

South Hams Joint Development Management Committee and Overview & Scrutiny Panel



Title:	Agenda																								
Date:	Thursday, 19th January, 2017																								
Time:	10.00 am																								
Venue:	Council Chamber - Follaton House																								
Full Members:	<p style="text-align: center;">Chairman Cllr Saltern Vice Chairman Cllr Wingate</p> <p><i>Members:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Cllr Baldry</td> <td>Cllr Hodgson</td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Holway</td> </tr> <tr> <td>Cllr Blackler</td> <td>Cllr Hopwood</td> </tr> <tr> <td>Cllr Bramble</td> <td>Cllr May</td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pearce</td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pennington</td> </tr> <tr> <td>Cllr Cane</td> <td>Cllr Pringle</td> </tr> <tr> <td>Cllr Cuthbert</td> <td>Cllr Rowe</td> </tr> <tr> <td>Cllr Foss</td> <td>Cllr Smerdon</td> </tr> <tr> <td>Cllr Green</td> <td>Cllr Steer</td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Vint</td> </tr> <tr> <td>Cllr Hitchins</td> <td></td> </tr> </table>	Cllr Baldry	Cllr Hodgson	Cllr Birch	Cllr Holway	Cllr Blackler	Cllr Hopwood	Cllr Bramble	Cllr May	Cllr Brazil	Cllr Pearce	Cllr Brown	Cllr Pennington	Cllr Cane	Cllr Pringle	Cllr Cuthbert	Cllr Rowe	Cllr Foss	Cllr Smerdon	Cllr Green	Cllr Steer	Cllr Hawkins	Cllr Vint	Cllr Hitchins	
Cllr Baldry	Cllr Hodgson																								
Cllr Birch	Cllr Holway																								
Cllr Blackler	Cllr Hopwood																								
Cllr Bramble	Cllr May																								
Cllr Brazil	Cllr Pearce																								
Cllr Brown	Cllr Pennington																								
Cllr Cane	Cllr Pringle																								
Cllr Cuthbert	Cllr Rowe																								
Cllr Foss	Cllr Smerdon																								
Cllr Green	Cllr Steer																								
Cllr Hawkins	Cllr Vint																								
Cllr Hitchins																									
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																								
Committee administrator:																									

1. Apologies for Absence

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. Review of Fees and Charges for 2017/18	1 - 20
6. Budget Proposals Report 2017/18	21 - 62
7. Capital Budget Proposals for 2017/18 to 2019/20	63 - 84

Agenda Item 5

Report to: **Overview and Scrutiny Panel**
Date: **19 January 2017**
Title: **Review of Fees and Charges for 2017/18**
Portfolio Area: **Support Services – Cllr S Wright**
Wards Affected: **All**
Relevant Scrutiny Committee: **N/A**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Lisa Buckle** Role: **Finance Cop Lead & S151 Officer**

Contact: **Tel. 01803 861413**
E-mail: Lisa.Buckle@swdevon.gov.uk

RECOMMENDATION

- 1) That the Overview and Scrutiny Panel RESOLVES that the Executive RECOMMEND to Council that it approves the proposed fees and charges set out for Parks, Open Spaces and Outdoor Sports.**
- 2) That the Overview and Scrutiny Panel RESOLVES that the Executive RECOMMEND to Council that it approves the proposed Environmental Health charges review.**
- 3) That the Overview and Scrutiny Panel NOTE the ongoing work of the Lower Ferry working group relating to income generation opportunities, in advance of assessment at a later date.**
- 4) That the Overview and Scrutiny Panel NOTE the planned review of the pre-application service (including the fee structure), which will be presented to the Panel at a later date.**
- 5) That the Overview and Scrutiny Panel RESOLVES that the Executive RECOMMENDS to Council that it approves a percentage increase to car park charges. Potential options include:**
 - 0% increase;**
 - 1% increase;**
 - 2% increase.**
- 6) That the Overview and Scrutiny Panel RESOLVES that the Executive RECOMMEND to Council that delegated authority is given to the Group Manager for Environmental Services in**

consultation with the Portfolio holder, to set the Commercial Waste charges, once all the price modelling factors are known.

1. Executive summary

- 1.1 This report sets out proposals for fees and charges for all services for 2017/18. The estimated additional income that could be generated from the review of fees and charges for 2017/18 will range from totals £1,260 to £39,060 depending on the final recommendation on Car Parking fees.

2. Background

2.1 The Council has the power to levy fees and charges for various services and functions it undertakes. Some of these fees are set by statute while for others the Council can make "reasonable" charges for the services it provides. The undertaking of regular reviews of charges allows, where possible, for the Council to recover the cost of officers' time in providing the service.

3. Proposals for Charges 2017/18

3.1 Parks, Open Spaces, Outdoor Sport and Recreation

Appendix A sets out proposals related to Parks, Open Spaces, Outdoor Sport and Recreation. For pitches, courts and greens the proposal is that charges for 2017/18 be retained at current levels as part of the continued strategy to promote sport and outdoor activities. The aim going forward is to prioritise income through marketing and additional use rather than increasing charges. Officers are continuing to pursue options to transfer management of facilities to local clubs and organisations, with some transfers already completed.

The number of events on Council land increase year on year, and it is proposed that charges for 2017/18 remain the same. Community and charity events take place on Council land free of hire charge. It is proposed that an event administration charge introduced in 2014/15, to help offset the staff costs in facilitating the busy event programme, will continue into 2017/18. The opportunity remains for this event administration charge to be waived at the local Ward Member/s discretion upon request. It is also proposed that all other events, memorials and sponsorship remain the same in 2017/18 although the Events Policy is currently under review by officers and Members, and there may be changes to fees as a result in the following year.

The Council continues to offer a play area inspect and insure service to community groups and town and parish councils. Since 2009 this has been set at £100 + VAT, for which the Council annually provides 12 visits by a qualified inspector (Mobile Locality Officers), an annual Allianz engineering report and insurance premium. It is proposed that the charge increases to £130 + VAT for 2017/18 as recent research shows the current fee falls significantly short of the costs associated with delivering this service. It is also proposed the Council conducts a consultation with relevant community groups, parishes and towns regarding the future long term provision of play area inspections and insurance.

3.2 Environmental Health Charges

It is recommended that there are no increases to fees and charges for Environmental Health Services. Appendix B sets out proposals for Environmental Health Charges for 2017/18.

Environmental Health charges were reviewed for 2016/17 to ensure that the Council charges were consistent across SHDC and WDBC and complied with the legislation in terms of the maximum charge being full cost recovery. The charges were changed to reflect this requirement.

A wider review will be required this year of all licensing functions to ensure compliance with the European Services Directive and the implications of the new guidance produced by the Local Government Association covering the implications of the European Court of Justice ruling on the Hemming vs Westminster case.

3.3 Lower Ferry, Dartmouth

Tariffs were reviewed by the Dartmouth Lower Ferry Task and Finish Group and, as a result, increased charges were implemented from 11th July 2016. The work of the group is continuing to look at other cost saving / income generation initiatives, with a revised ferry timetable to be rolled out in April 2017. It is recommended that the impact of this is assessed before further reviews of the tariffs are undertaken.

3.4 Car Parking

Having reviewed the parking tariffs across the District, it would be possible to implement a % total income increase whilst still maintaining the integrity of the Community Led Tariffs policy. However, it will be necessary for the Council to agree a % increase before delegating the detailed tariffs to officers to negotiate with individual communities where necessary, with recommended Pay & Display tariffs being presented to the Executive for consideration. As such, it isn't possible to produce a list of revised tariffs at this stage, although some modelling has been done as an assurance that it is possible to implement a blanket percentage increase without the need to standardise fees across the District.

A 1% increase in total income would generate approximately £18,900

A 2% increase in total income would generate approximately £37,800

Comparable tariffs for benchmarking will be presented at the Overview and Scrutiny meeting as this information is currently being prepared by the BDT team.

3.5 Commercial Waste Charges

The pricing model for Commercial Waste charges requires consideration of budget performance, disposal charges and market factors, but it is considered too early in the financial year for this review to be undertaken. Given the timing of these factors, it is requested that the Group Manager for Environmental Services is given delegated authority in consultation with the Portfolio holder, to set these charges once the outcome of the review is known.

3.6 Planning

A review of the pre-application service (including the fee structure) is to be undertaken in the next six months, as a result of the recommendations arising from the Planning Peer Challenge undertaken in 2016.

The review, which will also cover Planning Performance Agreements and the Duty Planning service, has been subject to a short delay whilst resources have been focussed on performance with regard to determining planning applications and delivery of the Joint Local Plan. In view of this, any changes to charges or projected income cannot be confirmed at this stage.

4. Proposed Way Forward

1) The level of fees and charges will continue to be monitored during the year.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has the power to introduce, maintain and increase charges under S.19 of the Local Government (Miscellaneous Provisions) Act 1976 or as set out in specific pieces of relevant legislation.
Financial	Y	The estimated additional income that could be generated from the review of fees and charges for 2017/18 ranges from (depending on the percentage option decided for car park charges) £1,260 and £39,060.

Risk	Y	Achieving anticipated income targets in the current financial climate – regular monitoring of corporate income streams and revenue budgets ensures early identification of variances.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Charging helps to support the provision of a wide range of public facilities available to all ages and all abilities.
Safeguarding	Y	Charging assists in supporting the running and management of a range of facilities in appropriate locations for local communities.
Community Safety, Crime and Disorder	Y	Charging helps to maintain the range of facilities.
Health, Safety and Wellbeing	Y	Charges for pitches, courts and greens have not been increased in line with the continued strategy to promote sport and outdoor activities.
Other implications	N	None directly arising from this report.

Supporting Information

Appendix A – 2017/18 Proposed Charges for Outdoor Recreation

Appendix B – 2017/18 Proposed Charges for Environmental Health

Background Papers:

Medium Term Financial Strategy – Executive 15 September 2016

This page is intentionally left blank

2017-2018

ACTIVITY	Fee £	VAT @ 20% £	Total £
TENNIS			
Coaches rate per hour per court	3.75	0.75	4.50
Adult per person per hour	2.50	0.50	3.00
Junior per person per hour	0.83	0.17	1.00
Hire of Rackets	0.83	0.17	1.00
Deposits	4.17	0.83	5.00
Hire of Balls	0.42	0.08	0.50
Annual ticket - Adult	78.33	15.67	94.00
Annual ticket - Junior	20.00	4.00	24.00
Club Use per hour per court	4.50	***	4.50
PITCHES (Football, Rugby & Cricket)			
Per season (up to 20 games) adult	240.00	***	240.00
Per season (up to 20 games) junior	120.00	***	120.00
Per Match Adult	26.67	5.33	32.00
Per Match Junior	13.33	2.67	16.00
*** Exempt from VAT - the hire of sports facilities by a club/school for a series of 10 or more lets; must be more than 1 day apart and less than a fortnight apart			
BOWLS			
Green Fees per person per hour (Adult)	2.50	0.50	3.00
Green Fees per person per hour (Junior)	1.25	0.25	1.50
Overshoes	0.58	0.12	0.70
Season Ticket Adult	46.67	9.33	56.00
Season Ticket Junior	15.00	3.00	18.00
Weekly Adult	15.83	3.17	19.00
PUTTING			
Adult	1.67	0.33	2.00
Junior	0.83	0.17	1.00
Lost Ball	0.83	0.17	1.00
ALL WEATHER PITCH			
Full Pitch with lights per hour	40.00	8.00	48.00
Full Pitch with no lights per hour	28.33	5.67	34.00
Half Pitch with lights per hour	23.33	4.67	28.00
Half Pitch with no lights per hour	17.50	3.50	21.00
Junior rates - Half Pitch with lights	13.33	2.67	16.00
Junior rates - Half Pitch no lights	10.83	2.17	13.00
DINGHY PARKING - Coronation Park			
Per day - Small (up to 4m)	8.33	1.67	10.00
Medium (up to 5m)	10.83	2.17	13.00
Large (up to 6m)	13.33	2.67	16.00
Per week - Small	39.58	7.92	47.50
Medium	51.46	10.29	61.75
Large	63.33	12.67	76.00
Per season (summer) - Rack	50.00	10.00	60.00
Small	75.00	18.75	112.50
Medium	121.88	24.38	146.25

2017-2018

ACTIVITY	Fee	VAT @ 20%	Total
	£	£	£
Large	150.00	30.00	180.00
Per annum - Rack	66.67	13.33	80.00
Small	125.00	25.00	150.00
Medium	162.50	32.50	195.00
Large	200.00	40.00	240.00
DINGHY PARKING - Other			
Warfleet - Per annum	100.00	20.00	120.00
Bowcombe - Per annum	83.33	16.67	100.00
Bowcombe Racks - Per annum	66.67	13.33	80.00
Canoes	20.83	4.17	25.00
Club use - by negotiation			
EVENTS Per Day			
Charity/ Community Events	0.00		0.00
Commercial Events/ Trading *~	240.00		240.00
Circus or Funfairs	240.00		240.00
Set up and Stand Down	60.00		60.00
Administration fee (all events - can be waived at local Ward Member/s discretion)	50.00		50.00
*Includes wedding receptions			
~ Can be reduced at discretion of Assets - COP Lead where specific benefits to Council priorities are identified by event organiser			
MEMORIALS			
New Memorial Bench	1208.33	241.67	1450.00
Sponsor a Bench	479.17	95.83	575.00
Memorial Tree	208.33	41.67	250.00
SITE SPONSORSHIP			
Royal Avenue Gardens	625.00	125.00	750.00
The Embankment, Dartmouth	416.66	83.34	500.00
Coronation Park	250.00	50.00	300.00
Norton	250.00	50.00	300.00
Batson Creek	625.00	125.00	750.00
Whitestrans	416.66	83.34	500.00
Cliff House Gardens	250.00	50.00	300.00
Courtenay Park	250.00	50.00	300.00
The Embankment, Kingsbridge	625.00	125.00	750.00
Recreation Ground	416.66	83.34	500.00
Brittons Field	250.00	50.00	300.00
Duncombe Park	250.00	50.00	300.00
Borough Park	416.66	83.34	500.00
Vire Island	416.66	83.34	500.00
Longmarsh	416.66	83.34	500.00
PLAY AREA INSPECTION			
Per Play area per annum	130.00	20.00	150.00

2017-2018

ACTIVITY	Fee	VAT @ 20%	Total
	£	£	£
Per complaint	320.00	**	320.00
** Outside scope for VAT			0.00

This page is intentionally left blank

Appendix B

Licence Type	Current Fee	Proposed Fee (2017/18)	Comments
<p>Acupuncture, Tattooing, Ear-piercing & Electrolysis</p> <p>Register of Persons</p> <p>Register of Premises</p> <p>Changes to Premises registration particulars</p>	<p>£112.00</p> <p>£112.00</p> <p>£40</p>	<p>£112.00</p> <p>£112.00</p> <p>£40</p>	<p>The Local Government (Miscellaneous Provisions) Act 1982 Part VIII requires businesses which carry out the following types of skin piercing to be registered with the Council.</p> <ul style="list-style-type: none"> – acupuncture – tattooing – cosmetic body piercing (including ear piercing) – semi-permanent skin colouring – electrolysis <p>The Act requires registration to cover both the person carrying on the practice and the premises used for that purpose. Once an application has been made and a fee paid, an inspector will undertake an inspection of the premises. If the inspector considers the applicant's procedures and the premises to be suitable, then registration will be approved. The fees are only payable once. Once registered there is no need to reapply on an annual basis. Premises will be checked before registration is completed and on a regular basis to ensure that hygienic standards are being maintained.</p>

<p>Animal Boarding Establishment (All to 31 December each year)</p> <p>Licence (per animal)</p> <p>Minimum</p> <p>Maximum</p> <p>Home Boarding (maximum fee charged)</p>	<p>£5.00</p> <p>£129.00</p> <p>£187.00</p> <p>£120.00</p>	<p>£5.00</p> <p>£129.00</p> <p>£187.00</p> <p>£120.00</p>	<p>Animal Boarding establishments are essentially kennels and catteries.</p> <p>The fees are based on a 'per animal' basis with a minimum fee of £123.00 being proposed. Premises are regulated under the Animal Boarding Establishments Act 1963. A visit will normally be made to the establishment to check that licence conditions are being complied with. Checks will include ensuring that the accommodation is suitable in construction, size, numbers and facilities such as heating, lighting and ventilation are adequate. Checks are also made to ensure the correct welfare and management of the animals, fire precautions and emergency arrangements.</p> <p>Revisits to premises may be required where minimum standards are not achieved. Visits may also be required on receipt of complaints.</p> <p>Regular checks will also be required.</p>
<p>Dangerous Wild Animal Licence</p> <p>Plus Vets fees and expenses</p>	<p>£394.00</p> <p>Act. Cost</p>	<p>£394.00</p> <p>Act. Cost</p>	<p>Animals which are classified as "dangerous wild animals" and can be anything from an Aadvark to a Zebra, are identified in a schedule to the Dangerous Wild Animals Act. Anyone wishing to keep one of these animals requires a Licence issued by the local authority.</p> <p>Checks will be made on application to ensure that the person is suitable for the keeping of dangerous animals. A visit will then be made to the premises to ensure that the animals can be kept in an environment that protects their welfare and also that of public safety. Licence conditions often are specific to the type or property and animal being kept, so can require a significant amount of officer time to develop.</p>

			The service of a specialist vet is often required (for which a separate recharge is made). A number of visits may often have to be made to ensure that licence conditions can be met. Visits may also have to be made on a regular basis to ensure welfare and safety standards are maintained. Public nuisance issues may also have to be addressed.
Dog Breeding Establishment			
Licence Fee (Initial & Renewal)	£167.00	£167.00	A breeding establishment is where five or more litters are born, to one or more bitches, for the purpose of sale, in the period of one year. A licence is necessary for the interests of animal welfare and consumer protection relating to the facilities in which the animals are kept and the extent to which they are bred.
Plus Vets fees and expenses (initial applications only)	Act. Cost	Act. Cost	A visit will be made to the premises to ensure that welfare conditions are suitable. For initial applications a visit by a vet will also be required. Conditions may also be attached to the licence. Regular inspections will also be required to ensure compliance with conditions and to ensure that adequate records are kept.

<p>Hypnotism</p>	<p>£56.00</p>	<p>£56.00</p>	<p>The control of hypnotism is via the Hypnotism Act (as amended). Anyone giving an exhibition, demonstration or performance of Hypnotism on any person or in connection with entertainment to which the public are admitted whether by payment or otherwise is required to obtain authorisation from the Council by way of consent. Hypnotism includes hypnotism, mesmerism and any similar act or process which produces or is intended to produce in any person any form of induced sleep or trance in which the susceptibility of the mind of that person to suggestion or direction is increased or intended to be increased.</p> <p>Once a completed application form is received and the information has been checked, liaison with a number of</p>
			<p>agencies such as the Police may take place. Checks will be made to ensure that the proposed event does not offend public decency and that vulnerable people will not be put at harm. Conditions will normally be attached to the licence to protect the public physical safety and mental health.</p> <p>Discussions may have to be held with the event organiser.</p>

<p>Pet Animal Auctions</p>	<p>£202.00</p>	<p>£202.00</p>	<p>Pet Animal Auctions require to be licensed. The licence will specify conditions concerning the welfare of animals that are to be sold. Other checks will ensure that:</p> <ul style="list-style-type: none"> - animals will at all times be kept in accommodation suitable as respects size, temperature, lighting, ventilation and cleanliness; - animals will be adequately supplied with suitable food and drink and (so far as necessary) visited at suitable intervals; - animals, being mammals, will not be sold at too early an age; - that all reasonable precautions will be taken to prevent the spread among animals of infectious diseases; - that appropriate steps will be taken in case of fire or other emergency; <p>As the auctions are transient, the potential for animal neglect is higher. More stringent controls and inspection regimes will be required.</p>
<p>Pet Shop Licences (Non-Statutory Annual Fee) Plus Vets fees and expenses</p>	<p>£120.00 Act. Cost</p>	<p>£120.00 Act. Cost</p>	<p>Pet shops will require licensing on an annual basis. As with Pet Animal Auctions checks and visits will be required to ensure that:</p> <ul style="list-style-type: none"> - animals will at all times be kept in accommodation

			<p>suitable as respects size, temperature, lighting, ventilation and cleanliness;</p> <ul style="list-style-type: none"> – animals will be adequately supplied with suitable food and drink and (so far as necessary) visited at suitable intervals; – animals, being mammals, will not be sold at too early an age; – that all reasonable precautions will be taken to prevent the spread among animals of infectious diseases; – that appropriate steps will be taken in case of fire or other emergency <p>Visits will also need to be made to follow up on complaints.</p>
Riding Establishment Licences			<p>The Riding Establishments Act 1964 requires persons to obtain a licence from the local authority if they wish to operate a riding establishment. A 'riding establishment' means the carrying on of a business of keeping horses to let them out on hire for riding, or for use in providing instruction in riding for payment, or both'.</p> <p>The Act is concerned with ensuring the suitability of the licence holder and the welfare and suitability of the horses and in particular:</p> <ul style="list-style-type: none"> – whether the person has suitable qualification or experience – the condition of the horses – the condition of feet – suitable accommodation – where appropriate, the condition of pasture
Up to 10 horses	£168.00	£168.00	
Plus for each horse	£8.00	£8.00	
Plus for Vets fees and expenses	Act. Cost	Act. Cost	
Maximum Fee	£304.00	£304.00	

			<ul style="list-style-type: none"> - suitable food, drink, bedding and exercise facilities - suitable disease control - suitable precautions in event of fire - provision of adequate accommodation for forage, bedding and equipment. <p>Adequate insurance cover will also have to be provided. The local authority will have to authorise a vet to inspect the establishment and to consider the report of their visit before issuing the licence.</p> <p>Checks will be made to ensure that the premises continue to operate in a satisfactory manner.</p>
Scrap Metal Dealers (2013 Act)			
Site Licence (New Application valid 3 yrs)	£180.00	£180.00	The 2013 Act replaces the Scrap Metal Dealers Act 1964 and combines scrap metal dealers and motor salvage operators under one licence. We will continue to act as the main regulator but the new Act gives us more powers, including the power to refuse a license and powers to revoke licences if the dealer is considered unsuitable. Both we and the Police have been given powers to enter and inspect premises.
Site Licence (Renewal)	£130.00	£130.00	
Transfer of Site Licence to Mobile Collector	£75.00	£75.00	
Mobile Collector Licence (New application valid 3 yrs)	£130.00	£130.00	
	£85.00	£85.00	
Mobile Collector (Renewal)	£80.00	£80.00	
Transfer of a Mobile Collector Licence to a Site Licence			
Change of licence holder details	£15.00	£15.00	
Change of licensed site	£80.00	£80.00	
Change of site manager	£43.00	£43.00	

Sex Establishments (Shops & Encounter Venues)			The Local Government (Miscellaneous Provisions) Act 1982 requires the licensing of sex establishments (shops or cinemas) and also the licensing of sexual entertainment venues, by virtue of s27 of the Police and Crime Act 2009.
Per application (Inclusive of first year	£4,600	£4,600	
annual licence) Annual Fee/Renewal Transfer Plus Premises Licence / Club Premises Certificate if applicable – Licensing Act 2003	£450.00 £1,300 Statutory Fee	£450.00 £1,300 Statutory Fee	A sex shop means any premises, vehicle, vessel or stall used for a business which consists to a significant degree of selling, hiring, exchanging, lending, displaying or demonstrating sex articles or acts of force or restraint associated with such activity. A sex cinema has a similar meaning but for the showing of films. A sexual entertainment venue would cover establishments such as a lap-dancing clubs. The price of a sex establishment (there are none in West Devon) has been reduced so to be mindful of an EU Directive that an applicant isn't required to contribute towards appeal or enforcement costs. Also, the fee level set should not be used to act as a deterrent against applying. Annual renewal fees are set considerably lower to reflect the decreased workload associated.

Zoo Licensing Act			
Grant of Licence (Valid 4 years)	£818.00	£818.00	<p>Zoos are required to be licensed by the local authority under the Zoo Licensing Act 1981. A zoo is defined in the Act as being 'an establishment where wild animals are kept for exhibition ... to which members of the public have access, with or without charge for admission, seven or more days in any period of twelve consecutive months'. The Act aims to ensure that, where animals are kept in enclosures, they are provided with a suitable environment to provide an opportunity to express most normal behaviour.</p> <p>The process for licensing a zoo is complex and time consuming. The process will involve liaison with a Secretary of State appointed vet, and inspections will be made to ensure that the zoo can operate in a manner that ensures public safety while maintaining a rich and rewarding environment for the animals. Checks will also have to be made to ensure that the zoo is actively involved in conservation measures.</p> <p>The level of specialist knowledge required is very high as is the amount of work required to effectively liaise with the zoo and Government vets. Inspections to ensure compliance can take several days to complete. Regular visits to ensure continued compliance are also required.</p> <p>The costs of arranging an inspection of the zoo by a Secretary of State appointed vet are met by the licence holder.</p> <p>The consequences of having a poorly-run zoo are great. Dispensation can be made for smaller zoos that do not require such a high level of input.</p>
Renewal of Licence (Valid for 6 years)	£717.00	£717.00	
Transfer of Licence	£370.00	£370.00	
Partially exempt premises	70% of above fees	70% of above fees	
Inspection	Actual Cost	Actual Cost	

Food Export Certificates			
Export Certificate initial set up	£145	£145	This is due to the time taken to create the certificate with new addresses, products and time taken with the exporter to verify the importing country will accept the certificate.
Export Certificate	£54	£54	this is for non EU countries ie China.
Housing Act Enforcement Notice fee	£38.50 per hour	£38.50 per hour	The 2013 Act introduced the ability of the Councils to charge for the service of enforcement notices and to carry out works in default to remedy breaches of site licence conditions from 1 st April 2014. The fee for Housing Act 2004 enforcement notices is based on the hourly rate plus on-costs of the relevant enforcing office, due to the similarity of the two pieces of legislation the two fees will be comparable, as such the fee is £38.50/hour. The Councils have set a fee for depositing caravan site rules with the local authorities, this was set in 2014 and will remain the same at £75.
Depositing site rules with Local Authority	£75	£75	
House in Multiple Occupation (HMO) Licence	£350	£350	

Report to: **Executive**

Date: **15 December 2016**

Title: **Budget Proposals Report 2017-18**

Portfolio Area: **Cllr R Tucker**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Lisa Buckle** Role: **Finance Community of Practice Lead**

Contact: **Tel. 01803 861413 Email: lisa.buckle@swdevon.gov.uk**

Recommendations: It is recommended that the Executive:

- i) Consider the Budget Proposals report for 2017-18 and the outcomes of the Members' Budget Workshop (Appendix E), prior to requesting the views of the Overview and Scrutiny Panel in January 2017 on the budget issues contained within the report.

1. Executive summary

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2021/22 which will help ensure resources are aligned to the outcomes in Our Plan (see Section 5). The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees South Hams District Council's longer term viability.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. The Queen's Speech delivered on 27 May 2015 stated that the government will "continue the work of bringing the public finances under control and reducing the deficit, so that Britain lives within its means". The economic backdrop continues to be challenging, resulting in significant on-going reductions in Government funding, with the Council needing to focus on long term financial planning. Looking ahead, given the deficit in public finances, there will undoubtedly be more difficult times ahead in terms of reducing Government grants, which could be as much as 30% to 40%

over the next 4 to 5 years. This will result in continuing pressures to find further significant savings, efficiencies and additional income.

- 1.3 In response, in 2013 the Council alongside its shared services partner, West Devon Borough Council, approved an innovative Transformation Programme (T18). This is delivering a new operating model to ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £4.6 million was approved, to deliver annual recurring revenue savings of £3.3 million. The payback period for the Programme was 2.5 years (see 6.31). The Transformation Programme received the backing of Central Government with an award of £434,000 of Government funding.
- 1.4 The Council's Transformation Programme, coupled with savings from the re-procurement of contracts and other areas, has meant that in 2017/18 the Council has a projected Budget Gap of just over £190,000. In 2019/20 there is a projected Budget Surplus of £112,000. Over the five years, the cumulative projected budget gap is £476,000 as below.
- 1.5 South Hams and West Devon are working together to deliver common strategies and priorities and design new ways of working differently, although how these will apply to the different localities and communities may still vary. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending as outlined in the Comprehensive Spending Review announcement.
- 1.6 At the same time though, there are also funding sources and opportunities that the Councils must fully exploit as part of the business model. In this context, and like many other Councils, South Hams and West Devon have to make a number of sometimes difficult and complex financial decisions. The Councils are confident that their budgets and the approaches being adopted represent a sound platform for the medium term.
- 1.7 The following table illustrates the predicted budget gap from 2017/18 onwards for the Council as shown in Appendix B:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£
Annual budget gap	190,866	231,949	Nil	28,020	25,812
CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 21/22					£476,647
In the year 2019/20, a budget surplus arises and the modelling assumes that this surplus is used for one-off investment and is taken as a saving in the next financial year.					

- 1.8 *The September Medium Term Financial Strategy set out a £283,000 Budget Gap over the next 5 years to 2021/22. The Budget Gap is now higher by approximately £0.2 million and this report updates the position and shows that the Council is facing a £476,000 Budget Gap over the next 5 years and there is a budget gap of £190,000 still to close for 2017/18. The main reasons for the increase of £0.2 million is due to a cost pressure of £125,000 for a reduction in planning income (see 6.5) and a cost pressure of £125,000 for the waste round review (see 6.10).*
- 1.9 If New Homes Bonus (NHB) were to be used as outlined in Section 8.4 of the report, this would mean that there would potentially be £379,100 of NHB which is uncommitted in 2017/2018. This assumes that £0.5 million of NHB will be used annually to support the Revenue Base Budget. An allocation for Dartmoor National Park would need to be deducted from the £379,100
- 1.10 The Budget for 2016/17 was approved by Council on 11th February 2016. This is the starting point for producing the refreshed MTFs and the detailed budget proposals for 2017/18. The 2016/17 Net Budget approved by South Hams District Council was £8.752 million.
- 1.11 Whilst there remains a great deal of uncertainty about various elements of income and expenditure, the forecast has been based on a set of assumptions (set out in Section 3) which represent a cautious estimate in order to focus attention on the revised funding gap. The figures will be continually updated as we progress through the financial year.
- 1.12 The Council's approach to financial planning over the medium term will include a focus on income generation and commercial opportunities. This will strengthen the position of the District Council by developing financial resilience through less exposure to reductions in Government funding.
- 1.13 The budget setting process is an iterative process that will constantly change over the next five years. As the Council becomes aware of new cost pressures or further reductions in funding over the next 5 years, this will increase the predicted budget gap. The converse is true for any savings or additional income which are identified over the next five years. Announcements during 2015 that local authorities will be able to retain 100% of business rates income from 2020 and that Revenue Support Grant will be phased out, mean that the Council will need to keep its financial strategy under constant review and adapt the Council's business model to continue to respond to the challenges.

BUDGET PRINCIPLES

- 1.14 The MTFs sets out the key Budget Principles for how the Council will be developing its approach to achieving financial sustainability. These are set out below:-

A clear financial strategy, including a revenue budget and capital investment strategy that supports the above and sets out how the Council aims to tackle the Budget gap over the next five years.

To continue working in partnership with West Devon Borough Council, to embed the new business model, to enable the Council to respond to changes in Government funding that will support the delivery of strategic priority outcomes and the medium term financial sustainability.

To adopt an investment strategy that maximises funding streams e.g. New Homes Bonus and Business Rates and that delivers additional income and savings in the future e.g. doing things on an 'Invest to Save' basis.

Achieving efficiencies and cost reductions, through collaborative working and getting the basics right.

A more commercial approach, which could include the establishment of a local authority controlled company, through which we can generate additional income with a 'Profit for Purpose' basis.

2 FOUR YEAR SETTLEMENT FUNDING OFFER

- 2.1 The Government offered to all Councils to apply for a four year settlement funding offer by 14th October.
- 2.2 On 16 November, the Council received written confirmation from the Government that South Hams is now formally on the multi-year settlement list, following the Council's application for this. This means that the Council now has certainty over the levels of funding for Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant that it will receive for the next three years.

These are:-

Revenue Support Grant - £245,000 for 17/18 and then Nil thereafter.

Transitional Grant - £56,000 for 17/18 only

Rural Services Delivery Grant - £327,000 for 17/18, £252,000 for 18/19 and £327,000 for 19/20

- 2.3 Business Rates are outside of the four year funding offer. The Government has said that barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

97% of Councils applied which the Government said showed the understandable need for the sector to secure greater certainty at a time of significant reform.

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

3.1 A two year employee pay settlement has been agreed which equates to 1% in 2016/17 and 1% in 2017/18. Future levels of pay settlement will be determined by national negotiation between the Local Government Employers and the Trade Unions. A budget provision of 1% for 2017/18 onwards has been modelled. The MTFs is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.

3.2 The MTFs assumes inflation will run at 2% over the five year period. The Office for National Statistics (ONS) has said that the annual inflation rate as measured by the Consumer Prices Index (CPI) rose to 1% in Sept 16. The Retail Prices Index measure of inflation rose to 2% in Sept 2016.

3.3 The MTFs has included a cost pressure of £310,000 for Inflation and increases on Goods and Services. The main items are:-

£80,000 – Staff salary increments

£60,000 – Business Rates increases (Revaluation 2017/18 onwards)

£40,000 – Apprenticeship Levy

£30,000 – Utilities inflation

£26,000 - Development Surveyor post – build into salary establishment
(O & S 17 March and Council 7th April – see 10.6 as year 1 costs were being funded from an Earmarked Reserve)

£20,000 – Fuel inflation

£10,000 – Insurance premiums

An amount of just over £40,000 is to fund a 2% uplift on other expenditure budgets (£2 million).

3.4 The predicted interest rate forecast from our treasury management advisors, Sector, is shown below. On 4th August, the Bank Base Rate was cut from 0.5% to 0.25%. The Council's budgeted investment income in 2016/17 is £148,000. It is assumed that the interest rate return for our investments will average 0.5 % for 2017/18 rising to 1.0% by 2021/22 as shown below:-

2017/18	-	0.5%
2018/19	-	0.5%
2019/20	-	0.5%
2020/21	-	0.75%
2021/22	-	1.0%

The latest predictions for Bank Rate is that they will remain at 0.25% until Summer 2019 when it is predicted they may rise to 0.5%. A cost pressure of £25,000 has been included within 2017/18. The Council is investigating alternative investment vehicles in order to be able to reduce this cost pressure and this will be a focus of the forthcoming Financial Principles Member Workshop on 8 December (repeat session on 5 January).

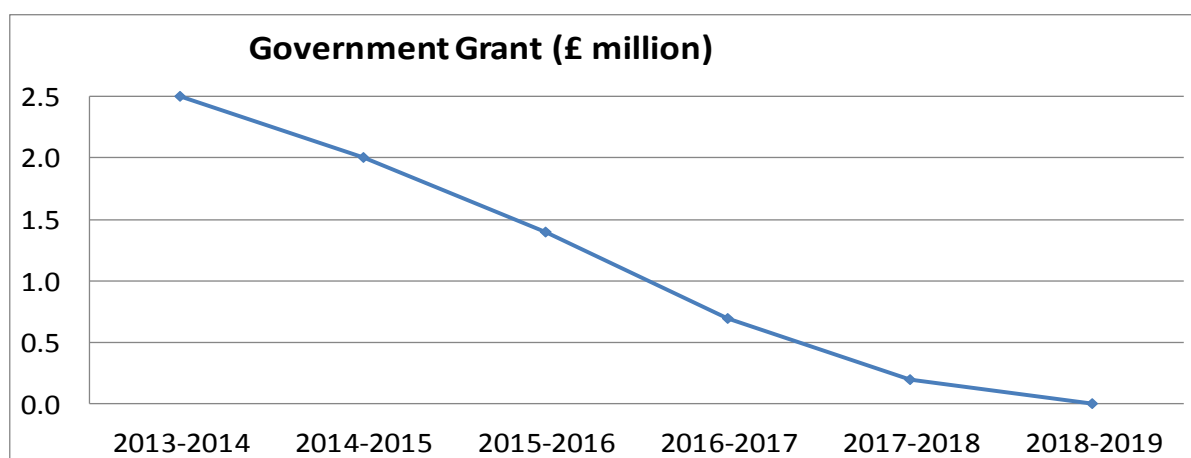
- 3.5 An increase in council tax of £5 for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £155.42 in 2017/18 as shown in Appendix B.
- 3.6 It has been assumed that the number of properties within the District will increase by 400 per annum from 2017/18 to 2021/22 – this is an increase of just over 1% - the Council had £37,003.99 Band D equivalent properties in 2016/17. These additional properties have been used to calculate the amount of additional Council Tax and also the potential for New Homes Bonus. These figures will be updated when actual figures are known around mid December.
- 3.7 It is predicted that the houses at Sherford which are within the South Hams area will commence occupation in April 2019 and conservative estimates have been built into the MTFs.

4. GOVERNMENT FUNDING, BUSINESS RATES AND COUNCIL TAX

4.1 Revenue Support Grant (Government Grant funding)

By 2018/19 the Council will receive no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. The withdrawal of Government funding has happened two years earlier than expected.

- 4.2 Since 2013, the Council has seen a 40% reduction in Government funding. In 2013/14 the Council received £2.5 million in Revenue Support Grant and this will be reduced to zero by 2018-19 as shown.



- 4.3 The reductions in Revenue Support Grant (RSG), as shown in the four year funding settlement offer by the Government, are as follows:

Table 1	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Revenue Support Grant (RSG) (2015/16 RSG was £1.406m):	£749,451	£245,393	Nil	Nil	Nil

- 4.4 **Rural Services Delivery Grant** - The Council will receive rural funding through a separate Rural Services Delivery Grant. This is something that was lobbied for through our work with SPARSE to reflect the fact that it costs more to deliver services in rural communities. The Council's grant allocations (from the four year settlement offer) are shown in Appendix B and are:
- | | |
|---------|----------|
| 2016-17 | £405,536 |
| 2017-18 | £327,451 |
| 2018-19 | £251,886 |
| 2019-20 | £327,451 |
- 4.5 There is no information available on whether the Rural Services Delivery Grant will continue from 2020/21 when 100% Business Rates Retention (BRR) is introduced. It is potentially one of the grants that could be rolled into the 100% BRR Scheme. The financing of Local Government may look very different and an assumption has been made in the MTFS that funding of £100,000 will be available in 2020/21 and 2021/22 in some form.
- 4.6 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline.
- 4.7 In line with good financial management principles, a provision has been made in the Accounts for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals. The Council has withdrawn from the Devonwide Business Rates pool in 2015/2016, due to the risk of some significant business rates appeals.
- 4.8 In 2015/16 there has been a £26.7 million increase in the provision for appeals within the Collection Fund. This has resulted in a deficit in the Business Rates Collection Fund of £26 million. South Hams District Council's share of the deficit is 40% (£10.4 million).

- 4.9 The Council will need to pay additional sums into the Collection Fund in future years to bring the Fund back into balance. Monies have been set aside in the Business Rates Retention Earmarked Reserve (see Appendix D) to mitigate the impact of this in future years and to fund volatility in Business Rates income. The balance on this reserve is £9.9 million at 31 March 2016 which is mainly due to the Council accounting for a safety net payment of £9.9 million in 2015/16. Depending on when and at what value the appeals are settled, the Council will either receive future years' safety net payments or will be able to use resources from the £26.7 million.
- 4.10 The Council's Business Rates Gross amount payable has increased from £26.9 million in 2012/13 to £31.8 million in 2016/17. Therefore over the last 4 years, the District Council's business rates base has grown on average by 4.5% per annum. Of the Business Rates collected of £31.8 million, the Council is predicted to retain in funding only £1.765 million of this in 2016/17. So the District Council retains approximately 6 pence in every £1 to run our services.
- 4.11 The Council has budgeted at the Business Rates Baseline for 2017/18 and future years.

Self-sufficient local government: 100% Business Rates Retention

- 4.12 The Council's response to the consultation document was an item on the agenda for the September Executive meeting. The consultation paper confirmed that the move from 50% to 100% Business Rates Retention (BRR) will see new responsibilities given to local government, with certain central government grants being phased out (such as Revenue Support Grant). The Government has previously announced that the move to 100% BRR will be fiscally neutral.
- 4.13 **Business Rates Revaluation** - There will be a Business Rates Revaluation which will go live on 1 April 2017. A flyer from the Valuation Office was included with all business ratepayers bills in March 2016. A summary of the revaluation changes are shown below.

Table 2 - Summary of Revaluation Changes - Devon wide				
Devon Authorities	Change in RV £	Change in RV %	Change in Gross rates £	Change in Gross rates %
District				
East Devon	3,672,626	4.12%	199,698	0.46%
Exeter	1,806,153	0.97%	(2,323,577)	-2.58%
Mid Devon	1,229,526	3.01%	(121,278)	-0.61%
North Devon	946,411	1.11%	(1,012,643)	-2.45%
South Hams	2,657,072	3.16%	(187,428)	-0.46%
Teignbridge	1,659,923	2.01%	(631,902)	-1.58%
Torridge	3,438,326	10.28%	1,037,053	6.41%
West Devon	2,343,538	8.09%	601,704	4.29%
Districts total	17,753,575	2.81%	(2,438,373)	-0.80%
Unitary				
Plymouth	1,083,143	0.47%	(3,386,667)	-3.06%
Torbay	(5,795,624)	-5.90%	(4,375,751)	-9.21%
Unitary total	(4,712,481)	-1.44%	(7,762,418)	-4.90%
Overall Devon total	13,041,094	1.36%	(10,200,791)	-2.20%
Gross rates (RV x rating multiplier) - before any transitional, SBRR, mandatory & discretionary relief				

4.14 Although for all Districts in Devon there has been an increase in rateable value, the Government proposes to reduce the national small rate multiplier by 1.7p from 48.4p to 46.7p and the standard multiplier is also estimated to fall by 1.7p to 48.0p so that total business rate receipts in England remain constant in real terms.

4.15 Under the Government's proposals, South Hams would see a reduction in the tariff paid over to the Government. However the Government has acknowledged that this methodology does not take into account the impact of reliefs and has indicated that it will keep the decision under review.

COUNCIL TAX

4.16 South Hams District Council's share of the council tax bill in 2016/17 was **9%**, being £150.42 out of an average Band D council tax bill of £1,660.73. The total income from council tax in 2016/17 is £5,566,140.

The table below shows how an average Band D council bill is made up for South Hams for the last two years:

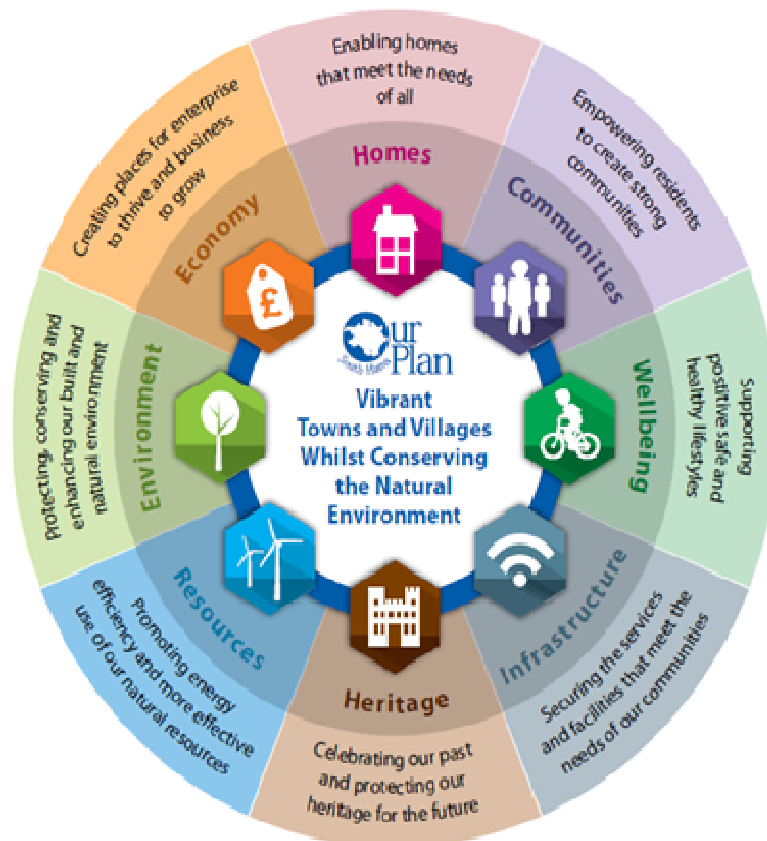
Precepting Authority	Band D 2015/16	Band D 2016/17	£ Increase	% Increase
South Hams District Council	£145.42	£150.42	£5.00	3.44%
Devon County Council Precept	£1,161.27	£1,184.39	£23.12	1.99%
Adult Social Care Precept *		£23.23	£23.23	2.00%
Devon & Cornwall Police & Crime Commissioner	£169.47	£172.84	£3.37	1.99%
Devon & Somerset Fire & Rescue	£78.42	£79.98	£1.56	1.99%
Average Parishes/Towns	£45.94	£49.87	£3.93	8.55%
TOTAL	£1,600.52	£1,660.73	£60.21	3.76%

£5 council tax referendum limit for District Councils for four years

- 4.17 The final Finance Settlement announced in February 2016 stated that the Council Tax referendum limit for all District Councils for the next four years (2016/17 to 2019/20) is the higher of 2% or more than £5. This means the Council would have the flexibility to increase its Band D council tax by £5 per year until 2019/20. (An increase of £5.01 triggers a council tax referendum).
- 4.18 District Councils lobbied for the ability to be able to increase council tax by up to £5. The Council made the point that given the dramatic cuts to funding in Revenue Support Grant and New Homes Bonus, Councils must be given the freedom to set the council tax locally based on local need and local understanding of the services and demands on those services. The Band D council tax level for 2016-17 was set by Council at £150.42.
- 4.19 **Collection Fund Surplus** – At the end of March 2016, the Council has a balance on its Collection Fund (council tax collection fund) of £2.120 million. A large part of this has been distributed in 16/17 but there is a predicted £1.18 million to distribute in 2017/18. This means that the District Council's share of this distribution is £143,000 which is funding available towards the 2017/18 Budget.

5 THE COUNCIL'S STRATEGIC PRIORITIES – OUR PLAN

5.1 The Council's 'Our Plan' describes the Council's vision and its aspirations for our communities. It does this by setting out what the Council wishes to deliver to our communities under eight themes. These themes are: Homes; Economy; Communities; Wellbeing; Infrastructure; Environment; Heritage; and Resources. There is then a plethora of external policies and strategies which support the delivery of 'Our Plan'.



5.2 The Council has a number of strategic documents and plans that guide its approach to achieving its vision and ensuring that it remains financially sustainable. The most impactful and important of these are: Our Plan; Joint Local Plan; Medium Term Financial Strategy (MTFS); and the Asset Management Plan.



6 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION FOR 2017/18 ONWARDS

- 6.1 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 6.2 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **These figures in Appendix A show the changes to the existing base budget.** A description of the larger budget pressures are set out below.
- 6.3 **Inflation and increases on goods and services** – There is a cost pressure of £310,000 in the MTFs for Inflation and increases on goods and services, the detail of which is shown in 3.3.
- 6.4 **Triennial Pension revaluation** – The Council's Pension Fund is valued every three years. A revaluation was due for March 2016. Any new employer's pension contribution rates will apply from April 2017. Some preliminary figures have been made available to the Council and the cost pressure for 17/18 has been reduced from £150,000 to £125,000 as a result. The Council currently pays just under £1.4 million a year in employer's pension contribution rates.
- 6.5 **Planning fee income** – In the Budget Monitoring report to the Executive on 20 October 2016, it was highlighted that there is predicted to be a shortfall in income from planning applications of £70,000. Following the budget scouring process where all budgets have been scrutinised and also from having three months more of data, it is now anticipated that planning income will be under budget by £125,000.

This position is expected to continue in 2017/18 and therefore a cost pressure of £125,000 has been added to the budget report. In 16/17 the budgeted income is £700,000 and it is anticipated actual income will be in the region of £575,000. At the end of November 2016 (end of Month 8) the amount of planning fee income was £386,000.

There is nothing concrete yet in legislation to allow Councils to charge a cost recovery basis for Planning applications. The Council's understanding is that secondary legislation will be required for this to happen. At this stage, it is felt prudent to reduce the planning income budget for next year.

- 6.6 **Salaries** – A 1% provision for a pay award has been included for 2017/18 which totals £90,000. This is explained in section 3.1.
- 6.7 **National Living wage and National Insurance** – The Government has committed to following the recommendations of the independent Low Pay Commission to increase the National Living Wage (NLW) by 4.2% from £7.20 to £7.50 from 2017. The Government's target is for the NLW to reach 60% of median earnings by 2020 subject to sustained economic growth. There will also be a small increase in national insurance contributions. A cost pressure of £75,000 has been included for these elements.
- 6.8 **Sherford project team** – The external funding for the Sherford project team is projected to cease at the end of this year. Therefore the salary costs of the team will need to be funded by the Council after this point. In the MTFS it had been envisaged that this cost of £45,000 could be met from extra planning fee income but this is now not achievable in light of the fact the Council is expecting to be £125,000 down on planning income in 16/17 (as per 6.5) and this will be a cost pressure on the budget.
- 6.9 **Housing Benefit administration subsidy and Council Tax Support Admin Grant** - The Council currently receives grant income of £245,000 in Housing Benefit administration subsidy and £89,000 in Council Tax Support Admin Grant. It is anticipated that these grants could reduce by £40,000 a year in total (between both grants) for the next few years and a cost pressure has been included for these amounts.
- 6.10 **Waste Round review** – The savings for waste linked to the round review were £125,000 and the MTFS in September 16 showed a saving of £85,000 in 17/18. This budget report now shows a cost pressure of £40,000 in 17/18. This is reflecting the fact that the £125,000 of savings which were envisaged from round review are now not achievable in the next financial year.

The waste efficiency savings were taken from IESE projections and informed by the interim IESE waste manager. This was done as a desk top exercise but the route testing was not able to be done until the Council had tested the 5 to 4 day week pattern. The costs of this work piece have been met by IESE through negotiation as acceptance of the indicative nature of the earlier projections. The detailed route testing has shown that the indicated saving cannot be achieved in the current financial year. It is recommended that the budget shows a cost pressure of £125,000 for 17/18 to rebalance the service baseline costs.

The waste task and finish group has adjusted the scope of its' work to review the service in light of changes since 2014 and to recognise changes in Devon County Council strategic waste plans. It is anticipated that the outcomes of this work, due to be completed by April 2017, will deliver efficiencies. It is not recommended that these are estimated at this point. Actual efficiency savings deliverable will be presented to Council in 2017 by the group.

- 6.11 **Recycling credits income** – As highlighted in the Budget Monitoring report (Executive 20 October), it is anticipated there will be a £35,000 cost pressure. Income from recycling credits will reduce by £60,000 due to the Waste Disposal Authority bringing dedicated leaf sweepings into the Devon County contract. This is partly offset by a reduction in the amount paid out as a gate fee for this service (£25,000).
- 6.12 **Treasury management income** – A reduction of £25,000 in 2017/18 is anticipated (as 3.4). The Council is investigating alternative investment vehicles in order to be able to reduce this cost pressure.
- 6.13 **Lease renewal** - A £20,000 cost pressure needs to be included for a lease renewal.
- 6.14 **Finance Community of Practice** – A cost pressure of £15,000 has been included for the cost of an extra 0.6FTE post within the Finance COP team (above the blueprinted establishment for finance). This is to reflect the fact that the blueprinted resources for the team were on the assumption that self-serve for budget holders was fully embedded and that budget managers would manage their budgets with minimal input or assistance from the finance team. Due to changing the coding structure for both Councils, the system support required on Civica Financials, the complexity of shared services accounting and the self-serve training still required on the finance system, it is recommended that the establishment reflects the current position and a cost pressure is recognised.

- 6.15 **Reductions in other income** – There is a reduction in income of £10,000 on S106 contribution income as the legislation has changed and the Council will no longer receive these contributions in future years. The Council is also not achieving the Follaton House room hire target income by £10,000 (e.g. for wedding event hire) and £10,000 from pannier market income. In addition, the Leisure budget needs to be adjusted for a reduction in third party income.
- 6.16 **Transfer Station** - There is likely to be a cost pressure for 2017/18 for use of the transfer station at Torr Quarry. An update will be included within the next Budget report.

EARMARKED RESERVES

- 6.17 As part of the compilation of the MTFs, a review has been carried out of the Council's Earmarked Reserves to assess the adequacy of the level of Earmarked Reserves. A schedule of Earmarked Reserves is shown in Appendix D.
- 6.18 **Vehicle Fleet Replacement programme** - A Fleet Replacement report was presented to the Executive on 20 October 2016. The Budget report reflects the profile of the contribution to the Vehicle Fleet replacement programme set out in this report, in accordance with Option 3a, to ensure the budget is aligned to the timing of vehicle purchases up to March 2022. The profile of contributions in the 20 October report bettered the position originally set out in the Medium Term Financial Strategy in September (which had shown a worse case scenario) by £154,000.
- 6.19 **Land and Development Reserve** - There is a housing policy coming forward that will give the Council the option of buying plots back, if after 12 months of advertising, the self builds haven't happened. This would help the Council meet its affordable housing targets. It would however need funding and an estimate is £50,000 a year is anticipated to be required. A cost pressure for this amount has been included within the MTFs.
- 6.20 **IT Development Reserve** – It is recommended that the Council makes an annual contribution of £50,000 per year into this reserve to fund IT expenditure. An ICT Strategy will be reported to the Executive.
- 6.21 **Sustainable Waste Management Reserve** – It is recommended that the Council makes an annual contribution of £25,000 into this reserve, to fund the replacement of wheeled bins. This reserve has been fully utilised and there is only a balance of £3,000 remaining. Therefore the reserve needs replenishing.

- 6.22 **Planning Policy and Major Developments Reserve** – An annual contribution to the Planning Reserve is recommended, in order to be able to make a provision for the cost of the Council defending planning appeals. The Planning Reserve is projected to have a balance of £67,000 at 31 March 2017 and the level of this reserve is recommended to be increased.
- 6.23 **Contribution to the Strategic Change Reserve (T18)** – The Business Case for the Transformation Programme (T18) approved by Council on 11 December 2014, outlined in Appendix C of the report that the contribution to the Strategic Change Reserve would need to increase from £219,000 in 2016/17 to £285,000 in 2017/18. This is an increase of £66,000 which is shown as a cost pressure in Appendix A for 2017-18. This cost is to meet pension strain costs. The £285,000 then reduces over the Years 2 to 4 to Nil. The reductions are £75,000 in Year 2, £150,000 in Year 3 and then £60,000 in Year 4.

SAVINGS AND INCOME GENERATION

- 6.24 **Income from fees and charges** – A report will be presented to the Overview and Scrutiny Panel on 19th January, to consider the fees and charges for 2017/18. Therefore no figure for savings/additional income has yet been shown in the Budget report and this is shown as 'To be agreed'. The report will cover the areas of options for car parking charges, trade waste fees, pre-application fees for planning, parks and open spaces and environmental health charges.
- 6.25 **Re-procurement of contracts** – The MTFs shows the savings in Appendix A from the re-procurement of outsourced contracts.
- 6.26 **Income from Commercial Developments** – Estate management rental income will increase by £95,000 due to the commercial developments at Batson, Salcombe, Burke Road, Totnes and Admiral Court, Dartmouth.
- 6.27 **Budget Scouring savings** - All of the existing base budgets have been scrutinised and challenged by the Leadership Team and Finance Business Partners, in order to identify further savings. The process is still on-going but the following savings of £55,000 have been identified to date:-
- i) £15,000 saving on subscriptions and text books
 - ii) A £25,000 efficiency target has been set to save 3% on the Council's repairs and maintenance budget of its assets of £785,000
 - iii) £10,000 saving on Members' travel and staff travel
 - iv) £5,000 saving on printing and stationery (paper copies of agendas are no longer printed - instead electronic agendas are on Modern.Gov)

The budget scouring process has also identified further budget pressures as well as budget savings and where identified, these budget pressures have been included within this budget report.

- 6.28 **Follaton House** – Additional rental income and reduced running costs of £20,000 per annum for the next two years have been included within the MTFS. This is in addition to £23,000 in 16/17 and £50,000 in 15/16 that was included as additional rental income in the Budget.
- 6.29 **Income from business rates domestic properties for trade waste collection** – This followed the implementation of charging business rated domestic properties for trade waste services. As stated in the Executive Budget report on 4 February 2016, a conservative estimate of £50,000 income target for trade waste was put into the 2016/17 budget process as additional income, with an extra £25,000 in 2017/18.
- 6.30 **Transformation Programme 2018 (T18)** – In 2014/15 the Council achieved £290,000 of T18 salary savings. In 2015/16 the salary savings achieved were £1.2 million. By 2016/17, the T18 salary savings realised will total £2.6 million. The £2.6 million is an annual salary saving from 16/17 onwards. In addition there are predicted to be annual savings from the Delivery Unit and savings from Accommodation.
- 6.31 On 30th June 2016, Council approved additional fixed term (12 – 18 months) temporary transitional staffing resources, of which the South Hams District Council share of the cost is £545,972. The temporary additional cost of £545,972 will add approximately 8.5 weeks to the payback period of the T18 Programme (the payback period was 2 years and 6 months).

7. OVERALL POSITION – BUDGET GAP

- 7.1 Appendix B illustrates the overall financial forecast for the forthcoming five years. Although the Council's Net Budget is £8.75 million in 2016/17, the Gross Expenditure of the Council is around £43 million.
- 7.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if the Council Tax is increased by £5 (shown in Appendix B).
- 7.3 In 2017/18 there is a projected Budget Gap of £190,866. Over the five years, the cumulative projected budget gap is £476,647 as shown below.

7.4 The following table illustrates the predicted budget gap from 2017/18 onwards for the Council as shown in Appendix B:

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Annual budget gap	190,866	231,949	Nil	28,020	25,812
CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 21/22					£476,647
In the year 2019/20, a budget surplus arises and the modelling assumes that this surplus is used for one-off investment and is taken as a saving in the next financial year.					

7.5 **Identification of further savings and income generation** – There are several areas where further work is being carried out by officers to identify further savings and income generation:

- Fees and charges (see 6.24) – To be reported to the Overview and Scrutiny Panel on 19th January.
- A Financials Principles Workshop is being held with Members on 8 December (repeat session on 5 January) to focus on an approach and strategy for Income Generation

7.6 There are areas which are shown as possible future savings (shown in grey on Appendix A) which are being progressed by the Business Development Group Manager and which were the subject of a report to the Overview and Scrutiny Committee on 17th March 2016. These total £125,000 as shown on Appendix A.

7.7 The Finance Settlement will be announced before Christmas and this should announce the level of New Homes Bonus funding for the Council for 2017/18. The Council can then take a view on the proposed allocation and distribution of the New Homes Bonus funding (see Section 8). Depending on the amount received, the Council may want to review the amount of NHB that it uses to fund the Revenue Base Budget. This report is based on the Council using £0.5 million to fund the Revenue Base Budget.

7.8 There maybe an announcement shortly from the Government on second homes. Last November the Government said they would raise an extra £60 million from charging an extra 3% on Stamp Duty Land Tax and that this money would be available to communities acutely impacted by second homes. We have been informed that there will be a Government announcement on this shortly. In South Hams, 9% of the properties are second homes, the Council has just under 4,000 second homes.

7.9 The Overview and Scrutiny Panel have reviewed partnership funding levels and it was resolved (O & S.55/16) that the funding levels remain the same for the South Hams Citizens Advice and South Hams Community Voluntary Service for 2017/18.

8 NEW HOMES BONUS (NHB)

8.1 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.

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

Year	2013/14 £	2014/15 £	2015/16 £	2016/17 £
NHB Grant received	1,026,018	1,365,325	1,693,533	2,079,908
Housing Capital Projects	460,000	460,000	464,000	464,000
Community Reinvestment Projects	153,900	153,900	153,900	153,900
To fund the Revenue Base Budget	100,000	564,043	959,126	500,000
To fund the one-off set up costs of the Local Authority Controlled Company (LACC)				150,000
Community Grants (CAB Outreach worker)	10,000	10,000	10,000	10,000
Dartmoor National Park		17,277	5,779	24,606
Transferred to the Capital Programme Reserve	302,118	160,105	100,728	
Transferred into an Innovation Fund (Invest to Earn) Earmarked Reserve (see 10.6)				777,402
TOTAL	1,026,018	1,365,325	1,693,533	2,079,908

8.3 New Homes Bonus allocations for future years are estimates and cannot be taken with any certainty as the whole NHB system is subject to change following a Government consultation exercise in March 2016. It is hoped that the Finance Settlement (due to be announced before Christmas 2016) will announce the levels of NHB funding for Councils for 2017/18.

8.4 The table below shows estimated amounts of NHB receivable in future years and possible uses of the NHB for Members' views:-

	2017-18 (£)	2018-19 (£)	2019-20 (£)	2020-21 (£)	2021-22 (£)
Potential NHB amount	1,600,000	1,250,000	1,150,000	1,100,000	1,100,000
Potential uses of the NHB:-					
Capital Projects (£317K for Housing projects and £190K for play parks)	507,000	507,000	457,000	317,000	317,000
Community Reinvestment Projects	153,900	153,900	153,900	153,900	153,900
To fund the Revenue Base Budget	500,000	500,000	500,000	450,000	450,000
Joint Local Plan	50,000	-	-	-	-
Community Grants (CAB Outreach worker)	10,000	10,000	10,000	10,000	10,000
Dartmoor National Park allocation	TBA	TBA	TBA	TBA	TBA
Funding remaining	379,100	79,100	29,100	169,100	169,100

8.5 The figures above in 8.4 are based on the NHB consultation proposals to reduce the number of years from 6 years to 4 years (with 5 years funding for 2017/18 as a transitional year).

8.6 The modelling in 8.4 assumes a contribution from NHB of £500,000 per annum towards the revenue base budget, with this decreasing to £450,000 from 2020/21 onwards.

8.7 Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and joint work through the rural housing enabler. Members consider this on an annual basis.

8.8 One consideration for Members would be whether to allocate the funding remaining (approx. £379K) to the Innovation Fund (Invest to Earn) Earmarked Reserve (see 10.6). An extra £50,000 for the Joint Local Plan has been identified by officers as being required in 17/18.

9. CAPITAL PROGRAMME 2017/18 to 2019/20

- 9.1 A separate report for the Capital Programme proposals for 2017/18 is on the Executive agenda. This sets out a proposed Capital Programme for 17/18 of £2,525,000.
- 9.2 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.
- 9.3 As part of the budget proposals, it is 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. This will form part of the December report.
- 9.4 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.
- 9.5 In July 2016 (Minute 33/16), the Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract.

10. EARMARKED AND UNEARMARKED RESERVES

- 10.1 The Council's Net Budget is £8.75 million in 2016/17. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £1.5 million. The summary below shows the position at 31 March 2016:

The Use of Unearmarked Revenue Reserves	2014/15 £'000
Balance B/fwd 1.4.2015	1,741
Revenue Outturn Underspend for 2015-16	69
Unearmarked revenue reserves at 31.3.2016	1,810
Earmarked revenue reserves at 31.3.2016 (see Appendix D)	15,197

The Unearmarked General Fund Revenue Reserve balance at 31st March 2016 was £1,810,000 and the Earmarked Reserves balance was £15,197,000. This gave total Revenue Reserves of £17,007,000.

10.2 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
- Uncertainty over future Government funding
- Uncertainty over future New Homes Bonus allocations

10.3 The Unearmarked Reserves (General Fund) balance of £1.8 million stands above the minimum balance of £1.5 million and acts as a safeguard against unforeseen financial pressures.

10.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance). Sections 6.17 to 6.23 of the report set out where the adequacy of the level of Reserves has been assessed and where recommendations have been made to increase the annual contribution to Earmarked Reserves.

10.5 A schedule of predicted Earmarked Reserves for 16/17 is shown in Appendix D. Earmarked Reserves are predicted to be £15,026,000 at the end of March 2017.

10.6 The tables below show the movements on the two Earmarked Reserves that were set up as part of the Budget approved for 2016/17.

2016/17 Budget Surplus Contingency Earmarked Reserve (£)	
Opening Balance – This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve.	767,995
Less known Commitments against this Reserve:	
Council 30 June 2016 – To fund the T18 Transitional Resources	(278,972)
Council 28 July 2016 – To fund the LACC set up costs	(126,750)
Balance left uncommitted	362,273

Innovation Fund (Invest to Earn) Earmarked Reserve (£)	
Opening Balance - Council on 11 Feb 2016 agreed to transfer the unallocated New Homes Bonus of £777,402 into an Innovation Fund (see 8.2)	777,402
Less known Commitments against this Reserve:	
Purchase of Ropewalk (including stamp duty) to aid Kingsbridge K2 development (Council 7 th April 2016)	(472,500)
Admiral Court, Dartmouth, Phase 4 (Executive 16 June 16)	(250,000)
Year 1 funding of Development Surveyor (Overview and Scrutiny Panel 7 th April 2016)	(26,400)
To finance the business support service provided by Business Information Point at a cost of £8,000 per annum (E.38/16 and O & S.29/16)	(8,000)
Balance left uncommitted	20,502

- 10.7 **Sensitivity analysis and risk analysis** – The figures within the Medium Term Financial Strategy (MTFS) were subject to a sensitivity analysis of the figures and a risk analysis. A copy was attached at Appendix F of the MTFS.

11 OTHER BUDGET ITEMS

- 11.1 **Members' Budget Workshop** – On 21st September 2016 a Members' Budget Workshop was held. This was to give all Members the opportunity to influence and shape the budget setting process.
- 11.2 At this workshop, there was early support for increasing council tax by the maximum allowable of £5. 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.
- 11.3 **Council Tax Reduction Scheme** – The Council approved a grant distribution of £101,658 for 2016-17 for the Town and Parish element of the grant. It is estimated that the Council's funding (Revenue Support Grant, Business Rates, Rural Services Delivery Grant and Transition Grant) will decrease by 29.6% in the next three years of the

funding settlement (see Appendix B). The average of this is 9.85% each year over the next three years.

- 11.4 Towns and Parishes would like more certainty of their grant allocations for planning purposes and have been informed by the Council of a three year funding reduction of 9.85% each year for the next three financial years (2017/18 to 2019/20). This is an overall reduction of £10,014 for 2017-18.

Devolution

- 11.5 The Council plays an active part in the Heart of the South West LEP's devolution project. In September 2015 the Heart of the South West (HotSW) submitted its devolution Statement of Intent to Government. The partners are 17 local authorities, two National Parks, the Local Enterprise Partnership and the three Clinical Commissioning Groups.
- 11.6 In July 2016 (Minute 34/16) Council agreed to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area. It was noted that giving endorsement did not commit the Council to entering into a Devolution Deal or becoming a member of the Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

Local Authority Controlled Company (LACC)

- 11.7 On 28 July 2016 (Minute 32/16), Council considered a report on the findings of a business case that had been prepared by PriceWaterhouseCoopers (PWC) at the request of Members, on the merits of establishing a Local Authority Controlled Company (LACC). The company would be wholly owned by South Hams and West Devon Councils, to deliver the full range of District Council services. In doing so, it is anticipated that this would create an opportunity to sell these services to other organisations to generate income.
- 11.8 It was agreed that the Council proceed with the work which enables a more considered decision to be made with regard to the implementation of a LACC, subject to there being a satisfactory outcome to the outstanding pension, tax and governance questions. It was also agreed that a Joint Steering Group (JSG) with West Devon be established to deal with matters concerning the implementation of the LACC.

UK vote to leave the European Union

11.9 The full implications of the decision on 23 June 2016 by the UK to negotiate an exit from the European Union (EU) will become apparent over time. There may be changes in Government policy and any significant changes in the economy may have an impact on local government financing. The MTFS and this Budget report contains the latest high level forecasts in the public domain for budgeting purposes (those announced in the Local Government Finance Settlement in February 2016) and the Council will continue to monitor any impact on public sector funding and the Council's treasury management activity closely.

Income generation opportunities and the Council's asset management strategy

11.10 In this financial climate, income generation becomes a key priority area. Efficient and effective management of the Council's commercial property portfolio is inextricably linked to the Council's response to expected reduction in funding support and increasing the revenue from commercial property will help to bridge future funding gaps.

11.11 The commercial property portfolio is run as a commercial enterprise so as to generate a revenue stream for the Council. It is the aim of the Council to continue to run the commercial estate and over time, to increase its size, by developing out sites in its ownership, as well as through the purchase of new land where required. The development programme will form part of the capital programme, which is predicated on robust and compelling business cases. Whenever financially viable, the Council will consider and deploy renewable energy / environmentally friendly solutions and technologies.

11.12 In summary, the Council's asset management strategy is to:

- Pro-active dispose of non-strategic land to reduce operational expenditure
- Use funds realised from asset disposals for future development
- Bring forward strategic sites for development or disposal as appropriate (investment will be required)
- Actively grow Commercial Asset Portfolio - Focus on Housing (Affordable, Rental, Market) & Employment Units

11.13 Other income generation initiatives will be pursued in tandem with extending the commercial property portfolio; linked to driving more value from Council assets and resources. This could be from providing customers with added value services.

12 Timetable for the Budget Setting Process

12.1 Appendix C sets out the timetable for the Budget Setting Process.

13 Looking Forward to the Future

13.1 Overall, the Council's finances remain strong. In order to maintain this position, the Council operates continuous monitoring of both income and expenditure. This ensures that services are delivered within approved budgets and that all three elements of value for money (economy, efficiency and effectiveness) are achieved for our residents.

14. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>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.</p> <p>The preparation of the MTFs and this Budget report 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.</p>
Financial	Y	The financial implications are set out in Sections 1.7 to 1.8 of the Executive Summary.
Risk	Y	The financial risks are as set out in the report and in Appendix F of the MTFs.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.

Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B – Modelling of council tax increasing by £5

Appendix C – Budget Timetable for 2017/18 onwards

Appendix D – Schedule of Reserves

Appendix E – Feedback from the Members’ Budget Workshop

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

This page is intentionally left blank

MEDIUM TERM FINANCIAL STRATEGY
(This shows the changes to the existing Base Budget)

APPENDIX A

	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
BUDGET PRESSURES					
Inflation and increases on goods and services (see 6.3 and 3.3)	310,000	270,000	270,000	270,000	270,000
Triennial Pension revaluation (see 6.4)	125,000				
Reduction in Planning fees income (see 6.5)	125,000				
Salaries - provision for pay award at 1% (see 6.6)	90,000	90,000	90,000	90,000	90,000
National Living Wage and National Insurance (see 6.7)	75,000	50,000	50,000	25,000	25,000
Sherford project team (see 6.8)	45,000				
Reduction in Housing Benefit administration subsidy and Council Tax Support Admin Grant (see 6.9)	40,000	40,000	40,000		
Reduce saving on waste round review (see 6.10)	40,000				
Reduction in recycling income (see 6.11)	35,000				
Reduction in treasury management income (see 6.12)	25,000	10,000	10,000		
Cost of lease renewal (see 6.13)	20,000				
Staff resource - Finance Community of Practice (see 6.14)	15,000				
Reduction in other income areas (S106 contribution income, Follaton room hire, pannier market income and Leisure third party income) (see 6.15)	95,000				
Specialist resource - Waste and Cleansing options review and delivery reverse a one-off budget in 16/17	(30,000)				
TOTAL BUDGET PRESSURES	1,010,000	460,000	460,000	385,000	385,000

Changes to contributions to Earmarked Reserves

Vehicle Fleet Replacement Reserve (see 6.18)	146,000	(197,000)			(13,000)
Contribution to Land and Development Reserve (see 6.19)	50,000				
Contribution to IT Development Reserve (see 6.20)	50,000				
Contribution to Sustainable Waste Management Reserve (see 6.21)	25,000				
Contribution to Planning Policy and Major Developments Reserve (see 6.22)	25,000	25,000	25,000		
Transformation Project (T18) - Approved at 11 December 2014 Council Contribution to Strategic Change Reserve to meet pension strain costs (see 6.23)	66,000	(75,000)	(150,000)	(60,000)	
Total changes in contributions to Earmarked Reserves	362,000	(247,000)	(125,000)	(60,000)	(13,000)

SAVINGS AND INCOME GENERATION IDENTIFIED

	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
Income from fees and charges (see 6.24)	TBA				
Savings from re-procurement of contracts (see 6.25)	(695,000)	0	(73,000)	(146,000)	(31,000)
Income from commercial developments (see 6.26)	0	(95,000)			
Budget scouring savings - (see 6.27)	(55,000)				
Reduced running costs at Follaton and additional rental income (see 6.28)	(20,000)	(20,000)			
Income from business rated domestic properties for trade waste collection (see 6.29)	(25,000)				
Review of car parking permits (Overview & Scrutiny Panel 24/11/16)	(10,000)				
Council Tax reduction scheme - 9.85% reduction in Town and Parish Grant (see 11.7)	(10,000)				
TOTAL SAVINGS AND INCOME GENERATION	(815,000)	(115,000)	(73,000)	(146,000)	(31,000)

MEMORANDUM

POSSIBLE FUTURE SAVINGS (see 7.6)	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
Beach and Water Safety Changes		(25,000)			
Dartmouth Lower Ferry	(100,000)				

Note: These savings have not yet been built into the Budget for 17/18 or 18/19 but are shown for illustration purposes as to possible future savings. These areas are currently being worked upon by officers but are not yet confirmed.

This page is intentionally left blank

Line No.	Appendix B - Council Tax is increased by £5 each year Modelling for the financial years 2017/18 onwards	BASE 2016/17 £	Yr1 2017/18 £	Yr2 2018/19 £	Yr3 2019/20 £	Yr4 2020/21 £	Yr5 2021/22 £
1	Base budget brought forward	8,839,401	8,751,722	8,349,861	8,215,912	8,589,752	8,678,892
2	Budget pressures (as per Appendix A)	1,690,000	1,010,000	460,000	460,000	385,000	385,000
3	Savings already identified (as per Appendix A)	(1,283,800)	(815,000)	(115,000)	(73,000)	(146,000)	(31,000)
4	Reverse T18 contributions to reserves	(1,950,000)					
5	Reduce New Homes Bonus contribution from £969,126 to £500,000 for years 2016/17 to 2019/20 - further reduce to £450,000 in 2020/21	469,126				50,000	
6	Changes in contributions to Earmarked Reserves (App A)	219,000	362,000	(247,000)	(125,000)	(60,000)	(13,000)
7	Contribution to Contingency Reserve (16/17 Budget Surplus)	767,995					
8	Reversal of budget surplus in the following year (assumes budget surpluses are only used to fund one-off investment in the year that they occur and that they do not permanently increase the base budget). Surpluses are used in the next financial year as a saving.		(767,995)			(111,840)	
9	Projected Net Expenditure:	8,751,722	8,540,727	8,447,861	8,477,912	8,706,912	9,019,892
	Funded By:-						
10	Council Tax income - Modelling a £5 increase each year	5,566,140	5,813,328	6,064,516	6,319,704	6,578,892	6,842,080
11	Collection Fund Surplus	210,000	143,000	100,000	90,000	90,000	90,000
12	Revenue Support Grant	749,451	245,393	0	0	0	0
13	Localised Business Rates	1,764,500	1,764,799	1,799,510	1,852,597	1,910,000	1,962,000
14	Rural Services Delivery Grant (see 4.4 and 4.5)	405,536	327,451	251,886	327,451	100,000	100,000
15	Transition Grant	56,095	55,890	0	0	0	0
16	Total Projected Funding Sources	8,751,722	8,349,861	8,215,912	8,589,752	8,678,892	8,994,080
17	Budget (surplus)/ gap per year (Projected Expenditure line 9 - Projected Funding line 16)	0	190,866	231,949	-111,840	28,020	25,812
			Budget Gap	Budget Gap	Budget Surplus	Budget Gap	Budget Gap

Less: Contribution of Budget Surplus to an Earmarked Reserve for one-off investment. (This means a total of £111,840 is available for one-off investment for the five year period)		0	0	111,840	0	0
Resulting Budget Gap		190,866	231,949	0	28,020	25,812
Actual Predicted Cumulative Budget Gap (Assumes any Budget Surpluses are used for one-off investment in the year they occur and that budget surpluses are used in the following year as a saving - shown in Line 8)		190,866	422,815	422,815	450,835	476,647
Possible Cumulative Budget Gap (including possible future savings which are not yet confirmed, as shown in grey on Appendix A and in section 7.6)		90,866	297,815	297,815	325,835	351,647

Modelling Assumptions:	An assumption of an additional 400 Band D equivalent properties per year has been included in the TaxBase and modelling above for 2017/18 onwards					
Council Tax (Band D) (Modelling a £5 a year increase)	150.42	155.42	160.42	165.42	170.42	175.42
Council TaxBase	37,003.99	37,403.99	37,803.99	38,203.99	38,603.99	39,003.99

This page is intentionally left blank

APPENDIX C

South Hams District Council - Budget Timetable for 2017/18 onwards

Date	Committee
4 th August 16	Overview and Scrutiny Panel – To consider the process and timetable for the annual review of the Medium Term Financial Strategy (MTFS)
15 th September 16	Executive – To consider the draft MTFS
21 st September 16	Members’ Budget Workshop – To carry out a full review of the MTFS
15 December 2016	Executive – Draft Budget Proposals for 2017/18
19 January 2017	Overview & Scrutiny Panel – To comment on the Draft Budget Proposals for 2017/18 and to consider Fees and Charges for 2017/18
2 February 17	Executive – To recommend Final Budget Proposals to Council for 2017/18
6 February 17	Date which Council Procedure Rule 16 applies
9 February 17	Full Council – To approve Final Budget Proposals for 2017/18 and set the SHDC share of the Council Tax
23 February 17	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2017/18 (This is SHDC share plus all other precepting authorities share).

Note 1- Council Procedure Rule 16 states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Monday 6th February.

This page is intentionally left blank

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					APPENDIX D
		2016/17 Contribution £000	Opening balance 1 April 2016 £000	Projected Balance 31 March 17 £000	Comments
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
S0820	Capital Programme	182	1,089	542	Includes a commitment of £441k for In cab technology
S0821	Revenue Grants		368	354	Comprises grants with no repayment conditions - created as a result of International Financial Reporting Standards (IFRS)
S0822	Affordable Housing		540	71	Due to Capital Programme commitments
S0823	Renovation Grant Reserve		7	7	Comprises proceeds from repayments
S0804	New Homes Bonus		480	0	
S0826	Community Parks and Open Spaces	17	98	104	
S0710	Pension Fund Strain	99	0	0	
S0827	Repairs & Maintenance	55	420	440	
S0828	Marine Infrastructure	46	47	93	The annual contribution is made by Salcombe Harbour
S0829	Land and Development		226	185	Includes a commitment of £76k for K2 - Kingsbridge Master Plan E.6/16 refers and a commitment of £100k for Admiral Court Dartmouth (Exec 16 June 16)
S0830	Ferry Repairs & Renewals	87	313	400	
S0851	Homelessness Prevention Reserve		25	0	
S0831	Economic Initiatives		98	77	N.B. £49k earmarked for RDP Local Action 2017/18 to 2019/20. E21/14 refers
S0832	Vehicles & Plant Renewals	541	318	0	Due to programmed vehicle replacements in 2016/17 - There is also a commitment of £300,000 for Vehicles from 2015/16.
S0833	Pay & Display Equipment Renewals	21	61	81	
S0834	On-Street Parking		44	0	
S0847	T18 Investment Reserve		70	0	To fund T18 one-off investment costs.
S0849	Strategic Change Reserve (T18)	219	0	0	A new reserve set up to fund T18 redundancy and pension costs.
S0835	Print Room Equipment		8	8	
S0836	ICT Development		195	130	
S0837	Sustainable Waste Management		3	0	
S0838	District Elections	10	48	58	
S0839	Beach Safety		14	14	
S0840	Planning Policy & Major Developments		331	67	Includes commitments for Planning Enforcement staffing in 2016/17 (£111K) Cncl 65/15 refers and Our Plan (£75k) Executive 10/12/15
S0841	Building Control		395	0	
S0842	Section 106 Deposits		38	38	Comprises deposits with no repayment conditions - created as a result of IFRS
S0846	Members Sustainable Community Locality		45	0	
S0848	16/17 Budget Surplus Contingency Reserve	768	0	362	Includes commitments for T18 Transitional Resources (£279k) Council 25/16 refers and LACC set up costs (£127k) Council 28/7/16
S0850	Innovation Fund (Invest to Earn) Reserve	777	0	279	Purchase of Ropewalk (Council 7th April 16) and Admiral Court, Dartmouth (Exec 16 June 16)
Sub Total excluding the Business Rates Reserve		2,822	5,281	3,310	
S0824	Business Rates Retention		9,916	11,716	The opening balance includes a safety net payment of £9.9 million for 15/16. The projection for 16/17 is based on the Council being eligible for a safety net payment of £1.8m for business rates in 16/17 due to the level of appeals outstanding.
Sub Total of Earmarked Reserves		2,822	15,197	15,026	
GENERAL RESERVES					
S0950	General Fund Balance (Unearmarked Reserves)		1,810	1,755	
TOTAL REVENUE RESERVES			17,007	16,781	

This page is intentionally left blank

Summary of the Members' Budget Workshop – 21 September 2016

A Members' Budget Workshop was held in order to carry out a full review of the Council's Medium Term Financial Strategy (MTFS) and to look at the eight themes within Our Plan. This was to give all Members the opportunity to influence and shape the forthcoming Budget Setting Process for 2017-18. The key points of the Medium Term Financial Strategy were discussed and reviewed. The Member Workshop also looked back on last year's feedback from the Members' Budget Workshop held in 2015.

Themes within 'Our Plan':-

Homes and Communities Themes

On the Homes Theme, Members were asked what they feel are their priority projects and were there any gaps which Members feel we should investigate further. The following were discussed:

- Community Land Trusts/VHI/community led fund
- Self Build/Self finish in terms of serviced plots
- Temporary accommodation – Tiny houses
- Best use of stock
- Shared housing for under 35's – what can we do?
- Communities & Neighbourhood Planning

The Member responses were as follows:

- Best use of housing stock – a good idea and value for money. Downsizing, provide financial incentive and support package.
- Community Land Trusts/VHI
- Shared housing for under 35s. The Council should try and include as part of the affordable housing mix on all allocated sites in the 4 main towns.
- Be firm with developers on what mix of affordable housing the Council wants
- Co-housing for old people as well as young people.
- Totnes NP writing a policy on house boats
- Shipping containers.
- Delivering alternative housing
- Want smaller good quality housing
- VHI schemes
- Exception sites
- Some Members don't support CLTs and self build. Too time consuming. Support VHI's.
- Some Members don't support Tiny Houses. Not a suitable product. Too small. Derogatory.
- Space standards
- Best use of existing stock
- Shared accommodation for under 35s, that is well managed. Use Direct Lets.
- Use cheap Local Authority borrowing powers to build Local Authority owned homes
- Put the homes in the LACC

There is also likely to be further announcements that are due to be introduced through the Housing & Planning Act, current timescales for the implementation of the Act and the full detail behind this is unclear. There were several areas for discussion:

- Starter Homes
- Extension of the Right to Buy – replacement 2:1
- Thresholds
- Welfare Reforms i.e. Pay to Stay

Well-being Theme

Through grant and contract funding, the Council works with a number of partners to discharge both its statutory duties and strategic priorities, which in turn deliver positive health and wellbeing outcomes for residents in the District.

The question was asked of 'Would Members support opportunities to work more closely with the voluntary sector?'

Members were broadly positive about the principle of working with partners in a different way, using agencies who the Council already funds to deliver the first tranche of advice or assistance which may be better trusted from the voluntary sector rather than the Council. Concerns were raised about resilience and capacity and the value for money the Council is able to prove through its partners. Councillors expressed their support for investigating the feasibility of this principle.

Infrastructure and Heritage Theme

The majority of Members were keen on the idea of both charging for duty and introducing planning performance agreements (PPAs). However a smaller number of Members felt that the duty should be free as part of the Council services.

The Key factors were;

Duty

To ensure that where people need to access information about active applications that this is isn't chargeable

Reasonable charge

Ensure service is of value - timely, suitably experienced staff etc.

Consult and advertise changes

PPAs

Ensure that it is simply help through the process

Ensure it is not a twin track process – i.e. those who can afford it get a better/quicker service

In both cases Members agreed that income should be ring fenced to Development Management for the first year and then a decision made based on a business case and future forecasting from then on.

Next steps - in line with the Peer Challenge Action Plan – to review present arrangements and cost out future options.

Resources Theme

Members were in support of increasing Council Tax by the maximum allowable (which is £5 for 2017/18). This measure would increase the base budget for ensuing years and protect the delivery of services and the Council's financial resilience.

Members asked for Officers to undertake a detailed review of Earmarked Reserves and to report back to Members in December as part of the Draft Budget for 2017-18 for Members' consideration. Members also stated that there should be no changes to the Budget once it is set in February 2017 for the 2017-18 financial year.

Use of New Homes Bonus (NHB) funding

Support for an element of NHB to be returned to communities who had had housing growth. It was advised that this was currently applied for by communities through the Council's Communities Reinvestment Fund. There was Member support for both the level of investment in the Communities Reinvestment Fund being both increased and decreased (differing views).

Members felt that Investment in IT was needed and it was discussed that a report would be being presented to Members on the ICT Strategy. The Mobile App was seen as a priority.

Varying views were expressed by Members on investing NHB by putting this funding into the Innovation Fund, homelessness or putting this funding into the Capital Programme. Members felt there should be no increase in the amount of NHB which is being used to fund the revenue base budget (which is £500,000 for 17/18).

Environment Theme

The Member groups discussed the discretion for fees and charges to be applied in this service area and the impact of this.

There was a clear motivation to continue to improve on recycling performance and to increase income through increased recycling sales. It was also acknowledged that this is currently being affected by changes in national behaviour which the Council needs to take account of.

The following topics were explored:

- Devolution of assets in relation to this portfolio area
- Charges for services – green waste, public toilets
- Frequency of waste and recycling collections and the impact on costs

Members were interested in the changes in waste direction from County level which might influence the Council's own waste direction. Members suggested that a wider look at our waste arrangements through the task and finish group would be of benefit. There was a recognition that there is a tension between the cost of environmental service and the ability to provide Council funded non-statutory services.

Members generally recognised the need for a commercial view but expressed concern about reputational impact as a result. There was discussion around similar activity in other areas and where South Hams sits in line with this.

Economy Theme

Areas the council should consider for income generation / efficiencies:

- Direct delivery of housing on council owned land
- Acquiring land to deliver housing or employment accommodation (without necessitating a Housing Revenue Account)
- Letting housing
- Increasing commercial investments to ensure the right accommodation is available and/or land which can be developed for employment uses (to retain / attract businesses to the area)
- Views were expressed by Members that the Council needs to step in where there is a gap in the market e.g. making sure there are suitable business premises in the area, particularly start-ups, but also sites for expanding businesses
- Green / food waste – charging / service redesign
- Extending commercial waste services, e.g. clinical / offensive waste, trade waste, holiday homes, recycling services
- Consider the market for soft services, e.g. cleaning services - There is a market for boat cleaning in South Hams, are there markets to investigate there, or similar services? The Council would need to be conscious of the impact on small businesses if the Council entered the market.
- Review of the treasury management strategy to increase the return from monies held (to explore opportunities and to look at risk versus returns)
- There should be greater collaboration between public bodies – not just devolution, with a focus of reducing cost and improved service delivery
- Work in partnership with RSLs to invest in property for shared rewards, not just housing, but stock improvement (e.g. investment in renewable energy)
- Green procurement (ICLEI) to drive efficiencies. Need to consider 'Green' solutions and longer term sustainability.

- Greater borrowing at historic low levels to generate long term revenue streams (e.g. property or land investment). Suggestion there is a formal “borrow to earn” initiative. Don’t be afraid to “think big” in terms of borrowing if there is a robust business case to support it and generate profits.
- Review of car parking to increase turnover and usage of car parks, improving local economy and income for the council
- Planning fee related income – increased pre-application advice

Questions raised by Members:

Questions were raised by Members on the following areas:

- What do we charge for? What can be done to increase income? Is it cost effective? Do we have the option not to provide services in some areas?
- Are there any areas which the Council doesn’t charge for, but could? If so, what would be required?
- For the above, would the Local Authority Controlled Company make a difference?

Support for the Economy

- The Council should offer more signposting for economic queries, i.e. support new, existing, fledgling businesses
- Clarity required over whether the Council is seeking to sweat assets for financial benefit or for community benefit – financial principles
- Decision on whether housing or employment units should be restricted when built / let / sold so that it favours locals / specific industry sectors

Lobbying – Members and Political Groups should lobby for a relaxation on powers which stop Councils from making a profit when charging for services.

This page is intentionally left blank

NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (applies to Appendices B, C, D and E)

Report to: **Executive**

Date: **15 December 2016**

Title: **Capital Budget Proposals for 2017/18 to 2019/20**

Portfolio Area: **Budget Proposals – Cllr Tucker**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Lisa Buckle** Role: **Finance Community of Practice Lead**

Contact: **Tel. 01803 861413**
Email: lisa.buckle@swdevon.gov.uk

Recommendations:

The Executive resolves to request the views of the Overview and Scrutiny Panel on the following:

- 1.** Capital Programme Proposals for 2017/18, which total £1,485,000 (Appendix A)
- 2.** Capital Programme Proposals for 2017/18, which total £1,040,000 (Exempt Appendix B)
- 3.** The removal of the 2016/17 capital projects from the capital programme, as detailed in Appendix D, following the budget scouring exercise

4. The use of 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
5. To finance the 2017/18 capital programme of £2,525,000 from the funding sources set out in Section 4.

1. Executive summary

- 1.1 The report sets out the Capital Bids to the 2017/18 Capital Programme totalling £2,525,000 and a suggested way that these Bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.
- 1.2 The Council has severely limited resources, in the form of capital receipts, to fund Capital Projects in 2017/18.

Consideration needs to be given to the funding options for the 2017/18 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.

- 1.3 The Prudential Code for capital, which came into effect from 1st April 2004, replaced the previous Government regulated limits on capital expenditure and borrowing. In its place Councils now have the power to determine their own appropriate levels of capital expenditure and borrowing for capital purposes, based on the principles of affordability, prudence and sustainability.
- 1.4 The Code requires the Council, in setting its capital spending plans, to assess the impact on its revenue account and council tax levels. The Council is currently debt-free and has not undertaken any prudential borrowing for capital projects to date.
- 1.5 Section 4 demonstrates that there are sufficient capital funds in 2017/18 to fund the bids which have been submitted by project officers within the Council.

2. Background

- 2.1** The capital programme for 2016/17 was approved by Council on 11 February 2016 (61/15 and E59/15 refer).
- 2.2** A new Capital Programme is proposed for 2017/18. The Finance Community of Practice Lead invited bids for capital funding from all service areas, for a new capital programme during October 2016 on the strict proviso that all bids must go towards meeting a corporate priority. All capital bids received would be ranked against a prescribed priority criteria set out in the bid process.
- 2.3** The submitted capital bids have now been assessed against the categories in each priority. Priority 1 categories include meeting corporate priorities and statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure the existing Council property assets remain open. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives.
- 2.4** The programme outlines the principles of the projects proposed for capital expenditure and includes an estimate of predicted costs including fees. All projects will be subject to project appraisals as required under the Council's Asset Strategy.

3. Outcomes/outputs

Members are requested to note the proposals for the Capital Programme for 2017/18. Appendix A and exempt Appendix B set out the bids which total £2,525,000.

3.1 Capital Investment in Existing Property Assets

3.1.1 Improvements to Play Parks

The Play Spaces Working Group met on 6th October, 2016 and proposed to bid for capital funding for investment in replacement play equipment.

A sum of £520,000 is sought over 3 financial years (2017/18 to 2019/20) for play parks across the South Hams.

There are around 26 SHDC owned play areas which did not benefit from capital investment during the 2008-2012 public space programme. These play areas are generally smaller play areas, and almost in their entirety the equipment within these play areas are reaching the end of their economically viable life. The equipment being rated as requiring removal or replacement within the annual engineering inspection reports on grounds of health and safety (e.g. due to corrosion of equipment).

These play spaces have also scored poorly with respect to quality in the recent play audit undertaken to support the Joint Local Plan evidence base. It is proposed to undertake a critical review of all of these spaces, weighing up community support and need for the spaces, the case for continued investment, and the potential alternative uses of some of the play spaces.

The figure of £520,000 comprises an allowance of £20,000 per play area, however it is not anticipated that all 26 play areas will continue to act as play spaces, and the spread of funding is likely to vary according to size of the play area, type of investment and potential for drawing in match funds. Consultation with Members, officers, Town and Parish Councils, and the community will be undertaken with respect to the case for investment/future of these spaces. Where investment is undertaken, it is anticipated that the capital funds will be used to lever in additional funding including s106 developer funds. It is also hoped that the capital investment may act as encouragement to facilitate transfer of some of play areas (e.g. to Town and Parish Councils) particularly where the investment might be used to draw in other external funding sources (to which the District Council cannot apply).

3.1.2 Follaton House

Roof repairs – the proposed capital programme includes a contribution of £50,000 per annum into a reserve for Follaton House roof repairs. Roofing repairs are required on the Old House which includes the localised replacement of defective slate and lead valleys. Defective guttering on Phases 1, 2 and 3 also needs replacing.

Green Transport Plan - Proposal to install an electric car charging point in Follaton Car Park. A budget of £15,000 has been included. Power would be taken from the mains connection at Follaton, which when it is sunny, would draw from the existing solar panels, creating a "green circuit".

3.2 Affordable Housing

An annual contribution of £230,000 per annum is proposed for affordable housing. Projects in the pipeline for 2017/18 include:

- Rural affordable schemes such as those delivered under the Village Housing Initiative.
- £190,000 to support Transition Homes Totnes – Community Land Trust
- Developing shared housing for young people – aged under 35 years.
- Making better use of the existing housing stock – Tenants Incentive scheme – to encourage downsizing
- Supporting community led housing projects, including self build

3.3 Private Sector Renewals (including Disabled Facilities Grants)

This budget is used to fund Private Sector Renewals, primarily Disabled Facilities Grants (DFG's). DFG's are mandatory, means tested and enable people to live independently within their own home. Adaptations range from simple stair lifts and Level Access Showers through to full extensions. The budget of £700,000 will be made up of £613,000 from the Better Care Fund and a Council contribution of £87,000. The demand for DFG's is not under our control and cannot be predicted at this stage.

3.4 Contingency

It is proposed that an annual contingency budget of £300,000 be included in the capital programme. This has been included to allow for variations on tendered prices to the estimates provided in the programme, where emergency works are required on assets not currently included in the programme or where additional external resources are required to deliver the programme. Use of this contingency budget will be subject to the Council's existing processes for the expenditure of capital funds.

3.5 Capital Programme allocation of contingency from the 2015/16 and 2016/17 capital programmes

There is remaining contingency from the 2015/16 and 2016/17 programmes, totalling £167,000. It is recommended that this is allocated to meet the expenditure identified in Appendix D.

BUDGET SCOURING

3.6 The results of the Budget Scouring exercise are shown in Appendix D.

4 FINANCING THE CAPITAL PROGRAMME

4.1 Capital bids shown in Appendix A total £1,485,000 with the total of bids in exempt Appendix B being £1,040,000. Funding of £2,525,000 is therefore required. The table below shows the recommended way that these projects are financed:-

Capital Programme 2017/18 (Appendix A & B bids)	£'000
Capital Programme Reserve	418
Capital Receipts	692
Better Care Grant funding towards Disabled Facilities Grants (estimated)	613
New Homes Bonus – for housing projects (£230,000), private sector renewal grants (£87,000) and play parks (£190,000)	507
Capital funding from schemes no longer required as identified in Appendix D	295
TOTAL	2,525

5. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>The Executive is responsible for control of the Council's capital expenditure.</p> <p>The Community of Practice Leads for Finance and Assets are responsible for providing Capital Monitoring reports to the Executive, detailing the latest position of the Council's Capital Programme.</p> <p>Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Executive.</p>

		<p>As set out in Part 3 of the Delegation Scheme (Section 4.12.1) the Executive will manage all the Council's land and property. In accordance with the Financial Procedure Rules, the disposal of any land and building over £50,000 in value requires the prior approval of the Executive and shall be made within the context of the Council's asset management plan.</p> <p>Since there is commercially sensitive information in Appendices B,C,D and E, regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session.</p> <p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p>
Financial	Y	<p>The report sets out the Capital Bids to the 2017/18 Capital Programme totalling £2,525,000 and a suggested way that these bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.</p> <p>Section 4 demonstrates that there are sufficient capital funds in 2017/18 to fund the bids which have been submitted by project officers within the Council.</p>
Risk	Y	<p>There is a risk that the Capital Programme does not meet the Council's corporate priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal.</p>

		<p>This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Summary of Capital Bids for 2017/2018

EXEMPT - Appendix B – Summary of exempt Capital Bids for 2017/2018 (table)

EXEMPT – Appendix C - Details of exempt Capital Bids for 2017/2018 (narrative)

EXEMPT - Appendix D – Capital Programme allocation of Contingency from 2015/16 and 2016/17 capital programmes and results of the Budget Scouring exercise

EXEMPT - Appendix E – Summary of the approved programme plus allocated budget (Appendix A from Capital Monitoring Report - Executive 20.10.16)

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

This page is intentionally left blank

Appendix A

Proposed Capital Projects 2017/18 - 2019/20 - PART I							
Priority Criteria							
Statutory Obligations			1	Compliance, H&S, DDA			
			2	Essential to keep Operational Assets open			
Good Asset Management			3	Rationalise service delivery or service improvement			
			4	Generate income, capital value or reduce revenue costs			
Service	Site	Project	Lead officer	Proposed 2017/18 £'000	Proposed 2018/19 £'000	Proposed 2019/20 £'000	Priority code / notes
	Play Parks	Replacement equipment	RS	190	190	140	1,2
HQ	Follaton House	Refurbishment of roof to old house and replacement guttering	ST	50	50		1,2
		Green Transport Plan - provision of electric car/bike charging	CB	15			3
Affordable Housing	Projects	Various	AR/CH	230	230	230	3
Public Sector Renewals (inc Disabled Facility Grants)			IL	700	700	700	1
Sub Total				1,185	1,170	1,070	
Contingency				300	300	300	
Totals				1,485	1,470	1,370	

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank