the Council's Capital Programme;
- the Transformation 18 Programme that proposed to generate significant savings whilst improving the organisational ways of working and delivering improved customer service.

In discussion, reference was made to:-

- (a) the timing of the funding settlement announcement from central government being unacceptable;
- (b) recommendation 1. In accepting it was now a statutory requirement, some Members questioned the necessity of imposing the use of recorded votes;
- (c) recommendation 2. Some Members advised that they were not in favour of the proposed 1.9% increase in Council Tax. A Member proceeded to comment that the proposed increase sent out the wrong message to residents in this difficult economic climate. In addition, other Members felt that there would be scope to increase income generation opportunities, with the Council needing to become more commercially minded. In response, other Members made reference to the work of the Income Generation Task and Finish Group and the need for a balanced budget to be based upon factual figures rather than speculative projections;
- (d) recommendation 5. An amendment to recommendation 5 was **PROPOSED** and **SECONDED** as follows:

'To reduce the saving on winter public lavatory closures from £80,000 to £50,000 in order to keep all open. The reduced saving to be funded in year 2014/15 from the Community Wellbeing Fund and from postponing the upgrading of Follaton House lavatories. Thereafter, from revenue for Follaton House parking. (The figure of £50,000 is based on an estimated £30,000 coming from outside organisations and Parish Councils who have agreed to fund the continued opening of some public lavatories.'

In support of the amendment, reference was made to:-

- the seasonal closure of public conveniences being a retrograde step, which would unduly penalise rural parishes;
- the amendment maintaining a balanced budget;
- the health implications of seasonal closures;

In opposing the amendment, other Members highlighted that:

- the proposals only sought some temporary closures during the deep winter period. In addition, the lead Executive Member for Environment Services advised that the town, parish and business reactions to this proposal had been positive and constructive during the recent surgeries which had been convened;
- the terms of the lease for those external tenants who were now based at Follaton House had no provision to charge their staff for parking.

In accordance with Council Procedure Rule 15.5, a recorded vote was then demanded on the amendment. The voting on the amendment was recorded as follows:-

- For the motion (6): Cllrs Baldry, Brazil, B Cooper, Gorman, Pannell and Vint
- Against the motion (25): Cllrs Bastone, Blackler, Bramble, Bruce-Spencer, Carson, Coulson, Cuthbert, Foss, Gilbert, Hannaford, Hicks, Hitchins, Holway, May, Pennington, Saltern, Smerdon, Squire, Steer, Stone, Tucker, Ward, Westacott, Wingate and Wright.
- Abstentions (2): Cllrs Barber and S Cooper
- Absent (7): Cllrs Baverstock, Cane, Carter, Hawkins, Hodgson, Jones and Rowe

and the vote was therefore declared **LOST**.

- (e) recommendation 8. The Leader wished to clarify that if this proposal was not approved, then in light of central government funding reductions in Council Tax Support Grant for Town and Parish Councils, the Council would be in effect subsidising town and parish councils;
- (f) recommendation 9. A Member commented that this illustrated just how reliant the Council had become on building houses, which was totally unsustainable.

In accordance with Council Procedure Rule 15.5, a recorded vote was then demanded on part 2 of the motion. The voting on this part was recorded as follows:-

- For the motion (30): Cllrs Baldry, Barber, Bastone, Blackler, Bramble, Brazil, Bruce-Spencer, Carson, B Cooper, S Cooper, Coulson, Cuthbert, Foss, Gilbert, Hannaford, Hicks, Hitchins, Holway, May, Pannell, Pennington, Saltern, Smerdon, Steer, Stone, Tucker, Ward, Westacott, Wingate and Wright.
- Against the motion (1): Cllr Squire
- Abstentions (2): Cllrs Gorman and Vint
- Absent (7): Cllrs Baverstock, Cane, Carter, Hawkins, Hodgson, Jones and Rowe

and the vote was therefore declared **CARRIED**.

In accordance with Council Procedure Rule 15.5, a recorded vote was then demanded on part 5 of the motion. The voting on this part was recorded as follows:-

For the motion (26): Cllrs Bastone, Blackler, Bramble, Bruce-Spencer, Carson, S Cooper, Coulson, Cuthbert, Foss, Gilbert, Hannaford, Hicks, Hitchins, Holway, May, Pennington, Saltern, Smerdon, Squire, Steer, Stone, Tucker, Ward, Westacott, Wingate and Wright.

Against the motion (3): Cllrs Baldry, Brazil and Pannell

Abstentions (4): Cllrs Barber, B Cooper, Gorman and Vint

Absent (7): Cllrs Baverstock, Cane, Carter, Hawkins, Hodgson, Jones and Rowe

and the vote was therefore declared **CARRIED**.

In accordance with Council Procedure Rule 15.5, a recorded vote was then demanded on parts 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of the motion. The voting on these parts was recorded as follows:-

For the motion (33): Cllrs Baldry, Barber, Bastone, Blackler, Bramble, Brazil, Bruce-Spencer, Carson, B Cooper, S Cooper, Coulson, Cuthbert, Foss, Gilbert, Gorman, Hannaford, Hicks, Hitchins, Holway, May, Pannell, Pennington, Saltern, Smerdon, Squire, Steer, Stone, Tucker, Vint Ward, Westacott, Wingate and Wright.

Against the motion (0)

Abstentions (0)

Absent (7): Cllrs Baverstock, Cane, Carter, Hawkins, Hodgson, Jones and Rowe

and the vote was therefore declared **CARRIED**.

It was then:

RESOLVED

1. That the Council Constitution be amended to reflect the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 whereby it is now mandatory for councils to amend their standing orders to require recorded votes to be taken on the budget at Council meetings;

2. That, in order to set a Balanced Budget for 2014/15, an increase in council tax of 1.9% be set for 2014/15. The Band D Council Tax for South Hams District Council will be £145.42 for 2014-15, an increase of £2.71 per year or 5 pence per week, as per Section 8 of the Executive report (this represents a Council Tax Requirement for 2014-15 of £5,271,513);
3. That the financial pressures in Appendix 3 of £906,000 be noted
4. That the £10,000 discretionary budget bid for the Citizens Advice Bureau be agreed;
5. That the schedule of savings identified in Appendix 3 totalling £690,000 be agreed;
6. That the Collection Fund Surplus (increase) of £30,000, as shown in Appendix 1A of the presented agenda report, be agreed ;
7. That the level of contributions to reserves to be included within the Authority's budget, as set out in Appendix 1B of the presented agenda report be agreed;
8. That the allocation of Council Tax Support Grant for Town and Parish Councils be set at £125,370 in 2014-15, a reduction of 13.54% as per Section 5.5 of the Executive report;
9. That an additional allocation of £464,043 from New Homes Bonus to support the Revenue Budget in 2014-15 as per Section 8 of the Executive report be agreed;
10. That the total net expenditure for 2014-15 be set at £9,027,727 (Appendix 1A of the presented agenda report refers);
11. That £153,900 of New Homes Bonus funding for 2014/15 be allocated to a Community Reinvestment Projects budget for 2014/15. That any under-spend from the 2013/14 Community Reinvestment Projects budget of £153,900 be transferred into the Capital Programme Reserve.
12. That any unallocated New Homes Bonus funding be transferred for 2014-15 to the Capital Programme Reserve as per Section 4.8 of the Executive report;

13. That £17,277 of its allocation of the New Homes Bonus for 2014/15 be transferred to the Dartmoor National Park Sustainable Community Fund. That the funds be awarded as a one off payment to Dartmoor National Park, to award projects on an application basis administered by Dartmoor National Park. The following conditions will apply:
- a. decisions must be taken in consultation with the South Hams District Council local Ward Member(s);
 - b. funding can only be used for capital spending on projects in those parts of Dartmoor National Park that fall within the South Hams District Council boundaries and enable the Dartmoor National Park to carry out its social economic responsibilities; and
 - c. Dartmoor National Park reports on the progress in the application of, and use of the funds to the Community Life and Housing Panel on a six monthly basis and in time for budget decisions to be made (i.e. June and November).
14. That £460,000 of New Homes Bonus funding from the 2014-15 allocation be used to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 9.9 of the Executive report;
15. That the Capital Programme for 2014-15 totalling £2,377,000 (and funding sources) be agreed as set out in Appendix H (Exempt) of the Executive Report.
16. 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.

51/13 **BUSINESS RATES RETAIL RELIEF**

Consideration was given to a report that provided details of the Rate Relief Scheme announced in the Autumn Statement, based on the guidance received in February 2014.

In discussion, reference was made to:-

- (a) an officer update. Since the presented agenda report had been published, officers wished to advise that the software supplier had informed that they would not be able to provide the required system updates until 14 March 2014. Whilst it would therefore be necessary to re-bill businesses, this would be at no additional cost to the Council as it would be included in another postal distribution;

- (b) support for the proposals. In expressing their support, some Members stated that the proposals constituted an excellent way to support local businesses.

It was then:

RESOLVED

1. That the Retail Relief Scheme be provided for 2014/15 and 2015/16 in accordance with Central Government guidance to support local businesses, and
2. That authority be delegated to the Head of ICT and Customer Services, in consultation with the Leader of Council and the lead Executive Members for ICT and Customer Services and Planning, Economy & Community to decide on the details of the application and determination process.

52/13 PAY POLICY STATEMENT 2014/15

The Council considered a report that set out the Council's statutory obligation to adopt a pay policy statement in accordance with the provisions of the Localism Act.

In discussion, reference was made to:-

- (a) the savings referred to in Appendix A(1) of the presented agenda report. The savings (which amounted to over £1,000,000) were welcomed by a Member;
- (b) the Council being a Living Wage Employer. Since the Council was striving to be a Living Wage Employer, a Member felt that the aims and objectives of this criterion should have been referred to in the presented agenda report.

It was then:

RESOLVED

That the Pay Policy Statement be adopted for 2014/15.

53/13 APPOINTMENT OF ELECTORAL REGISTRATION OFFICER AND RETURNING OFFICER

The Council considered a report that sought its approval for the appointment of Mrs Jan Montague as the Council's Electoral Registration Officer and Returning Officer.

It was then:

RESOLVED

That, with immediate effect:

1. Jan Montague be appointed as the Electoral Registration Officer and Returning Officer for South Hams District Council; and
2. Tracy Winser be appointed as Deputy Electoral Registration Officer for South Hams District Council.

54/13 **REPORTS OF BODIES**

RESOLVED

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

(a) Salcombe Harbour Board

23 September 2013

SH.23/13: Budget 2014/15

RESOLVED

That the 2014/15 budget items as set out within the presented agenda report to the Board be approved.

SH.24/13: Review of Charges 2014/15

RESOLVED

1. That the charging policy as set out in para 2.1 of the presented agenda report to the Board (to include minor amendments as discussed) be approved; and
2. That the proposed charges (as set out in Appendix A of the presented agenda report to the Board) be implemented from 1 April 2014.

SH.25/13: Kingsbridge Berthing Improvements Project Update

RESOLVED

That the previously approved requirement for a £50,000 loan be replaced with funds from the Harbour's General Reserve.

(b) Development Management Committee

15 January 2014

(c) Audit Committee

16 January 2014

A.22/13: Grant Thornton – Annual Audit Letter

The Chairman of the Committee reinforced the comments of Grant Thornton in relation to the financial management of the authority being strong.

A.23/13: Grant Thornton – Audit Committee Update

In making reference to the importance and relevance of the meeting being held with representatives from the Devon Pensions Scheme in March 2014, the Chairman of the Committee encouraged Members to attend this event.

(d) Executive

23 January 2014

E.54/13: Budget Proposals 2014/15

In respect of reviewing the Council's Corporate Priorities, the Leader confirmed that this would commence during the Member One Plan Workshop which was to take place on Tuesday, 25 February 2014.

E.57/13: Review of Free Car Parking – Final Summary

With regard to the resolution to explore the potential to generate income from the car park at Follaton House, Totnes, a Member urged officers to make progress in this regard.

E.58/13: Authorisation for RIPA Applications to Magistrates Court**RESOLVED**

1. That nominated officers listed in exempt Appendix A (of the presented agenda report) be authorised to represent the Council in applying for judicial approval to use covert techniques in the pursuance of a potential investigation; and
2. That authority be delegated to change the names of authorised officers (as outlined in Appendix A of the presented agenda report) to the relevant Head of Service, in consultation with the relevant lead Executive Member.

E.61/13: Dartmouth Park and Ride Contract**RESOLVED**

That Option 3 (as set out in the presented agenda report) be the preferred way forward, but that this Option be worked on alongside Option 1 to offer an alternative costed solution for future consideration by the Executive.

(e) Salcombe Harbour Board

3 February 2014

SH.41/13: Victoria Quay Pontoons

RESOLVED

That the replacement of the Victoria Quay Pontoons be brought forward from the financial year 2015/16 to 2013/14 and be financed from the Harbour General Reserve.

SH.43/13: Review of Byelaws Enforcement Policy

RESOLVED

1. That the Enforcement Policy at Appendix C of the presented agenda report to the Board be adopted; and
2. The Council agrees that the Salcombe Harbour Authority applies to the DfT for the power to give Harbour Directions under sections 40A-OD of the Harbours Act 1964 as amended by the Marine Navigation Act 2013.

(Meeting commenced at 2.00 pm and concluded at 3.40 pm)

Chairman