

**MINUTES of the MEETING of the
BUDGET ADVISORY COMMITTEE,
Held in the Council Chamber, Follaton House, Totnes, on
THURSDAY, 19 January 2023**

| Panel Members in attendance: | | | |
|-------------------------------------|------------------|-------------------------------|----------------------------------|
| * Denotes attendance | | ∅ Denotes apology for absence | |
| * | Cllr V Abbott | * | Cllr D M O'Callaghan |
| * | Cllr L Austen | * | Cllr G Pannell |
| * | Cllr J Brazil | * | Cllr J T Pennington |
| * | Cllr J P Birch | ∅ | Cllr K Pringle |
| ∅ | Cllr D Brown | * | Cllr H Reeve |
| * | Cllr M Chown | ∅ | Cllr J Rose |
| * | Cllr R Foss | * | Cllr R Rowe |
| * | Cllr J M Hodgson | * | Cllr P C Smerdon (Vice Chairman) |
| ∅ | Cllr S Jackson | * | Cllr B Spencer |
| ∅ | Cllr L Jones | * | Cllr J Sweett |
| ∅ | Cllr K Kemp | * | Cllr B Taylor |
| * | Cllr M Long | * | Cllr D Thomas (Chairman) |
| * | Cllr J McKay | | |

| Other Members also in attendance either in person or via Teams: |
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| Cllrs K Baldry; H Bastone; T Holway; N Hopwood; J Pearce and K Pringle |

| Item No | Minute Ref No below refers | Officers in attendance and participating |
|----------------|---------------------------------------|--|
| All | | Senior Leadership Team; Head of Finance; Democratic Services Manager; and Assistant Director – Strategy & Organisational Development (via Teams) |

BA.1/22 APPOINTMENT OF CHAIRMAN

RESOLVED

That Cllr D Thomas be appointed to the role of Committee Chairman for the duration of this meeting.

BA.2/22 URGENT BUSINESS

In accordance with urgent business, the Chairman exercised his discretion to invite nominations to serve as Vice-Chairman for the duration of this meeting.

It was then:

RESOLVED

That Cllr P Smerdon be appointed to the role of Committee Vice-Chairman for the duration of this meeting.

BA.3/22 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but there were none made.

BA.4/22 DRAFT REVENUE AND CAPITAL BUDGET PROPOSALS FOR 2023/24

Members considered a report that asked for their views on the content of the draft Revenue and Capital Budget Proposals report for 2023-24.

The Section 151 Officer introduced the report and, on a section-by-section basis, invited questions from Committee Members with particular reference being made to:-

- (a) the budgetary impacts arising from the construction of new dwellings;
- (b) reductions in the predicted income from Business Rates. Whilst very much a prediction, the Section 151 Officer confirmed that the predicted figure of £102,319 had been calculated utilising the budgetary modelling tools that were available from Local Government Futures and Pixel Financial. The Committee noted that the new figures reflected announcements contained within the Local Government Finance Settlement which had been published on 19 December 2022 and the latest estimates from Central Government returns;
- (c) the financial differences between increasing Council Tax for 2023/24 by £5 (2.77%) and the maximum permissible of 2.99% under the Council Tax referendum limits for District Councils for 2023/24;
- (d) the number of properties affected by the closure of the business rates loophole from 1 April 2023. The Section 151 Officer informed Members that the Valuation Office had recently written to all properties advising of the requirements (e.g. that properties had to be available to let for a minimum of 140 days and actually let for a minimum of 70 days of the year). If business rated properties were unable to provide evidence of this, they would be re-classified by the Valuation Office as 'domestic properties' and would transfer out of the business rates listing and onto the Council Tax listing. It was hoped that the results of the Valuation Office exercise would be known before 1 April 2023;

- (e) the transitional costs of the waste service coming back in-house that had been funded from the transitional funding from the Business Rates Retention Reserve in 2022/23. Members were informed that the actual spend would be able to be reviewed as part of the Revenue Budget Monitoring Report that would be presented to the Executive meeting to be held on 2 March 2023;
- (f) the future of New Homes Bonus monies remaining uncertain;
- (g) the triennial pension revaluation position. The Committee asked that a Fund representative be invited to attend to conduct a presentation to the Audit and Governance Committee during the 2023/24 Municipal Year and for this to form part of the workplan for that Committee;
- (h) officers being content that the income generated from the Lower Ferry and car parking was based on projections which indicated that this was not a one-off occurrence;
- (i) a commitment given by officers to check the status of a Tennis Club bid outside of this meeting;
- (j) the budget gap for 2024/25 largely being as a result of no business rates pooling gain being modelled for 2024/25, as pooling arrangements for that year had not yet been announced or confirmed;
- (k) clarification that the outstanding monies in the Emergency Climate Change Projects Reserve would remain to be spent in the 2023/24 Financial Year following the results of the feasibility studies being carried out.

In the subsequent debate, the following points were raised:-

- (i) A Member expressed her long held belief that New Homes Bonus (NHB) monies should be used for the sole purpose of countering the Council's declared Housing Crisis. The Section 151 Officer explained the background of the NHB scheme and that this was core government funding, which was top sliced from Revenue Support Grant in 2011 and given back to Councils in the form of NHB funding. The Section 151 Officer also referred Members to the £408,000 of NHB funding that was put into an Affordable Housing Reserve in 2022/23 as well as the dedicated housing staffing resources that Members had approved as part of the budget setting process;
- (ii) The Section 151 Officer advised that she would be attaching the results of the 'CIPFA Financial Resilience Benchmarking Modelling information' to the Budget report when it is published for the Council meeting to be held on 16 February 2023, as per normal practice;

- (iii) Whilst Members had previously been asked to consult with their relevant lead Executive Member regarding any potential capital bids, it was also noted that the Capital Programme constantly evolved, with there always being the potential to add (and indeed remove) projects outside of the annual Budget Setting process. A local Ward Member also wished to put on record that, due to the time taken to advance the project, the monies that were currently set aside for the Totnes Market Square capital project (£200,000) was no longer a realistic figure. The Section 151 Officer also confirmed that work was currently being undertaken for engineering and architectural work and, at the point when the updated costs were known, a report would come back to Members for consideration of the costs and how these could be financed;
- (iv) Members recognised the challenges associated with potential wage increases which were outside the control and influence of the Council. In response to a question, the Chief Executive explained the work that was being carried out to overcome recruitment and retention challenges, focused in particular at senior, technical and professional grade and above as part of the Council's Pay and Reward Strategy;
- (v) A Member felt that the Council should be increasing Council Tax for 2023/24 by the maximum permissible of 2.99% and made a **PROPOSAL** to that effect. However, this proposal was not seconded and was therefore neither debated or voted upon;
- (vi) Having expressed some doubts over the success of the pay-to-use public conveniences initiative, the following additional recommendation was **PROPOSED** and **SECONDED** as follows:

'That the Council no longer imposes a charge to use Council owned public conveniences in the South Hams.'

In the debate on the amendment, some Members wished to make the point that some town and parish councils had taken on responsibility (and consequent financial burdens) for their local public conveniences and it was hoped that consideration could be given to offering these councils some financial support in the future. The Section 151 Officer confirmed that town and parish councils had already set their precepts for 2023/24 as these were due in by the end of January 2023;

When put to the vote, this additional recommendation was declared **CARRIED** and therefore formed part of the substantive motion;

- (vii) Given the pressures and work demands on the Council's tree officer, a further additional recommendation was **PROPOSED** and **SECONDED** as follows:

'That provision for an additional tree officer be added to the Council's staffing establishment.'

When put to the vote, this additional recommendation was also declared **CARRIED** and formed part of the substantive motion;

- (viii) With regard to the provision of gypsy and traveller sites, a Member felt that the Council had not received a formal update on the latest position for a period of time. As a result, the Member stated that it would be her intention to ask the Overview and Scrutiny Committee to add this matter to its work programme for consideration. The Section 151 Officer confirmed that a response to this question had been given by the Leader at the Council meeting held on 15 December 2022 and proceeded to repeat the response to this Committee meeting.

It was then:

RESOLVED

That the Executive be **RECOMMENDED to RECOMMEND** to Council:

1.
 - i) That Council Tax be increased for 2023/24 by £5 (Band D of £185.42 for 2023/24 – an increase of less than 10 pence per week or £5 per year – equates to a 2.77% increase);
 - ii) That the financial pressures shown in Appendix A of £4,107,700 be noted;
 - iii) That the net contributions to/(from) Earmarked Reserves of £(412,000) as shown in Appendix D of the published agenda report, including the proposed use of £500,000 of New Homes Bonus funding to fund the 2023/24 Revenue Budget (as set out in section 3.23 of the published agenda report) and £400,000 from the Business Rates Retention Earmarked Reserve (as set out in section 3.17 of the published agenda report) be approved;
 - iv) That the savings/additional income of £2,422,000 as shown in Appendix A of the presented agenda report be noted;
 - v) That the recommendation of the Section 151 Officer to agree to take up the 'stepped pension contribution rates' being offered by the actuaries of the Devon Pension Fund, following the results of the Triennial Pension Revaluation (as set out in para 3.24 of the presented agenda report) be endorsed;
 - vi) That the Capital Programme Proposals for 2023/24 of £2,035,000 and the proposed financing of the Capital Programme (as set out in Appendix E of the published agenda report) be approved;

- vii) That Unearmarked Reserves should continue to have a minimum level of £1.5million (as set in the Medium Term Financial Strategy in September 2022), but an operating level of a minimum of £2million;
 - viii) That the Council no longer imposes a charge to use Council owned public conveniences in the South Hams; and
 - ix) That provision for an additional tree officer be added to the Council's staffing establishment
2. That it be noted that, as part of the February 2023 Council report, a further formal Council resolution will be voted on by Members, regarding taking a formal resolution on charging second homeowners a 100% premium on council tax when the Levelling Up and Regeneration Bill becomes law.

(Meeting started at 2.00 pm and concluded at 4.45 pm)

Chairman