

**SOUTH HAMS DISTRICT
COUNCIL**

14 FEBRUARY 2013

**2013/14
BUDGET PROPOSALS**

2013/14 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

Purpose of the Report

This report provides an update of our overall financial position and details the formal proposals of the Executive to achieve a balanced budget. The proposals before Members reflect the outcomes of consultation with the Joint Scrutiny Group, Town and Parish Councils, the public and business communities.

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

Introduction

This report contains details of the Executive's formal budget proposals for 2013/14. The minutes of the Executive meeting are included elsewhere on this agenda and provide a more complete picture of the decisions taken. The report submitted to the Executive on 24th January 2013 is also included for consideration by full Council.

RECOMMENDATIONS:-

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

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

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8. That the Council should set its total net expenditure for 2013/2014 as shown in Appendix C at £9,158,826 – This is subject to final confirmation of Government funding which will be notified at the end of January 2013. If the Government changes the funding, delegated authority be given to the Head of Finance and Audit (S151 Officer) in liaison with the Leader of the Council to identify an appropriate solution
9. To use £460,000 of New Homes Bonus funding from 2013-2014 to fund housing capital projects (Disabled Facilities Grants and Affordable Housing) as per Section 7.3
10. To agree to 4 months seasonal closure of under utilised public conveniences for implementation in October 2014, allowing time for consultation as per Appendix E (shown as a £80,000 saving for 2014-15), or where agreement is reached with Town or Parish Councils that some toilets could be closed this autumn
11. To approve the fees and charges as set out in Appendix A of the Executive report of 24 January 2013 for Commercial Waste (E.80/12 refers), and the fees and charges as recommended by the Executive at the meeting of 6 December 2012 in relation to Environmental Health and Housing and Parks, Open Spaces, Outdoor Sport and Recreation (E.66/12 b ii refers)
12. To approve the fees and charges as set out in Appendix 5 for the Lower Ferry, Dartmouth
13. That the minimum level of the Unearmarked Revenue (General Fund) Reserve Balance be maintained to at least £1.5 million as per Section 8.2
14. That the level of reserves as set out within this report and the assessment of their adequacy and the robustness of budget estimates be noted. This is a requirement of Part 2 of the Local Government Act 2003

Officer contact:

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

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

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

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

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

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

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

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

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

Part 2: Conclusion

- 9 The above paragraphs summarise the overall position faced by the Council and the considerations of the Executive in arriving at its final proposals to achieve a balanced budget. This year, as last year, the consultation process was extended beyond the membership of the Council, to include the views of the public, businesses and representatives from Parish/Town Councils.
- 10 The proposed budget will leave the Council on a firm financial footing with robust reserves which will help us manage the impact of the expected cutbacks in central government funding over the coming years.
- 11 As always, there have been bids for additional resources and I feel that those which have been supported by the Executive can be accommodated within prudent financial parameters. Through seeking to make substantial savings it has been possible to free up resources to assist in financing those pressures that accord with our key objectives and priorities.

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

Councillor R J Tucker
Leader of the Council