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SOUTH HAMS OVERVIEW AND SCRUTINY PANEL - THURSDAY, 15TH JANUARY, 2015

Agenda, Reports and Minutes for the meeting

Agenda No	Item
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1.	<u>Agenda Letter - Joint Scrutiny Panel</u> (Pages 1 - 2)
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2.	<u>Reports</u>
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Reports to Joint Scrutiny:

a)	<u>Item 6 - Budget Proposals 2015/2016</u> (Pages 3 - 30)
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3.	<u>Minutes</u> (Pages 31 - 36)
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Agenda Item 1

Please reply to: Darryl White
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To: Chairman & Members of the Scrutiny Panels

Our Ref: CS/DW

(Cllrs K J Baldry, A D Barber, J H Baverstock, J I G Blackler, I Bramble, J Brazil, C G Bruce-Spencer, B F Cane, B E Carson, B S Cooper, S E Cooper, P Coulson, P K Cuthbert, R J Foss, A S Gorman, M Hannaford, J D Hawkins, P W Hitchins, J M Hodgson, T R Holway, L P Jones, D W May, C M Pannell, J A Pearce, J T Pennington, R Rowe, P C Smerdon, J W Squire, R C Steer, M Stone, R J Vint, J A Westacott and K R H Wingate);

cc: Remainder of the Council for information;
Usual press and officer circulation.

7 January 2015

Dear Councillor

A joint meeting of the **Scrutiny Panels** will be held in the **Council Chamber**, Follaton House, Plymouth Road, Totnes on **Thursday, 15 January 2015 at 10.00am** when your attendance is requested.

Yours sincerely

Darryl White
Democratic Services Manager

<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. **Appointment of Chairman**
2. **Urgent Business** - brought forward at the discretion of the Chairman;
3. **Division of Agenda** - to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
4. **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;
5. **Public Forum** – a period of up to 15 minutes is available to deal with issues raised by the public (page 1);

6. **Budget Proposals 2015/2016** – to consider the draft budget proposals presented at the Executive meeting of 11 December 2014.

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

* * * * *

- N.B.** Legal and financial officers will not, as a general rule, be present throughout all meetings, but will be on standby if required. Members are requested to advise Member Services in advance of the meeting if they require any information of a legal or financial nature.

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MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

THIS AGENDA HAS BEEN PRINTED ON ENVIRONMENTALLY FRIENDLY PAPER

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AGENDA
ITEM

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SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

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NAME OF COMMITTEE	Executive
DATE	11 December 2014
REPORT TITLE	Revenue Budget Proposals 2015/16
Report of	Finance Community of Practice Lead (Section 151 Officer)
WARDS AFFECTED	All

Summary of report:

1. To update Members on the revenue budget position for 2015/16 and provide a framework for consultation with the Scrutiny Panel Groups. The report and consultation process will help the Executive identify priorities, prepare the revenue budget and maximise the use of resources.
2. To provide an updated forecast of the financial situation for the four-year period to 2018/19. The forecast is intended to provide a framework within which decisions can be made regarding future service provision and council tax levels.

Financial implications:

The report sets out an anticipated budget gap for 2015/16 of £381,000 (Appendix A).

The budget gap must be reduced to zero in order to set a balanced budget in each financial year. This reports sets out the strategy and options available to close the budget gap.

RECOMMENDATIONS:

That Executive resolves that:

The views of the Scrutiny Panel Groups on the budget issues contained within this report are requested

Officer contacts:

Lisa Buckle, Finance Community of Practice Lead
lisa.buckle@swdevon.gov.uk

1. BACKGROUND

1.1 At its meeting on 11 September 2014, the Executive resolved that Council be recommended to consider the following 'minded to' views in order to guide the 2015/16 budget process:

1. In light of the projected T18 savings, Members are 'minded to' not increase Council Tax for 2015-16 at this stage
2. New Homes Bonus should be used to support the Revenue Budget for 2015-16 unless other ways to support the budget arise in the meantime;
3. A 10% reduction in Council Tax Support Grant be passed on to town and parish councils as shown in Appendix D of the presented report; and
4. Other budget savings were to be looked for and considered.

1.2 The Senior Management Team (SMT) has been focusing on implementing the Transformation Programme (T18) to generate significant savings for the Council.

1.3 The following table illustrates the funding position from 2015/16 onwards for the District Council as shown in Appendix A:

	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Annual gap/(surplus)	381,000	(1,754,000)	460,000	115,000
Annual gap/(surplus) as % of net expenditure Budget of £9.028 million	4.2%	(19.4%)	5.1%	1.3%
TOTAL BUDGET SURPLUS OVER THE FOUR YEARS TO 18/19				798,000

- 1.4 Whilst there remains a great deal of uncertainty about various elements of income and expenditure, we have based the forecast that follows on a set of assumptions which represent a cautious estimate in order to focus attention on the revised scale of the funding gap. The figures will be revised as we progress through the financial year.

2. ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSE

- 2.1 There is predicted to be a 27% reduction in government funding over the four years from 2014/15 to 2018/19 (see Appendix A). The Appendix is consistent with figures that have been provided through the Finance Settlement for 2015/16 and the modelling available regarding Localisation of Business Rates from data we have supplied to the Government on Business Rates returns.
- 2.2 A two year pay award, covering the financial years 2014/15 and 2015/16 has recently been agreed. The main part of what is a complex settlement comes into effect on 1 January 2015. The initial indications are that it will add around 2.2% to our pay bill.
- 2.3 Inflation will run at 2% over the period.
- 2.4 The interest return for our investments will average 0.9 % for 2015/16 rising to 2.5% in 2018/19.
- 2.5 No assumptions have been built into the financial modelling for council tax increases for 2015/16 onwards. Therefore the financial modelling in Appendix A assumes a Band D council tax of £145.42 (the current Band D council tax for 2014/15).
- 2.6 The Council is addressing budget under-performances on car parking income through a realignment exercise over a period of time – to align the income targets with actual income received. Income from car parking has been reduced by £50,000 in 2015/16, based on trends over the last three years.
- 2.7 The Dartmouth Lower Ferry has not regained all of its customer base following its closure for essential slipway maintenance. Current projections indicate that income for the 2014/15 financial year could be more than £150,000 under budget. It is suggested that in a similar way to the approach used for car parking that the budget is reduced by £50,000 per annum over a three year period.
- 2.8 The Strategic Waste Review actions for the South Hams Collection Service have been agreed. The major procurement for the sale of dry recycling materials is under way currently. Subject to market prices for recycling materials, the saving for the waste review in 14/15 will be £110,000 (Budgeted 14/15 saving was £140,000). Interim materials sales solutions have already increased income during this financial year. There is a reduction in the original saving estimated

due to the decision made to delay property day changes until the autumn of 2015 when we will have our new fleet in place and the support officer capacity to deliver this customer change effectively and efficiently.

- 2.9 Members will appreciate that capital spending has an impact on revenue. As part of the Medium Term Financial Strategy it will be necessary to review the level and phasing of schemes within the Capital Programme. A detailed three year Capital Strategy and Capital Programme is the subject of a separate report on this agenda.

3 TRANSFORMATION PROGRAMME 2018 (T18)

- 3.1 An updated business case for the T18 Programme forms part of a separate item on this agenda.

4 OPTIONS TO MEET THE BUDGET GAP FOR 2015/16

- 4.1 The budget gap based on the assumptions above, is predicted to be £381,000 for 2015/16, Appendix A provides the details.
- 4.2 This budget gap reflects the position without taking into account any T18 savings in 2015/16 as these savings are primarily needed to pay for the investment costs incurred in this year.

Income from Council Tax

- 4.3 Council agreed to raise council tax by 1.9% from 1 April 2014 to £145.42 for a Band D property for South Hams District Council. This amounted to a £2.71 increase on an average Band D property over a year equivalent to 5p a week. A 1% increase in Council Tax generates an extra £53,000 in extra income per annum.
- 4.4 **Council Tax Referendum limit** - 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. The Minister announced that the council tax referendum threshold for 2014/15 remained unchanged from 2013/14 at 2% and did not apply to Towns and Parishes. No notification has been received on the limit for 2015/16.

Council Tax Freeze Grant

4.5 On 15 January 2014 the Government issued the guidance for the Council Tax Freeze Grant Scheme for 2014-15. It is assumed that many of these key aspects which applied in 2014-15 will also apply in 2015-16. Namely that:-

(i) It was voluntary and that any authority which freezes or reduces their basic amount of council tax will be eligible to receive the grant (equivalent to a 1% of the basic amount of council tax – this is around £56,000 for South Hams – this is an estimated provisional figure)

(ii) Ministers have agreed that the funding for the 2015-16 freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available.

Council Tax Support Grant

4.6 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 (SFA). It is estimated that the Council's SFA will decrease by around 10% in 2015-16 (see Appendix A). At its meeting on 2 October 2014 Council agreed that this reduction should be passed on to the Towns and Parishes and their Council Tax Support Grant should be reduced by a similar amount. The District Council approved a grant distribution of £125,369 for 2014-15. Therefore, a reduction in the grant allocation of 10% will decrease the budget gap by approximately £13,000. Appendix C illustrates the effect of this on an individual Parish basis.

Review of charges

4.7 On 13 November 2013, the Economy and Environment Scrutiny Panel considered a report on the review of fees and charges for 2015-2016. The Panel recommended that charges would be frozen with the exception of those for licensing which would generate an addition £1,000.

New Homes Bonus

4.8 New Homes Bonus amounting to approximately £564,000 is currently used to support the revenue budget. It is suggested that the use of New Home Bonus in this way continues in 2015/16 in order to close the Budget Gap with a view to reversing this amount out in 2016/17 out when the savings from T18 materialise in full. The next section provides more information about the allocations of New Homes Bonus that the Council has received to date.

5 NEW HOMES BONUS

5.1 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.

5.2 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 (please see separate agenda item)
- 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

5.3 Members have approved the following use of the New Homes Bonus to date:

Year	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Grant received	297,567	826,317	1,026,018	1,365,325
Use of New Homes Bonus (£)				
Housing Capital Projects		300,000	460,000	460,000
Community Reinvestment Projects			153,900	153,900
Revenue Base Budget	100,000	100,000	100,000	564,043
Community Grants (CAB Outreach worker)			10,000	10,000
Funding for the overall capital programme	197,567	419,567		
Dartmoor National Park		6,750		17,277
Transferred to the Capital Programme Reserve			302,118	160,105
TOTAL	297,567	826,317	1,026,018	1,365,325

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

NHB Forecast (£)	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
2011/12 actual allocation	297,567	297,567	297,567	-	-
2012/13 actual allocation	528,750	528,750	528,750	528,750	-
2013/14 actual allocation	199,701	199,701	199,701	199,701	199,701
2014/15 actual allocation	339,307	339,307	339,307	339,307	339,307
2015/16 forecast allocation		249,760	249,760	249,760	249,760
2016/17 forecast allocation			249,760	249,760	249,760
2017/18 forecast allocation				249,760	249,760
2018/19 forecast allocation					249,760
TOTAL	1,365,325	1,615,085	1,864,845	1,817,038	1,538,048
The table below shows the possible ways in which NHB could be used in future years for modelling purposes only:-					
To fund Housing Capital Projects	460,000	460,000	460,000	460,000	460,000
To fund Community Re-investment	153,900	153,900	153,900	153,900	153,900
CAB Outreach Worker	10,000	10,000	10,000	10,000	10,000
To fund the Revenue Budget	564,043	564,043	Nil?	?	?
Dartmoor National Park	17,277	4,939 (TBA)	TBA	TBA	TBA
Capital Programme Reserve	160,105				
Balance remaining (uncommitted)	Nil	422,203	1,240,945	1,193,138	914,148

6 OTHER BUDGET CONSIDERATIONS

Discretionary Budget Bid - Citizens Advice Bureau (Outreach Project)

- 6.1 Members approved a "non-recurring" bid for £10,000 for additional funding for the CAB Outreach Project which provides a weekly advice service in Dartmouth, Ivybridge and Kingsbridge. Much of the advice covers housing, benefits and debt Issues and is managed in liaison with the Council's Community Team. **Members are requested to consider if they wish to renew this arrangement for 2015/16.**

7. RESERVES

Earmarked Reserves

- 7.1 The level and commitments for each reserve are kept under review each year to make sure the uncommitted balance is adequate for its purpose. The Earmarked Reserves are reviewed as part of the "budget scouring" exercise each year – this exercise is in progress at the moment. A schedule of Earmarked Reserves is attached at Appendix C.

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 £9.027 million for 2014/15; so an appropriate balance would be in the region of £451,000 to £903,000.
- 7.3 The General Fund Balance stood at £1.707 million at 31st March 2014. It is predicted to be £1.664 million at 31 March 2015 (Appendix G). Therefore, the Council is still within a prudent level of reserves. The Council's policy is that the General fund Balance should be maintained at a minimum level of £1.5 million.
- 7.4 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

7.5 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. CAPITAL PROGRAMME

8.1 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.

8.2 A proposed three year Capital Strategy and Capital Programme is the subject of another report on this agenda.

8.3 Consideration needs to be given to the funding options for the 2015/16 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. LEGAL IMPLICATIONS

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

9.2 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.

10. FINANCIAL IMPLICATIONS

10.1 The financial implications are as set out within the Council's Financial Strategy.

11. OTHER CONSIDERATIONS

Corporate priorities engaged:	A balanced budget underpins the Council's capacity to deliver 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 will be carried out on all budget proposals for future years and any issues raised will be considered.
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:	Report to Council on 13 February 2014 on 2014-15 Budget Report to Executive on 11 September 2014 on the MTFs 2015/16 – 2018/19 13 November 2014 - Report to Economy and Environment Scrutiny Panel on Review of Charges
Appendices attached:	Appendix A - Modelling of the Financial Strategy Appendix B - Budget Pressures and Savings Appendix C – Council Tax Support Grant to Town and Parish Councils for 2015/16 Appendix D - Revenue Summary Appendix E - Reserve Contributions Appendix F - Service Variations Appendix G - Schedule of Reserves

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>2015/16 will see a further significant reduction in formula funding</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>	4	4	16	↔	<p>Corporate engagement in the development of the medium term financial strategy.</p> <p>Service commitment to business planning processes.</p> <p>Robust horizon scanning to monitor changes in Government policy.</p> <p>The Council will continue to carry out modelling exercises to ascertain the effect of the new schemes on the Council's finances. Options for business rates pooling will be assessed.</p> <p>Monitoring of corporate income streams and revenue budgets.</p>	<p>Section 151 Officer</p> <p>Executive Director (TW)</p> <p>Executive Director (AR)</p> <p>Section 151 Officer</p> <p>Section 151 Officer</p>

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
2	Funding of the future Capital Programme	Availability of capital resources and options of using funding streams, such as New Homes Bonus	4	4	16	↔	<p>Review of potential opportunities to support further capital programme.</p> <p>One of the objectives of the Strategic Asset Review is to identify opportunities for the disposal of assets and the generation of capital receipts.</p>	<p>Executive Directors, Section 151 Officer H of Assets</p> <p>Executive Directors, Section 151 Officer H of Assets</p>
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 for the purpose the budget calculations.</p> <p>The budget process is laid down in the Council's Constitution. Executive and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.</p>	Section 151 Officer

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			
4	Income from business rates	Income from Business Rates Is subject to volatility both from business rating appeals and from the economic climate.	5	3	15	↔	The position will be monitored by the Section 151 Officer The quarterly Revenue Budget Monitoring reports will monitor Business Rates income against projections. Any variances will be highlighted to Members at an early stage.	Section 151 Officer
5	Corporate Priorities	Failure to target budgets to service priorities	5	1	5	↔	The budget is subjected to extensive consultation with all Members, the public and the business community. Adequate levels of appropriately trained staff. Monthly monitoring of performance to management, quarterly to the Executive.	Section 151 Officer

Direction of travel symbols ↓ ↑ ↔

	Base 2014/15 £ '000	Yr1 2015/16 £ '000	Yr2 2016/17 £ '000	Yr3 2017/18 £ '000	Yr4 2018/19 £ '000
Baseline Data					
Base budget brought forward	9,028	9,028	8,799	8,445	8,216
Reverse New Homes Bonus funding of the revenue budget of £564,043 (see 5.3)			564		
Income & Expenditure Variations					
Budget Pressures (Appendix B)		563	472	473	427
Budget Savings (Appendix B)		(412)	(3,044)	(142)	(230)
Reduction in Council Tax Support Grant for Town & Parish Councils		TBA			
Review of charges/ additional income (Appendix B)		1	(100)	(100)	(100)
Projected Expenditure:	9,028	9,180	6,691	8,676	8,313
FINANCING: -					
Government Grant (Settlement Funding Assessment - SFA)					
Business Rate Retention Income	1,717	1,976	2,026	2,089	2,167
Revenue Support Grant	1,979	1,366	973	652	527
Council Tax Freeze Grant		56	56	56	56
Council Tax income	5,272	5,301	5,330	5,359	5,388
Surplus on Collection Fund	60	100	60	60	60
Projected Income :	9,028	8,799	8,445	8,216	8,198
Budget gap per year (Projected Expenditure less Projected Income)	0	381	(1,754)	460	115

4 year cumulative budget surplus (798)

KEY ASSUMPTIONS	Base 2014/15	Yr1 2015/16	Yr2 2016/17	Yr3 2017/18	Yr4 2018/19
Inflation: General Expenditure		2.0%	2.0%	2.0%	2.0%
Review of fees & charges		TBA	2%	2%	2%
Interest rates		0.90%	1.50%	2.00%	2.50%
Pay Award		1%	1%	1%	1%
SFA	£ 3,696,000	£ 3,342,000	£ 2,999,000	£ 2,741,000	£ 2,694,000
Pension revaluation - increased employer contributions		0.0%	0.0%	1.0%	1.0%
Council Tax Base : assume increase of 200 properties per year for 2015/16 and thereafter	36,250.26	36,450.26	36,650.26	36,850.26	37,050.26
Assumed Council Tax increase					
Council Tax - Band D (£)	145.42	145.42	145.42	145.42	145.42

	Yr1 2015/16 £ '000	Yr2 2016/17 £ '000	Yr3 2017/18 £ '000	Yr4 2018/19 £ '000
BUDGET PRESSURES				
Inflation on expenditure	315	275	285	290
Car Parks - review of income target	50			
Dartmouth Ferry - review of income target	50	50	50	
Triennial Pension revaluation	5	7	100	100
Leisure contract - profiled increase	36			
Reversal of vacancy provision		100		
Reversal of Shared Services Target	55			
Council Tax Support Admin Grant - reduction	11	10	8	7
Housing Benefit Admin Grant - reduction	41	30	30	30
TOTAL BUDGET PRESSURES	563	472	473	427
DISCRETIONARY BID - Citizens Advice Bureau; Outreach Worker	10			
BUDGET SAVINGS				
Transformation Project (T18) - see separate report		-2,931	-65	-162
Strategic Waste Review (EE.16/13 & Council 30/13)	-150			
Leisure Contract - profiled reduction		-5		
Extra income on investments from a predicted rise in interest rates	-75	-108	-77	-68
Housing Benefits - increased recoveries	-25			
Additional income from planning applications	-50			
Reduction in inflation provision	-55			
Visit South Devon - termination of grant aid	-15			
Housing Rents - increased contribution towards running costs	-15			
Reduction in external audit fees	-12			
Employment Estates - additional income	-10			
Saving on new bank contract	-5			
TOTAL BUDGET SAVINGS	-412	-3,044	-142	-230
ADDITIONAL INCOME				
Review of charges	1	-100	-100	-100
	1	-100	-100	-100

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South Hams District Council				APPENDIX C
Council Tax Support Grant For Towns & Parishes				
Parish/Town	Council Tax Support Grant allocation for 2014/15	Illustrative Grant Reduction of 10.00%	Indicative Council Tax Support Grant allocation for 2015/16	
	£	£	£	
1 Ashprington	159	16	143	
2 Aveton Gifford	967	97	870	
3 Berry Pomeroy	725	73	652	
4 Bickleigh	3,706	371	3,335	
5 Bigbury	270	27	243	
6 Blackawton	732	73	659	
7 Brixton	1,177	118	1,059	
8 Buckfastleigh West	119	12	107	
9 Buckland-Tout-Saints	68	7	61	
10 Charleton	243	24	219	
11 Chivelstone	134	13	121	
12 Churchstow	201	20	181	
13 Cornwood	1,066	107	959	
14 Cornworthy	101	10	91	
15 Dartington	1,613	161	1,452	
16 Dartmouth	11,467	1,147	10,320	
17 Dean Prior	183	18	165	
18 Diptford	156	16	140	
19 Dittisham	276	28	248	
20 East Allington	774	77	697	
21 East Portlemouth	221	22	199	
22 Ermington	647	65	582	
23 Frogmore & Sherford	529	53	476	
24 Halwell & Moreleigh	257	26	231	
25 Harberton	689	69	620	
26 Harford	27	3	24	
27 Holbeton	265	27	238	
28 Holne	214	21	193	
29 Ivybridge	27,353	2,735	24,618	
30 Kingsbridge	11,567	1,157	10,410	
31 Kingston	277	28	249	
32 Kingswear	1,071	107	964	
33 Littlehempston	137	14	123	
34 Loddiswell	1,338	134	1,204	
35 Malborough	1,030	103	927	
36 Marldon	935	94	841	
37 Modbury	1,729	173	1,556	
38 Newton & Noss	1,537	154	1,383	
39 North Huish	54	5	49	
40 Rattery	297	30	267	
41 Ringmore	100	10	90	
42 Salcombe	2,273	227	2,046	
43 Shaugh Prior	767	77	690	
44 Slapton	296	30	266	
45 South Brent	4,160	416	3,744	
46 South Huish	91	9	82	
47 South Milton	226	23	203	
48 South Pool	101	10	91	
49 Sparkwell	925	93	832	
50 Staverton	642	64	578	
51 Stoke Fleming	830	83	747	
52 Stoke Gabriel	863	86	777	
53 Stokenham	1,550	155	1,395	
54 Strete	465	47	418	
55 Thurlestone	509	51	458	
56 Totnes	33,732	3,373	30,359	
57 Ugborough	836	84	752	
58 Wembury	622	62	560	
59 West Alvington	292	29	263	
60 Woodleigh	12	1	11	
61 Yealmpton	1,766	177	1,589	
	125,369	12,542	112,827	

If you have any queries on the information shown above, please contact Angela Endean on 01803 861480 or email angela.endean@southhams.gov.uk

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SUMMARY OF REVENUE EXPENDITURE

Estimate 2014/2015 (At outturn prices)		Estimate 2015/16 (at outturn prices)		
		Gross Expenditure	Income	Net Expenditure charged to General Fund
£	SERVICE EXPENDITURE ANALYSIS	£	£	£
883,400	Central Services	1,680,100	(786,100)	894,000
1,365,900	Corporate and Democratic Core	1,385,500	(36,600)	1,348,900
2,139,200	Cultural and Related Services	2,492,500	(313,300)	2,179,200
5,754,800	Environmental Services	7,976,800	(2,347,100)	5,629,700
(1,624,700)	Highways, Roads and Transport Services	2,359,300	(3,868,600)	(1,509,300)
1,019,000	Housing Services	22,960,900	(21,939,000)	1,021,900
372,400	Non Distributed Costs	380,400		380,400
1,082,800	Planning and Development services	3,637,100	(2,607,100)	1,030,000
	Provision for pay award (covers 2014/15 & 2015/16)	241,000		241,000
125,370	Council Tax Support Grant - payable to Town & Parish Councils	125,370		125,370
11,118,170		43,238,970	(31,897,800)	11,341,170
(100,000)	Vacancy provision Non recurring item funded from reserves:	(100,000)		(100,000)
7,000	<i>Elector Fund</i>	7,000		7,000
10,000	<i>Discretionary Bid - CAB</i>	10,000		10,000
(55,100)	Shared Services Target			0
135,000	Inflation	80,000		80,000
11,115,070	NET COST OF SERVICES	43,235,970	(31,897,800)	11,338,170
	FINANCING AND INVESTMENT INCOME & EXPENDITURE			
(110,000)	Interest receivable (investment income)		(185,000)	(185,000)
23,400	Income and expenditure in relation to investment properties	85,500	(58,300)	27,200
	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS			
(1,933,000)	Reversal of depreciation	(1,933,000)		(1,933,000)
(500,000)	Reversal of pension costs (IAS 19)	(500,000)		(500,000)
432,257	CONTRIBUTIONS TO/ (FROM) RESERVES	1,013,300	(581,043)	432,257
9,027,727	AMOUNT TO BE FUNDED FROM TAXATION AND NON-SPECIFIC GOVERNMENT GRANTS	41,901,770	(32,722,143)	9,179,627
	FINANCED BY:			
	Government Grant (Business rates & revenue support grant)			
(1,978,816)	-RSG		(1,366,000)	(1,366,000)
(1,717,398)	-Business Rates		(1,976,000)	(1,976,000)
	Council Tax Freeze Grant		(56,000)	(56,000)
(5,271,513)	Council Tax		(5,301,000)	(5,301,000)
(60,000)	Collection Fund Surplus		(100,000)	(100,000)
0	BALANCE - (SURPLUS)/DEFICIT	41,901,770	(41,521,143)	380,627
145.42	<i>Band D Council Tax</i>	145.42		
36,250.26	<i>Council Tax Base</i>	36,450.26		380,627

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Estimate 2014/15			Estimate 2015/16	
To £	(From) £		To £	(From) £
181,600		Capital Programme	181,600	
16,900		Community Parks & Open Spaces	16,900	
10,000		District Elections	10,000	
87,000		Ferry major repairs & renewals	87,000	
	(574,043)	New Homes Bonus		(574,043)
20,800		Pay & Display Equipment	20,800	
99,000		Pension Fund Strain Payments	99,000	
55,000		Repairs and maintenance	55,000	
	(7,000)	Strategic Issues		(7,000)
541,000		Vehicles & Plant Renewals	541,000	
2,000		Interest credited to reserves	2,000	
1,013,300	(581,043)	TOTALS	1,013,300	(581,043)
432,257		GRAND TOTAL	432,257	

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Central Services		
		£
Estimate 2014-15		883,400
Reduction in allocation of Council Tax Support Admin Grant		11,000
Net reduction in insurance premium		(400)
Estimate 2015-16		894,000
<i>Check Budget Summary</i>		<i>894,000</i>
		0
Corporate and Democratic Core		
Estimate 2014-15		1,365,900
Reduction in external audit fees		(12,000)
Reduction re new bank contract		(5,000)
Estimate 2015-16		1,348,900
<i>Check Budget Summary</i>		<i>1,348,900</i>
		0
Cultural and Related Services		
Estimate 2014-15		2,139,200
Leisure Contract - contract payment uplift including inflation		36,300
Visit South Devon - grant funding withdrawn		(15,000)
Other inflation		18,700
Estimate 2015-16		2,179,200
<i>Check Budget Summary</i>		<i>2,179,200</i>
		0
Environmental Services		
Estimate 2014-15		5,754,800
Inflation		25,900
Strategic Waste Review		(150,000)
Review of charges		(1,000)
Estimate 2015-16		5,629,700
<i>Check Budget Summary</i>		<i>5,629,700</i>
		0
Highways		

Estimate 2014-15		(1,624,700)
Car Parks - reduction in target income		50,000
Lower Ferry - reduction in target income		50,000
Inflation		15,400
Estimate 2015-16		(1,509,300)
<i>Check Budget Summary</i>		<i>(1,509,300)</i>
		0
Housing		
Estimate 2014-15		1,019,000
Reduction allocation of HB Admin Grant as advised by DWP		41,000
Additional Housing Benefit Recoveries etc.		(15,000)
Increased rent recovery		1,900
Estimate 2015-16		1,046,900
<i>Check Budget Summary</i>		<i>1,021,900</i>
		25,000
Non Distributed Costs		
Estimate 2014-15		372,400
Pension Revaluation -additional deficit payment		5,000
Inflation		3,000
		380,400
Estimate 2015-16		380,400
<i>Check Budget Summary</i>		<i>0</i>
Planning & Development		
Estimate 2014-15		1,082,800
Planning - additional income		(50,000)
Employment estates - additional income		(10,300)
Inflation		7,500
Estimate 2015-16		1,030,000
<i>Check Budget Summary</i>		<i>1,030,000</i>
		0

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					
			Opening balance	Projected Balance	
		Annual Contribution	1 April 2014	31 March 15	Comments
		£000	£000	£000	
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
0631	Capital Programme		977	282	Reduction due to capital commitments
0633	Revenue Grants		356	356	Comprises grants with no repayment conditions - created as a result of accounting changes introduced by IFRS.
0634	Rural Services Support Funding		37	37	Grant funding from DCLG
0635	Affordable Housing		102	102	
0638	Renovation Grant Reserve		37	37	Comprises proceeds from repayments
0639	New Homes Bonus		698	0	
0641	Business Rates Retention		1,023	0	Will be used to offset accounting deficit in Collection Fund
0645	Strategic Issues		379	306	
0650	Community Parks and Open Spaces		105	110	
0655	Community Well-being		44	0	Balance transferred to Economic Initiatives Reserve. Annual contribution ceased in 2014/15
0665	Repairs & Maintenance		343	265	
0667	Marine Infrastructure		-	19	Contribution from Salcombe Harbour Board
0670	Land and Development		196	127	Includes commitments for condition surveys and feasibility studies
0675	Ferry Repairs & Renewals		176	263	
0680	Economic Initiatives		112	141	
0685	Vehicles & Plant Renewals		1,236	1,007	Will be used for programmed vehicle replacements. Programme under review.
0690	Pay & Display Equipment Renewals		19	40	
0695	On-Street Parking		44	44	
0696	T18 Investment Reserve		935	0	A new reserve for T18 investment costs. Council Minute 34/13 refers
0700	Print Room Equipment		76	76	
0705	ICT Development		350	178	
0710	Sustainable Waste Management		72	0	
0720	District Elections		58	68	
0725	Beach Safety		17	14	
0730	Planning Policy & Major Devpts		671	487	Staffing and other commitments
0735	Building Control		187	172	
0740	Section 106 Deposits		37	37	
0830	Members Sustainable Community Locality		48	0	
Sub Total			8,335	4,168	
GENERAL RESERVES					
0765	General Fund Balance - Un-earmarked Revenue Reserves		1,707	1,664	
TOTAL REVENUE RESERVES			10,042	5,832	

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**MINUTES OF THE JOINT MEETINGS OF
THE SCRUTINY PANELS
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY, 15 JANUARY 2015**

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr K J Baldry	*	Cllr P W Hitchins
*	Cllr A D Barber	*	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 A Pearce
∅	Cllr B F Cane	*	Cllr J T Pennington
*	Cllr B E Carson	*	Cllr R Rowe
∅	Cllr B S Cooper	*	Cllr P C Smerdon
∅	Cllr S E Cooper	*	Cllr J W Squire
*	Cllr P Coulson	*	Cllr R C Steer
∅	Cllr P K Cuthbert	∅	Cllr M Stone
*	Cllr R J Foss	∅	Cllr R J Vint
∅	Cllr A S Gorman	∅	Cllr J A Westacott MBE
∅	Cllr M J Hannaford	∅	Cllr K R H Wingate
∅	Cllr J D Hawkins		

Item No.	Minute Ref No below refers	Executive Members also in attendance
All agenda items		Cllrs H D Bastone, R D Gilbert, M J Hicks, R J Tucker and S A E Wright

Item No.	Minute Ref No below refers	Officers in attendance and participating
All agenda items		Head of Paid Service, S151 Officer, Democratic Services Manager and Divisional Environmental Health Officer

JSP.1/14 APPOINTMENT OF CHAIRMAN

RESOLVED

That Cllr R J Foss be elected as Chairman for the duration of this meeting.

JSP.2/14 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 C Smerdon and J W Squire both declared a personal interest in Item 6: 'Budget Proposals 2015-2016' (Minute JSP.4/14 below refers) by virtue of representing the Council on the South Hams Community and Voluntary Services (CVS) – Executive Committee and remained in the meeting and took part in the debate and vote thereon.

JSP.3/14 PUBLIC FORUM

No items were raised at this meeting.

JSP.4/14 BUDGET PROPOSALS 2015/2016

(a) Revenue Budget Proposals 2015/16

Proposal 1: That South Hams CVS should be in receipt of an additional £10,000 grant above the approved Service Level Agreement, to be potentially funded through the identified uncommitted remaining New Homes Bonus Balance (Page 43 of the Executive meeting agenda of 11 December 2014 refers)

In discussion on this proposal, reference was made to:-

- (i) the work undertaken by the CVS. Members highlighted the value and excellent work carried out by the CVS and emphasised the severe financial pressures which were being faced by the organisation. These pressures were being faced in light of other partner authorities reducing their funding allocations to the CVS. In reply, a Member commented that he fundamentally disagreed with the principle whereby the Council increased its grant funding to offset reductions imposed by other authorities;
- (ii) funding this additional bid proposal. Members referred to page 43 of the Revenue Budget Proposals report of the Executive meeting agenda of 11 December 2014 and specifically the uncommitted Balance remaining from New Homes Bonus monies and felt that this could be a potential source of funding this proposal. Whilst this was a potential option, Members were informed that the modelling around Business Rate forecasting was still to be undertaken and the Council had a significantly underfunded Capital Programme, which would have an impact on the uncommitted balance;
- (iii) the current financial support provided by the Council to the CVS. Currently, the Council contributed £35,000 towards the core running costs of the organisation and £8,000 towards volunteer support. This was part offset by the CVS paying the Council rent and service charges of £10,280 plus VAT in 2013/14 to rent office space at Follaton House.

When put to the vote, this proposal was declared **CARRIED**.

Proposal 2: That funding towards bringing Empty Homes back into use be funded by interest free loans as opposed to grants, with the Council retaining five year nomination rights

During discussion, the following points were raised:-

- (i) This proposal being an example of how the Council could be more commercially minded in the future. In addition, the proposer informed that she objected to grant funding being used in this regard;
- (ii) In highlighting the complexities associated with bringing Empty Homes back into use, some Members highlighted the work undertaken recently by the Task and Finish Group and felt that this proposal would have an impact upon the Council's performance targets;
- (iii) It was noted that £50,000 was set aside from the Affordable Housing Capital Programme for this purpose each year. Furthermore, the maximum grant per application was £15,000 and the vast majority of grants were awarded for £10,000. As a consequence, a Member felt that the additional bureaucracy which would result from managing this revised process would be excessive when considering the total budget allocated;
- (iv) A number of Members were of the view that the status quo should be retained at this time, but that this position should be reviewed as part of the 2016/17 Budget Setting process.

When put to the vote, this proposal was declared **LOST**.

Proposal 3: That pre-application planning fees be reviewed before the 2016/17 Budget Setting process for major developments (of 10 or more dwellings)

In discussion, reference was made to:-

- (i) the current trend whereby the Council was receiving an increased number of major (and complex) planning applications from developers. In light of the substantial amount of officer time absorbed by these applications, a Member felt that there was scope to increase planning fees. In reply, it was noted that planning fees were set nationally and the only charges which could be determined locally were pre-application charges. Nonetheless, the proposer still felt that pre-application charges should be reviewed;
- (ii) the risk of setting pre-application fees at too high a level. Some Members made the point that if the fees were set too high, then developers would simply submit an application without any pre-application discussions taking place. This would inevitably result in more officer time and resource being absorbed before an application was determined, without the Council receiving any fee income;

- (iii) pre-application fees having only been recently reviewed by Members. As a result, it was felt appropriate for a detailed review to be undertaken before the 2016/17 Budget Setting process commenced.

When put to the vote, this proposal was declared **CARRIED**.

Proposal 4: That the Council Tax for 2015/16 be increased by 1.9%

Members deliberated whether or not to recommend acceptance of the Council Tax Freeze Grant which was on offer from Central Government (amounting to £58,000) or to increase Council Tax by 1.9% (amounting to £101,000).

On balance, the majority of Members stated that, in light of a 1.9% increase generating an additional £43,000 into the base budget, coupled with the lack of absolute guarantee that the Council Tax Freeze Grant monies would be factored into the base budget, they would support the proposal to increase Council Tax by 1.9%.

When put to the vote, this proposal was declared **CARRIED**.

(b) Capital Budget Proposals 2015/16

Proposal 1: That the work of the Disabled Facilities Grant Task and Finish Group to generate in-year savings be noted.

During discussion, the following points were raised:-

- (i) Whilst it was hoped that future savings could be generated, it was noted that demand for the Grant was on the increase and it was also difficult to predict future need;
- (ii) A Member was of the view that some monies were not made best use of through this scheme and proceeded to cite a recent example from her local ward;
- (iii) In addition to the disabled, the view was expressed that there were also a number of other vulnerable groups who were really suffering as a consequence of the reduction in central government funding;
- (iv) Members welcomed the establishment of the Task and Finish Group and recognised the need to conduct an in-depth review in this regard.

When put to the vote, this proposal was declared **CARRIED**.

Proposal 2: That any surpluses identified through the 2015/16 Budget Setting process be ringfenced for the affordable housing capital programme

In discussion, a number of Members expressed their support for this proposal.

When put to the vote, this proposal was declared **CARRIED**.

It was then:

RESOLVED

That the Executive give consideration to the following views of the Scrutiny Panel:-

1. That South Hams CVS should be in receipt of an additional £10,000 grant above the approved Service Level Agreement, to be potentially funded through the identified uncommitted remaining New Homes Bonus Balance (Page 43 of the Executive meeting agenda of 11 December 2014 specifically refers);
2. That the status quo should be retained in respect of the funding for the Empty Homes Strategy, but that this should be reviewed as part of the 2016/17 Budget Setting process;
3. That pre-application planning fees should be reviewed before the 2016/17 Budget Setting process for major developments;
4. That the Council Tax for 2015/16 should be increased by 1.9%;
5. That the work of the Disabled Facilities Grant Task and Finish Group to generate in-year savings be noted; and
6. That any surpluses identified through the 2015/16 Budget Setting process should be ringfenced for the affordable housing capital programme.

(Meeting commenced at 10.00 am and concluded at 11.30 am)

Chairman

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