

**SOUTH HAMS DISTRICT
COUNCIL**

9 FEBRUARY 2017

**2017/18
BUDGET PROPOSALS**

2017/18 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 2 February 2017 are included elsewhere on this agenda and provide a more complete picture of the decisions taken.

At the time of writing the report, the Local Government Final Finance Settlement hasn't been announced. The 2017/18 budget proposals contain the provisional figures that were announced in December 2016. Given the timing of the final settlement announcement, it is requested that the Finance Community of Practice Lead (S151 Officer) is given delegated authority in consultation with the Leader of the Council, to update the budget figures if there are any changes from the provisional settlement.

The General Fund Revenue Budget, Medium Term Financial Strategy (MTFS) and the recommendations for the 2017/18 financial pressures and savings are summarised in Appendices A to D 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 2017/18 Revenue Budget report presented to the Executive at its meeting on 2 February 2017).

It is RECOMMENDED that:

1. Council Tax is increased by £5 (which equates to a Band D council tax of £155.42 for 2017/18, an increase of £5 per year or 10 pence per week). This equates to a Council Tax requirement of £5,809,541 (as shown in Appendix B))
2. The financial pressures in Appendix B of £1,215,000 be agreed
3. The £10,000 discretionary budget bid for the Citizens Advice Bureau be agreed;
4. The schedule of savings identified in Appendix B totalling £877,800 be agreed;
5. The Collection Fund Surplus of £143,000 as shown in Appendix B be agreed ;

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6. The level of contributions to reserves to be included within the Authority's budget, as set out in Appendix C be agreed
7. to allocate £153,900 of New Homes Bonus funding for 2017/18 to the Community Reinvestment Projects budget for 2017/18. Any under spend from the 2016/17 Community Reinvestment Projects budget of £153,900 is to be transferred into the Capital Programme Reserve.
8. to allocate £50,000 of New Homes Bonus funding to the Joint Local Plan
9. the Council earmarks £3,060 of its allocation of the New Homes Bonus for 2017/18 for the Dartmoor National Park Sustainable Community Fund, with delegated authority to the S151 Officer in consultation with the Leader and the Executive Member for Support Services to agree the final amount transferred. 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 Overview and Scrutiny Panel, in time for budget decisions to be made
10. £75,000 of the Budget Surplus Contingency Earmarked Reserve is used to fund five additional case managers within Development Management for a period of one year
11. An income target equivalent to a 2% increase in car parking fees (£37,800) is approved for 2017/18, with consultation with communities as to how this is achieved through the community led tariffs policy.
12. The budget gap of £336,854 is closed by using £287,273 from the Budget Surplus Contingency Earmarked Reserve and £49,581 from the New Homes Bonus Reserve
13. The Council to adopt the principle that the future decision on the Dartmouth Lower Ferry (from the work of the Task and Finish Group) reduces the amount taken from the Budget Surplus Contingency Earmarked Reserve required to balance the budget.

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14. The Council Tax Support Grant paid to Town and Parish Councils is reduced by 9.85% for 2017/18, 2018/19 and 2019/20. This equates to a payment of £91,644 for 2017/18
15. The Council should set its total net expenditure for 2017/18 as shown in Appendix B at £8,346,074
16. The minimum level of the Unearmarked Revenue Reserves is maintained at £1,500,000
17. The level of reserves as set out within the Executive report (2 February 2017) 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.
18. Delegated authority is given to the Finance Community of Practice Lead (S151 Officer) in consultation with the Leader of the Council to update the budget if there are any changes to the Government Finance Settlement when the final announcement is made.

Recommendations from the Capital Programme Budget Proposals report for 2017/18 (from Agenda Item 7 on the Executive meeting held on 2 February 2017)

19. To approve the Capital Programme Proposals for 2017/18, which total £2,415,000
20. To remove the 2016/17 capital projects from the capital programme of £295,000 following the budget scouring exercise
21. To use the remaining capital programme contingency from the 2015/16 and 2016/17 programmes, totalling £167,000, to meet the increased costs detailed in Exempt Appendix D of Item 7 Capital Programme Budget Proposals report for 2017/18 (Executive agenda 2 February 2017)
22. To finance the 2017/18 capital programme of £2,415,000 from the funding sources set out in Section 4 of Item 7 Capital Programme Budget Proposals report for 2017/18 (Executive agenda 2 February 2017)

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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 2th February 2017).

1. Over the last six months, the Executive has given the budget very detailed consideration and has undertaken consultation 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 £155.42 for 2017/18, an increase of £5 per year or 10 pence per week.
3. At a Members' Budget Setting Workshop held on 21 September 2016, 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 £8.3 million, the Council has identified £0.88 million in savings.
4. The Executive also agreed a capital works programme amounting to £2,415,000 and a budget of £153,900 for a Community Reinvestment Projects Fund. The fund will allow towns and parishes to make applications to 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. A report on the Community Reinvestment Projects Fund 2016/17 grant allocations will be presented to the Executive in March 2017.

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 cutbacks in Central Government funding over the coming years.
7. The Council has already had a reduction in Government funding of 40% since 2010. On top of this, the Finance Settlement stated that the Council's funding from Government Grant and Business Rates will reduce by a further 39% between now and 2019/20. By 2018/19 the Council will receive no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. The Council is currently facing a budget gap in 2018/19 of £0.56 million as shown in Appendix B.

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8. The financial standing of the Council, despite the challenges we face, remains sound and secure. The Council has sufficient reserves and balances to provide financial resilience for 2017/18 and future years. 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.
9. 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.
10. 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 future of the Council. I commend the budget proposals to the Council.

Councillor R J Tucker
Leader of the Council

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 2017/18 to 2021/22

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

Appendix D – Summary of Revenue Budget for 2017/18

BACKGROUND PAPERS

Executive 2 February 2017 – Item 6 Revenue Budget Proposals 2017/18

Executive 2 February 2017 – Item 7 Capital Budget Proposals 2017/18

Executive 15 September 2016 – Medium Term Financial Strategy 2017/18 to 2021/22