

**SOUTH HAMS DISTRICT
COUNCIL**

22 FEBRUARY 2018

**2018/19
BUDGET PROPOSALS**

2018/19 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 of 1 February 2018 are included elsewhere on this agenda and provide a more complete picture of the decisions taken.

The General Fund Revenue Budget, Medium Term Financial Strategy (MTFS) and the recommendations for the 2018/19 financial pressures and savings are summarised in Appendices A to E 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.

The final Local Government Finance Settlement has been published by the Government. An additional £16 million of funding has been put into the Rural Services Delivery Grant (taking funding from £65m to £81m in 2018/19).

South Hams District Council will receive an extra £80,604 of Rural Services Delivery Grant. This extra funding is for 2018-19 only (one-off). As South Hams is a pilot for business rates, this extra funding will be reflected in a higher business rates baseline. The Council will pay a lower tariff by this amount and this is how the extra funding will still be received by the Council.

The Executive has recommended that in light of the extra Rural Services Delivery Grant that will be received in 2018-19, that the amount of funding from New Homes Bonus used to fund the Revenue Base Budget in 2018-19 is reduced from £721,688 to £641,084.

Appendix B shows that by 2019/20, the Council has a predicted £0.64m budget gap. It is important to note that this position is after the Council having achieved the predicted level of savings from transferring public conveniences to Town and Parish Councils (£180,000), securing a 75% cost contribution from some public conveniences (£10,000) and installing pay on entry on others (£36,000). These savings have been built into the financial modelling and the £0.64m budget gap in 2019/20 is after taking these savings into account. If these savings are not achieved, the budget gap in 2019/20 increases to over £0.85 million.

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

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RECOMMENDATIONS:-

(The references in the Recommendations below refer to the Appendices in this report or to the relevant Section of the 2018/19 Revenue Budget report presented to the Executive at its meeting on 1 February 2018).

It is **RECOMMENDED** that:

- i) Council Tax is increased by £5 (which equates to a Band D council tax of £160.42 for 2018/19, an increase of £5 per year or 10 pence per week). This equates to a Council Tax Requirement of £6,072,207.**
- ii) The financial pressures in Appendix B of £895,700 be agreed**
- iii) The £10,000 discretionary budget bid for the Citizens Advice Bureau be agreed;**
- iv) The schedule of savings identified in Appendix B totalling £689,350 be agreed;**
- v) The budget proposals for Public Conveniences as set out in 6.11, 6.23 and 6.24 of the Revenue Budget report to the Executive on 1 February 2018 are approved. (This requires a decision as part of the 2018-19 budget process, due to the implementation timescales).**
- vi) The Collection Fund Surplus of £73,000 as shown in Appendix B be agreed ;**
- vii) The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix C be agreed (this includes using £641,084 of New Homes Bonus funding to fund the 2018-19 Revenue Budget and a contribution of £475,000 into an Economic Regeneration Projects Earmarked Reserve);**
- viii) The Community Reinvestment Projects budget of £153,900 is withdrawn in 2018/19 onwards (This was previously funded by New Homes Bonus funding as set out in Appendix E of the Revenue Budget report to the Executive on 1 February 2018)**
- ix) Delegation is given to the S151 Officer, in consultation with the Leader and Executive Member for Support Services to agree the final amount of New Homes Bonus funding for the**

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Dartmoor National Park Sustainable Community Fund for 18/19

- x) To ring-fence £3.5 million from the Business Rates Retention Earmarked Reserve for employment for the creation of local jobs and to better support the local economy, as per Appendix D of the Revenue Budget report to the Executive on 1 February 2018.**
- xi) The Council Tax Support Grant paid to Town and Parish Councils is reduced by 9.85% for 2018/19 as per Appendix A. This equates to a payment of £82,615 for 2018/19.**
- xii) The Council should set its total net expenditure for 2018/19 as shown in Appendix B as £8,983,194.**
- xiii) The minimum level of the Unearmarked Revenue Reserves is maintained at £1,500,000, as per Section 9 of the Revenue Budget report to the Executive on 1 February 2018.**
- xiv) The level of reserves as set out within the report to the Executive on 1 February 2018 and the assessment of their adequacy and the robustness of budget estimates are noted. This is a requirement of Part 2 of the Local Government Act 2003.**

Recommendations from OSDM.2/17 REVIEW OF FEES AND CHARGES (report to the Joint Development Management Committee and Overview and Scrutiny Panel on 18 January 2018) and Executive Minute E.60/17:-

It is RECOMMENDED that:-

- xv) the proposed fees and charges set out for Parks, Open Spaces and Outdoor Sports be approved;**
- xvi) the proposed Environmental Health Charges be approved;**
- xvii) the proposed Fees and Charges for Development Management (as set out in Appendix C of the Fees and Charges report to the meeting on 18 January 2018) be approved;**
- xviii) delegated authority be given to the Group Manager for Commercial Services, in consultation with the lead Executive Member, to set the Dartmouth Lower Ferry Fees to take account of market conditions, including competitor charges;**

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- xix) An overall percentage increase of 2% to car park charges is approved and to delegate responsibility of implementing the increase to the Group Manager for Commercial Services, in consultation with the lead Executive Member, following consultation with representative bodies (including town and parish councils); and the withdrawal of weekly parking tickets is approved;**
- xx) delegated authority be given to the Group Manager for Commercial Services, in consultation with the lead Executive Member, to set the Commercial Waste charges, once all the price modelling factors are known;**
- xxi) delegated authority be given to the Group Manager for Commercial Services, in consultation with the lead Executive Member, to set the Public Conveniences 'Pay on Entry' charges (which should not exceed 20 pence), following completion of works and a review of appropriate charges; and**
- xxii) the changes to Boat Storage Charges (as set out in paragraph 3.7 of the report on 18 January 2018) be approved.**

Recommendations from the Capital Programme Budget Proposals report for 2018/19 (from Agenda Item 10 on the Executive meeting held on 1 February 2018)

It is RECOMMENDED:-

- xxiii) To approve the Capital Programme Proposals for 2018/19, which total £2,555,000**
- xxiv) To finance the 2018/19 capital programme of £2,555,000 from the funding sources set out in Section 4 of Item 10 Capital Programme Budget Proposals report for 2018/19 (Executive agenda 1 February 2018)**

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Part 1: The Executive's considerations in arriving at its final proposals for financial pressures, savings and Council Tax (Executive meeting held on 1st February 2018).

1. Over the last six months, the Executive has given the budget very detailed consideration and has sought views on budget proposals. This process has enabled and informed Members in their consideration of the appropriate level of service provision and council tax levels.
2. The Executive are recommending increasing council tax by £5 and are recommending that Full Council approve this. This would mean the council tax would increase to £160.42 for 2018/19, an increase of £5 per year or 10 pence per week.
3. At a Members' Budget Setting Workshop held on 28th September 2017, there was early support for increasing council tax by the maximum allowable percentage. At this event it was recognised that this measure would increase the base budget for ensuing years and protect the delivery of services and the Council's financial resilience. To balance the budget of £8.9 million, the Council has identified £0.689 million in savings. The Council is still forecasting a £0.64 million budget gap by 2019/20.
4. Devon has also been successful in achieving business rates Pilot status for 2018-19 and this has meant a predicted extra amount of business rates funding of £575,000 for South Hams for 2018-19 (this is for one year only).
5. Following the recommendations of the Joint Development Management Committee and Overview and Scrutiny Panel on 18th January, it is recommended that £100,000 of the pilot gain (the element that the Council would normally receive in a pooling gain) is used to fund the revenue base budget in 2018/19, with the remainder (£475,000 of the pilot gain), being transferred into an Economic Regeneration Projects Earmarked Reserve, to meet the primary aims of the Pilot bid which are to achieve higher levels of investment in economic regeneration in Devon and encourage further business rates growth.
6. This Budget report also recommends ring-fencing £3.5 million from the Business Rates Retention Earmarked Reserve for employment for the creation of local jobs and to better support the local economy.

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7. The Executive also recommends a capital works programme for 2018/19 amounting to £2,555,000. Projects include:-

- Public Sector Renewals (including Disabled Facility Grants)
- The fourth year of a five year planned programme of coastal assets repairs based on a marine survey
- Replacement of toilets/showers and the Salcombe Harbour office to include a tourist information office
- Development of four new employment units at Ermington
- Developing beach huts within the District
- Salcombe Master Plan (Batson Quay)
- Installing pay on entry (20 pence) for some public conveniences

(A capital budget was not requested by officers for affordable housing in 2018/19, due to the amount of funding already available through the community housing fund (£1.9 million), s106 contributions and second homes monies).

8. Sensitivity analysis and risk analysis – The figures within the Budget proposals have been subject to a sensitivity analysis and a risk analysis. This has identified a potential adverse revenue effect of less than £1 million. Revenue Reserves are recommended to be maintained at a minimum of £1.5 million. The S151 Officer therefore confirms the robustness of the Budget Proposals and the adequacy of the reserves.
9. The Communities Secretary has published a [consultation on need and resources](#) in December 2017 that aims to implement a new system of Fairer Funding based on its findings in 2020 to 2021. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. The Council will provide evidence of the factors that drive costs for rural local authorities.

Part 2: Conclusion

10. 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.
11. The proposed budget will leave the Council on a stable financial footing with a level of reserves which will help us manage the impact of further reductions in Central Government funding over the coming years.

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12. From next year, 2018/19, the Council will receive no central Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. The Council is currently facing a budget gap in 2019/20 of £0.64 million as shown in Appendix B.
13. The Council continues to do everything it can to make sure that residents, businesses and front-line services come first. Forward planning has allowed us to ease the pressures on front line services and for those in our community who face financial difficulties.
14. In this financial climate, income generation becomes a key priority area. The Council will continue to maximise its current sources of income through business development, ensuring the maximum utilisation of our assets, identifying new income streams, and actively pursuing all opportunities to increase the resources available and further reduce costs. The Council will also continue to transform services through the use of digital technology.
15. 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, invest in economic regeneration and employment to create local jobs and to better support the local economy, whilst also preserving the longer term future of the Council. I commend the budget proposals to the Council.

Councillor R J Tucker
Leader of the Council

13 February 2018

APPENDICES

Appendix A – Summary of Budget pressures, savings and income generation and contributions to Earmarked Reserves

Appendix B – Summary of Budget Position for the years 2018/19 to 2022/23

Appendix C – Analysis of Contributions to/ (from) Earmarked Reserves

Appendix D – Summary of Revenue Budget for 2018/19

Appendix E – Draft Revenue Budget 2018/19

BACKGROUND PAPERS

Executive 1 February 2018 – Item 9 Revenue Budget Proposals 2018/19

Executive 1 February 2018 – Item 10 Capital Budget Proposals 2018/19

Executive 19 October 2017 – Medium Term Financial Position 2018/19 onwards