

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);

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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);

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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.

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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.

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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