

South Hams Audit Committee



Title:	Agenda
Date:	Thursday, 25th July, 2019
Time:	9.30 am
Venue:	Cary Room - Follaton House
Full Members:	<p>Chairman Cllr Holway</p> <p>Vice Chairman Cllr Austen</p> <p><i>Members:</i> Cllr Brazil Cllr Spencer Cllr Pennington Cllr Taylor Cllr McKay</p>
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:	Member.Services@swdevon.gov.uk

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|---|----------------|
| 1. Minutes | 1 - 6 |
| To approve as a correct record and authorise the Chairman to sign the minutes of the Audit Committee held on 20 June 2019; | |
| 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 they may have, including the nature and extent of such interests, in any items to be considered at this meeting; | |
| 5. Grant Thornton External Audit Report (ISA 260) | |
| To follow | |
| 6. Audited Statement of Accounts 2018/19 and Annual Governance Statement 2018/19 | |
| To follow | |
| 7. Annual Treasury Management Report 2018/19 | 7 - 22 |
| 8. Budget Book for 2019/20 | 23 - 32 |
| 9. Committee Workplan for the 2019/20 Financial Year | 33 - 34 |

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 20 JUNE 2019

Members in attendance * Denotes attendance Ø Denotes apology for absence			
Ø	Cllr L Austen (Vice-Chairman)	*	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr B Spencer
*	Cllr T R Holway (Chairman)	*	Cllr B Taylor
*	Cllr J McKay		

Members also in attendance:
Cllrs V Abbott, H D Bastone, N A Hopwood, D W May and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Finance HOP Lead; Internal Audit Manager; Support Services Specialists Manager; Monitoring Officer; and Senior Specialist – Democratic Services

A.1/19 **MINUTES**

The minutes of the meeting of the Committee held on 21 March 2019 were confirmed as a correct record and signed by the Chairman.

A.2/19 **URGENT BUSINESS**

The Chairman advised that he had no urgent items to be raised at this meeting.

A.3/19 **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 none were made.

A.4/19 **GRANT THORNTON AUDIT PROGRESS REPORT**

The Committee considered a paper from Grant Thornton that provided an update on progress in delivering their responsibilities to the Council as its External Auditors.

In the ensuing discussion, the following points were raised:-

- (a) Members welcomed the fact that Grant Thornton had found no issues that it felt were necessary to bring to the attention of the Committee;
- (b) It was noted that Grant Thornton had identified one Value for Money risk (that related to 'informed decision-making – financial challenges'). As a result, Grant Thornton had requested that the Grant Thornton Audit Plan be re-included on this meeting agenda (Minute A.5/19 below refers) as a follow up to its previous consideration at the Committee meeting of 31 January 2019 (Minute A.38/18 refers).

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Progress Report be acknowledged.

A.5/19 GRANT THORNTON AUDIT PLAN

Members considered a document that provided an overview of the planned scope and timing of the statutory audit of the Council.

In discussion, the Committee noted those significant risks that had been identified and was informed that the annual Grant Thornton Fraud report was intended to be presented to the Committee meeting on 25 July 2019 to report back to Members on the conclusion of the audit of the accounts and the Value for Money opinion.

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Plan be acknowledged.

A.6/19 GRANT THORNTON EXTERNAL AUDIT FEE LETTER

Members were presented with the Audit Fee Letter from Grant Thornton.

Whilst welcoming the considerable recent reductions in Audit Fees that were paid annually by the Council, the Committee was advised that this had been partly offset by officers now being required to provide additional support to Grant Thornton as part of their External Audit work.

It was then:

RESOLVED

That the contents of the External Audit Fee Letter be noted.

A.7/19

DRAFT STATEMENT OF ACCOUNTS 2018/19 AND DRAFT ANNUAL GOVERNANCE STATEMENT 2018/2019

The Committee was presented with a report that presented the Draft Statement of Accounts for 2018/19 and the Draft Annual Governance Statement for 2018/19.

In discussion, reference was made to:-

- (a) levels of Earmarked Reserves. Officers advised that it was ultimately a decision for Members to determine what they considered to be a prudent level of Earmarked Reserves. It was then noted that the next review of Earmarked Reserves was due to take place in September 2019 as part of the Council's Medium Term Financial Strategy;
- (b) Section 106 Deposits. Members requested a breakdown of the Section 106 Deposits be circulated to the Committee outside of this meeting;
- (c) the Servaco Limited Trading Company. The Section 151 Officer informed that officers would be producing a future report that would seek approval to formally close down Servaco Limited;
- (d) the removal of 100% Business Rate Relief on the letting of self-catering holiday homes. Following the decision of Council at its meeting on 6 December 2018 (Minute 47/18(a) refers), the Section 151 Officer was in the process of writing to her colleagues from those local authorities that had similarly high proportions of self-catering holiday homes to ask them whether they wished to join the Council in lobbying Central Government to close this loophole. In addition, the Committee noted that officers would be attending the upcoming Local Government Association Annual Conference and they were intending to lobby at this event. When questioned, officers confirmed that the closure of this loophole would generate an additional £220,000 for the Council;
- (e) the main budget variations in Commercial Services. Such was the extent of the variances, that Members stated the importance of these being closely monitored;
- (f) the additional planning income generated in 2018/19. Officers advised that early indications for 2019/20 were suggesting a downturn in planning income and it was felt that the additional monies generated in 2018/19 were a one-off and therefore not part of a recurring trend.

Members were also reminded that, as part of the 2019/20 Budget Setting process, support was given to the addition of a Level 5 Specialist within the Development Management service (that was to be funded through planning income). As part of this approval, the Council also requested that a *'further service capacity review be undertaken by the Overview and Scrutiny Panel six months after this additional resource takes up their post'*;

- (g) the work of the Finance Community Of Practice (COP). Members paid tribute to the achievements of the Finance COP in meeting the requirement to publish the Council's Accounts before the end of May 2019.

It was then:

RESOLVED

1. That the draft Statement of Accounts and the Draft Annual Governance Statement for the financial year ended 31 March 2019 be noted;
2. That the Committee elect to present in other comprehensive income changes in the fair values of all equity instruments including the CCLA investments in accordance with IFRS9 – Financial Instruments, with effect from 1 April 2018; and
3. That it be noted that delegated authority has been exercised by the Section 151 Officer to transfer £30,000 of additional planning income received in 2018/19 to the Planning Policy and Major Developments Earmarked Reserve.

A.8/19

ANNUAL REPORT OF THE STATUTORY OFFICERS' PANEL (2018-2019)

A report was presented to the Committee that informed Members of the work that the Statutory Officers' Panel had carried out over the last Financial Year (April 2018 to March 2019).

In discussion, the following points were raised:-

- (a) Officers and Members alike recognised the value and effectiveness of the Panel;
- (b) Members were reminded that a joint South Hams and West Devon Member Workshop to review the Shared Corporate Risk Register had been arranged to take place on Wednesday, 10 July 2019 at 1.30pm.

It was then:

RESOLVED

That the Annual Report of the Statutory Officers' Panel be approved.

A.9/19 INTERNAL AUDIT ANNUAL REPORT 2018/19

Consideration was given to a report that informed Members of the principal activities and findings of the Council's Internal Audit team for 2018/19 to 31 March 2019 by:

- providing a summary of the main issues raised by completed individual audits;
- showing the progress made by Internal Audit against the 2018/19 annual internal audit plan, as approved by the Committee in March 2018; and
- providing an opinion on the adequacy of the Council's Control Environment.

During discussion, the following points were raised:-

- (a) In recognising the value of the Internal Audit Team, some Members highlighted that a number of management responses made reference to a lack of resources. As a result, these Members questioned whether this was always wholly accurate or, in some instances, was actually due to inefficient working practices. The Internal Audit Manager responded that it was not within the remit of the Team to provide an opinion on the adequacy of resource levels. However, if it was felt to be worthwhile, the Team would be happy to be involved in the upcoming capacity audit of the organisation;
- (b) With regard to the Business Continuity Plans (BCP) Audit, the Committee noted that Internal Audit was content with the progress being made. In addition, officers confirmed that a follow-up audit was currently being undertaken. Also, it was widely acknowledged that a BCP could not cover every eventuality, however the specific risks around IT resilience were deemed so important that the Overview and Scrutiny Panel was to receive an update report at its next meeting on 11 July 2019.

It was then:

RESOLVED

That the Audit Committee note:

1. that, overall and based on work performed during 2018/19 and of our experience from previous year's Audit, the Head of Internal Audit's Opinion is of 'Substantial Assurance' on the adequacy and effectiveness of the Authority's Internal Control Framework; and
2. the satisfactory performance and achievements of the Internal Audit Team during 2018/19.

A.10/19 **PROPOSED COMMITTEE WORKPLAN FOR THE 2019/20 FINANCIAL YEAR**

In considering its Annual Workplan, the Committee made reference to:-

- (a) the wish for the 'Six Monthly Update – Strategic Debt Review' agenda item to include reference to aged debtors;
- (b) the value of all Committee Members attending the South West Audit Partnership and Devon Audit Partnership sponsored training session at Buckfast Abbey on 1 October 2019 was emphasised.

(Meeting commenced at 10.00 am and finished at 11.35 am)

Chairman

Report to: **Audit Committee**

Date: **25 July 2019**

Title: **Annual Treasury Management Report 2018/19**

Portfolio Area: **Cllr H Bastone – Support Services**

Wards Affected: **ALL**

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

Author: Pauline Henstock Role: **Head of Finance Practice**

Alex Walker **Finance Business Partner**

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Recommendations:

That the Audit Committee:

- 1. Approves the actual 2018/19 prudential and treasury indicators in this report.**
- 2. Notes the Annual Treasury Management report for 2018/19.**

1. Executive summary

- 1.1 Income from investments this year was £327,234 which is £204,234 higher than the budget of £123,000 at an average return of 0.84%. The comparable performance indicator (Benchmark) is the average 7-day LIBID rate which was 0.51%. Therefore the Council achieved 0.33% return on investments over the benchmark for 18/19.

2. Background

- 2.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 2.2 Treasury management is defined as:

“The management of the local authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks ”

- 2.3 During 2018/19 the minimum reporting requirements were that the full Council should receive the following reports:

- An annual treasury strategy in advance of the year (Minute C74/17)
- A mid-year (minimum) treasury update report (Minute A42/18)
- An annual review following the end of the year describing the activity compared to the strategy (this report)

- 2.4 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by Members.

- 2.5 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council. Member training on treasury management issues will be undertaken during 2019/20 in order to support Members’ scrutiny role.

3. The Economy and Interest Rates

- 3.1 After weak **economic growth** of only 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected.
- 3.2 After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, it is of little surprise that they have abstained from any further increases since then. Any further action from the MPC is unlikely until the uncertainties over Brexit are clear. If there was a disorderly exit, it is likely that Bank Rate would be cut to support growth.
- 3.4 As for **CPI inflation** itself, this has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before rising marginally to 1.9% in February. However, in the February 2019 Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

4. Overall Treasury Position as at 31 March 2019

- 4.1 At the beginning and the end of 2018/19 the Council's treasury position was as follows:

Investments	31 March 2018 Principal	Rate/Return for 2017/18	31 March 2019 Principal	Rate/Return for 2018/19
	£	%	£	%
Short term - fixed	22,600,000	0.32	14,500,000	0.84%
Money Market Funds	20,140,000	0.26	11,320,000	0.65%
Heritable Bank	22,483	-	22,483	-
CCLA – Local Authority Property Fund	-	-	468,213	4.26%
CCLA – Diversified Income Fund	-	-	1,008,489	3.25%
Total	42,762,483		27,319,185	

- 4.2 The following is a list of our investments at 31 March 2019.

Fixed Term Deposits

Counterparty	Fixed to	£	Interest Rate
Barclays Bank plc	07/05/2019	2,500,000	1.00%
Nationwide BS	09/04/2019	5,000,000	1.00%
Nationwide BS	19/06/2019	1,000,000	0.72%
Lloyds TSB Bank Plc	04/07/2019	5,000,000	0.77%
Lloyds TSB Bank Plc	02/08/2019	1,000,000	0.85%

Money Market Funds

Amount	Investment	Interest rate
£6,000,000	Ignis Sterling Liquidity	0.65%
£4,820,000	LGIM Sterling Liquidity Fund	0.64%
£500,000	BlackRock	0.65%

CCLA Funds

Amount	Investment	Dividend Yield
£468,213	CCLA – Property Fund	4.26%
£1,008,489	CCLA – Diversified Income Fund	3.25%

- 4.3 At Council in March 2018, it was approved (Minute C74/17 and E72/17) that a sum of £500,000 be used to invest in CCLA's (CCLA Investment Management Limited) Local Authorities Property Fund and a sum of £1 million be used to invest in CCLA's Diversified Income Fund, with the investments being placed in April and May 2019.
- 4.4 The investments were made with a view to a long term commitment. The bid market values as at 31 March 2019 for the Council's investments were £468,213 (Local Authorities Property Fund) and £1,008,489 (Diversified Income Fund).

5. The Strategy for 2018/19

Investment strategy and control of interest rate risk

- 5.1 Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018/19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August

2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018.

- 5.2 It was not expected that the MPC would raise Bank Rate again during 2018/19 after August in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019.
- 5.3 Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.
- 5.4 Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 5.5 The Treasury Management Strategy Report for 2018/19 was approved by the Council on 29 March 2018 (Minute – C74/17).

The Borrowing Requirement and Debt

- 5.6 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31-Mar-18 Actual	31-Mar-19 Budget	31-Mar-19 Actual
CFR General Fund (£m)	646	5,797	6,291

- 5.7 During 2018/19 the Council undertook prudential borrowing totaling £5.49 million for the leisure investment. This reflects the increase in the actual Capital Financing Requirement for 2018/19.

Borrowing strategy and control of interest rate risk

- 5.9 During 2018/19, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low.
- 5.10 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash

balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

5.11 The policy of avoiding new borrowing by utilising spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

5.12 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Strategic Finance Lead (S.151 Officer) therefore monitored interest rates in financial markets and adopted a pragmatic approach to changing circumstances:

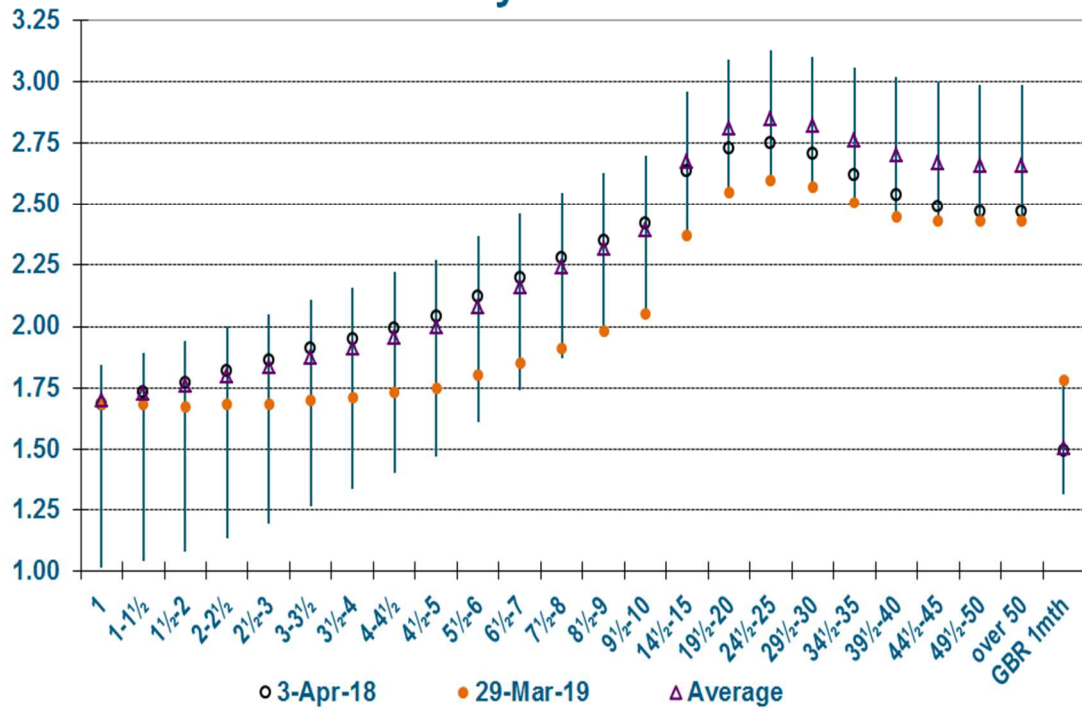
- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

5.13 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2018/19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Link Asset Services Interest Rate View 2.1.18													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

5.14 PWLB borrowing rates - the graph below shows, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.

PWLB certainty rate variations in 2018-19



	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2018	1.48%	1.85%	2.23%	2.57%	2.29%
29/03/2019	1.48%	1.55%	1.85%	2.40%	2.23%
Low	1.28%	1.50%	1.80%	2.33%	2.16%
Date	29/05/2018	26/03/2019	28/03/2019	26/03/2019	26/03/2019
High	1.64%	2.07%	2.50%	2.93%	2.79%
Date	04/10/2018	10/10/2018	10/10/2018	10/10/2018	12/10/2018
Average	1.50%	1.80%	2.20%	2.66%	2.47%

6. Borrowing Outturn for 2018/19

6.1 Details of the loans outstanding at 31 March 2019 are shown below:

Lender	Purpose	Maturity	Interest Rate %	Principal held at 31 March 2018 £'000	Principal held at 31 March 2019 £'000
PWLB – 15 maturity loans	Commercial Property – Heron Road	5-19 Years	2.41*	-	5,490
Total				-	5,490

*Average interest rate

Repayments

6.2 During 2018/19 the Council repaid interest of £117,016 at an average rate of 2.41%.

Borrowing in advance of need

6.3 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Debt rescheduling

6.4 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7. Investment Outturn for 2018/19

7.1 **Investment Policy** – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 29 March 2018 (Minute – C74/17). This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

7.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

- 7.3 Income from investments this year was £327,234 which is £204,234 higher than the budget of £123,000 at an average return of 0.84%. The comparable performance indicator (Benchmark) is the average 7-day LIBID rate which was 0.51%. Therefore the Council achieved 0.33% return on investments over the benchmark for 18/19.

8. Other Issues 2018/19

Revised CIPFA Code

- 8.1 The 2018/19 Code of Practice on Local Authority Accounting has adopted IFRS 9 Financial Instruments. As a result of the implementation of IFRS 9, the Council's Draft Accounts reflect an irrevocable election to designate the CCLA investments as fair value through other comprehensive income. These investments are eligible for the election because they meet the definition of equity instruments in paragraph 11 of IAS32 and are neither held for trading (the Council holds these investments as long term strategic investment) nor contingent consideration recognised by an acquirer in a business combination to which IFRS3 applies. They are not considered to be puttable instruments because the Council does not have a contractual right to put the instrument back to the issuer for cash.
- 8.2 This election means there is no impact on the revenue budget. Any gains or losses on the valuation of the CCLA investments will therefore be transferred to a Financial Instruments Revaluation Reserve until they are realised.

9. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Statutory powers are provided by the Local Government Act 1972 Section 151 and the Local Government Act 2003
Financial Implications to include reference to value for money	Y	Income from Treasury Management activities amounted to £327,234 in 2018/19. Consideration of the Annual Treasury Report forms an essential component of the Council's systems for public accountability. It also provides a platform for future investment planning.
Risk	Y	The security risk is the risk of failure of a counterparty. The liquidity risk is that there are liquidity constraints that affect the interest rate

		<p>performance. The yield risk is regarding the volatility of interest rates/inflation.</p> <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines.</p> <p>The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements. Investment interest income is reported quarterly to SLT and Members.</p>
Supporting Corporate Strategy		The income from treasury management supports all the Council's corporate strategy themes.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None directly arising from this report.
Safeguarding	N	None directly arising from this report.
Community Safety, Crime and Disorder	N	None directly arising from this report.
Health, Safety and Wellbeing	N	None directly arising from this report.
Other implications	N	None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Lending list as at 29 March 2019

Appendix B - Prudential and Treasury Indicators 2018/19

Background Papers:

Annual treasury strategy in advance of the year (Council 29 March 2019 – C74/17)

A mid-year treasury update report (Audit Committee 31 January 2019 – A42/18)

APPENDIX A

Counterparty as at 29th Mar 2019		Fitch Rating					Moody's Ratings				S&P Ratings			Suggested Duration	
United Kingdom		Long Term	Short Term	Viability	Support		Long Term	Short Term		Long Term	Short Term				
AAA Rated and Government Backed Securities	Collateralised LA Deposit*													Y - 60 mths	
	Debt Management Office													Y - 60 mths	
	Multilateral Development Banks													Y - 60 mths	
	Supranationals													Y - 60 mths	
	UK Gilts													Y - 60 mths	
Banks	Abbey National Treasury Services	NW	A	F1			1	SB	Aa3		P-1				R - 6 mths
	Bank of Scotland PLC (RFB)	NW	A+	F1	a		5	SB	Aa3		P-1	SB	A+	A-1	O - 12 mths
	Barclays Bank PLC (NRFB)	NW	A+	F1	a		5	SB	A2		P-1	SB	A	A-1	R - 6 mths
	Barclays Bank UK PLC (RFB)	NW	A+	F1	a		1	SB	A1		P-1	SB	A	A-1	R - 6 mths
	Close Brothers Ltd	NW	A	F1	a		5	SB	Aa3		P-1				R - 6 mths
	Goldman Sachs International Bank	SB	A	F1			1	NO	A1		P-1	SB	A+	A-1	R - 6 mths
	Handelsbanken Plc	SB	AA	F1+			1					SB	AA-	A-1+	O - 12 mths
	HSBC Bank PLC (NRFB)	NW	AA-	F1+	a+		1	SB	Aa3		P-1	SB	AA-	A-1+	O - 12 mths
	HSBC UK Bank Plc (RFB)	NW	AA-	F1+	a		1					SB	AA-	A-1+	O - 12 mths
	Lloyds Bank Corporate Markets Plc (NRFB)	NW	A	F1			1	SB	A1		P-1	SB	A	A-1	R - 6 mths
	Lloyds Bank Plc (RFB)	NW	A+	F1	a		5	SB	Aa3		P-1	SB	A+	A-1	O - 12 mths
	NatWest Markets Plc (NRFB)	NW	A	F1	WD		1	PO	Baa2		P-2	PO	BBB+	A-2	G - 100 days
	Santander UK PLC	NW	A+	F1	a		2	PO	Aa3		P-1	SB	A	A-1	R - 6 mths
	Standard Chartered Bank	SB	A+	F1	a		5	SB	A1		P-1	SB	A	A-1	R - 6 mths
	Sumitomo Mitsui Banking Corporation	SB	A	F1			1	SB	A1		P-1	PO	A	A-1	R - 6 mths
Building Societies	Coventry Building Society	NW	A	F1	a		5	SB	A2		P-1				R - 6 mths
	Leeds Building Society	NW	A-	F1	a-		5	SB	A3		P-2				G - 100 days
	Nationwide Building Society	NW	A	F1	a		5	NO	Aa3		P-1	PO	A	A-1	R - 6 mths
	Skipton Building Society	NW	A-	F1	a-		5	PO	Baa1		P-2				G - 100 days
	Yorkshire Building Society	NW	A-	F1	a-		5	SB	A3		P-2				G - 100 days
Nationalised and Part Nationalised Banks	National Westminster Bank PLC (RFB)	NW	A+	F1	a		5	PO	A1		P-1	PO	A-	A-2	B - 12 mths
	Royal Bank of Scotland Group Plc (RFB)	NW	A+	F1	a		5	PO	A1		P-1	PO	A-	A-2	B - 12 mths

Key			
Watches and Outlooks		Duration	
SB	Stable Outlook	Yellow - Y	60 Months
NO	Negative Outlook	Blue - B	12 Months
NW	Negative Watch	Orange - O	12 Months
PO	Positive Outlook	Red - R	6 Months
PW	Positive Watch	Green - G	100 Days
EO	Evolving Outlook		
EW	Evolving Watch		

APPENDIX B

PRUDENTIAL AND TREASURY INDICATORS 2018/19

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

Capital Expenditure

This prudential Indicator is a summary of the Council's capital expenditure.

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Actual £000
General Fund services	4,179	7,492	8,286
Capital investments*	0	0	0
TOTAL	4,179	7,492	8,286

*Capital investments relate to areas such as capital expenditure on investment properties.

The table below summarises the financing of the Council's capital programme.

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Actual £000
External sources	1,079	700	1,067
Own resources	2,356	1,855	1,574
Debt (including internal borrowing)	744	4,937	5,645
TOTAL	4,179	7,492	8,286

NB. Please note that the estimate for 2018/19 represents the approved capital programme for that year. However, actual capital spend includes not only expenditure on projects within that capital programme, but also expenditure on schemes carried forward from previous capital programmes.

The Council's Borrowing Need (the Capital Financing Requirement)

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Actual £000
General Fund services	646	5,797	6,291
Capital investments	0	0	0
TOTAL CFR	646	5,797	6,291

The Council's Gross Debt and the Capital Financing Requirement

Statutory guidance states that debt should remain below the capital financing requirement, except in the short-term.

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Actual £000
Debt	0	4,937	5,490
Capital Financing Requirement	646	5,797	6,291

AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans.

These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

The financing costs were increased in the 2018/19 estimate to reflect the proposals within the commercial property acquisition strategy, and therefore increased this indicator. These proposals will now take place in 2019/20 and 2020/21 onwards.

	2017/18 Actual	2018/19 Estimate	2018/19 Actual
Financing costs (£m)	(140,882)	87,040	(210,218)
Proportion of net revenue stream	(1.7%)	1.0%	(2.3%)

TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

The Operational Boundary – This is the limit beyond which external debt is not normally expected to exceed. This is the maximum level of external debt for cash flow purposes.

Operational Boundary	2017/18	2018/19
	£	£
Borrowing	5,000,000	9,000,000
Other long term liabilities	-	-
Total	5,000,000	9,000,000

The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This provides headroom over and above the operational boundary for unusual cash movements. This is the maximum amount of money that the Council could afford to borrow.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

Authorised limit	2017/18	2018/19
	£	£
Borrowing	10,000,000	14,000,000
Other long term liabilities	-	-
Total	10,000,000	14,000,000

The Council's current level of borrowing as at 31 March 2019 was £5.49 million.

The maturity analysis of fixed rate borrowing is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

Refinancing rate risk indicator	Approved minimum limits	Approved maximum limits	Actual 31 March 2018		Actual 31 March 2019	
			£million	%	£million	%
Less than 1 year	0%	10%	0	0	0	0
Between 1 and 2 years	0%	10%	0	0	0	0
Between 2 and 5 years	0%	30%	0	0	0	0
Between 5 and 10 years	0%	50%	0	0	2.160	39.3%
More than 10 years	0%	100%	0	0	3.330	60.7%
Total			0	0	5.490	100.0%

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Report to: **Audit Committee**
Date: **25 July 2019**
Title: **Budget Book 2019/20**
Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **ALL**

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

Author: **Pauline Henstock** Role: **Head of Finance Practice**
Steve Williams **Specialist - Accountant**

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Recommendations:**That the Audit Committee:**

1. Notes the content of the Budget Book for 2019/20.

1. Executive summary

Attached is a copy of the Budget Book for 2019/20. This sets out the Council's Revenue Budget for the year into the four areas of Commercial Services, Customer First, Strategy and Commissioning and Support Services.

2. Background

The Budget Book compares the Budget for 2018/19 against the Budget for 2019/20. Cost pressures and savings which were set out in the Medium Term Financial Strategy (MTFS) and agreed as part of the budget process are shown in the 'MTFS' column, with a note

underneath. For example, income from investments in the CCLA were increased by £60,000 for 2019/20 and this is shown in Cost Centre S6050 Interest & Investment Income. The figures in the Budget Book are now final, and include salary estimates with a separate column showing the movement between 2018/19 and 2019/20.

The Budget Book shows any 'virements' within 2018/19. A virement is where a budget is moved from one budget holder (and cost centre) to another, to better reflect where budget responsibility should be held. Virements always net to zero.

3. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is legally required to set a Balanced Budget each financial year.
Financial Implications to include reference to value for money	Y	There are no direct financial implications as a result of this report. The annual budget setting process will ensure the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Council's auditors, Grant Thornton, provide an annual value for money opinion for the District Council, which will be reported to Members at this Audit Committee meeting.
Risk	Y	The Council's budget book sets out the income and expenditure budgeted for each service area. A prudent level of reserves is held by the Council to mitigate against financial risk.
Supporting Corporate Strategy		The budget book report supports all six of the Corporate Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/a
Safeguarding	N	N/a
Community Safety, Crime and Disorder	N	N/a
Health, Safety and Wellbeing	N	N/a
Other implications	N	none

Supporting Information

Appendix A – Budget Book summary 2019/20

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

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South Hams District Council												Appendix A
Budget for the Financial Year 2019/20												
	Service Group	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget	
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
a)	Customer First	2,424,023	(52,310)	2,371,713	44,200	0	3,900	(244,500)	(32,550)	63,300	2,206,063	
b)	Strategy and Commissioning	775,914	11,285	787,199	(54,300)	0	0	(58,300)	(1,315)	7,900	681,184	
c)	Commercial Services	3,519,144	83,538	3,602,682	(232,026)	0	(3,900)	(172,500)	12,600	111,400	3,318,256	
d)	Support Services	3,515,897	(42,513)	3,473,384	558,600	0	0	(24,700)	21,265	(182,600)	3,845,949	
		10,234,978	0	10,234,978	316,474	0	0	(500,000)	0	0	10,051,452	
	Contributions to/(from) Reserves (note 3)	1,181,216									714,300	
	Reversal of Depreciation	(1,933,000)									(1,933,000)	
	Reversal of Pension Costs (IAS19)	(500,000)									0	
	Net Budget Total (see note 1)	8,983,194	0	10,234,978	316,474	0	0	(500,000)	0	0	8,832,752	
	Funded by:											
	Localised Business Rates	2,262,987									1,897,008	
	Business Rates Pilot Gain and Growth	575,000									100,000	
	Council Tax (an approved increase of £5 in 19/20)	6,072,207									6,315,689	
	Collection Fund Surplus	73,000									112,000	
	Rural Services Delivery Grant (see note 2)	0									408,055	
	Total	8,983,194									8,832,752	
Note 1: The notional pension costs (IAS19) have been removed from the 2019/20 base budget, both above and below the line (as shown above). This was a historic adjustment for presentational purposes only and has no impact on the overall budget requirement.												
Note 2: Rural Services Delivery Grant of £408,055 has been included within the business rates baseline as part of the business rates pilot for 2018/19.												
Note 3: In 2018/19 the contributions to earmarked reserves were approximately £475k higher due to the business rates pilot gain.												
a)	Customer First	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget	
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
S1010	Customer Contact Centre	500,550	(20,150)	480,400	15,300	0	0	0	(37,400)	5,500	463,800	
S1013	Localities	296,200	(31,000)	265,200	6,600	0	0	0	7,600	2,400	281,800	
S1014	Case Management	1,226,400	31,700	1,258,100	48,500	0	0	0	6,500	17,900	1,331,000	
S1015	Specialists	1,473,200	(1,510)	1,471,690	73,800	0	0	0	30,910	16,300	1,592,700	
S1020	Planning Applications & Advice	(700,400)	(18,000)	(718,400)	(49,000)	0	0	(38,100)	0	0	(805,500)	
S1021	Development Control - Enforcement	4,700	0	4,700	0	0	0	(4,700)	0	0	0	
S1034	Planning Policy	16,900	0	16,900	0	0	0	(16,900)	0	0	0	
S1040	Local Land Charges	(135,900)	(400)	(136,300)	0	0	0	(6,700)	0	0	(143,000)	
S1060	Community Development	154,400	0	154,400	(19,600)	0	0	(2,400)	0	0	132,400	
S1070	Environmental Initiatives	64,600	0	64,600	(9,700)	0	0	(8,600)	0	0	46,300	

South Hams District Council												Appendix A
Budget for the Financial Year 2019/20												
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		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
S1104	Land & Investment Properties (Note 4)	(42,700)	(591,700)	(634,400)	0	0	0	(1,500)	0	0	(635,900)	
S1165	Follaton House Offices	147,700	7,300	155,000	(3,400)	0	0	0	1,200	16,100	168,900	
S1250	CoP Leads & Group Manager	158,200	1,460	159,660	1,700	0	0	0	(660)	600	161,300	
S1301	Community Parks & Open Spaces	114,900	0	114,900	0	0	3,900	(8,900)	0	1,000	110,900	
S1306	Countryside Recreation	2,500	0	2,500	0	0	0	(2,000)	0	0	500	
S1310	Leisure Centres	446,100	(87,000)	359,100	(22,000)	0	0	(2,400)	0	0	334,700	
S1311	Outdoor Sports and Recreation	138,079	0	138,079	0	0	0	(3,100)	0	0	134,979	
S1365	Flood Defence & Land Drainage	47,200	0	47,200	0	0	0	(800)	0	0	46,400	
S1367	Coast Protection	56,000	(200)	55,800	0	0	0	(1,100)	0	0	54,700	
S1400	Other Employment Estates (Note 4)	(1,004,400)	658,457	(345,943)	0	0	0	(5,100)	(40,700)	3,500	(388,243)	
S1501	General Health	11,000	0	11,000	0	0	0	0	0	0	11,000	
S1503	Public Health	(33,556)	20,833	(12,723)	0	0	0	(3,600)	0	0	(16,323)	
S1531	Licensing	(162,100)	(22,100)	(184,200)	0	0	0	(5,700)	0	0	(189,900)	
S1533	Pest Control	13,600	0	13,600	0	0	0	(100)	0	0	13,500	
S1535	Pollution Control	2,100	0	2,100	0	0	0	(6,200)	0	0	(4,100)	
S1537	Food Safety	14,250	0	14,250	(3,000)	0	0	(8,500)	0	0	2,750	
S1538	Health & Safety at Work	15,600	0	15,600	0	0	0	(5,700)	0	0	9,900	
S1541	Community Safety	6,500	0	6,500	0	0	0	(900)	0	0	5,600	
S1548	Emergency Planning	10,700	0	10,700	0	0	0	(1,100)	0	0	9,600	
S1550	Housing Standards	5,200	0	5,200	0	0	0	(4,200)	0	0	1,000	
S1551	Homelessness	156,800	0	156,800	0	0	0	(7,500)	0	0	149,300	
S1552	Housing Advice	10,200	0	10,200	0	0	0	(7,200)	0	0	3,000	
S1553	Housing Enabling	1,800	0	1,800	0	0	0	(1,800)	0	0	0	
S1555	Private Sector Housing Renewal	13,700	0	13,700	(10,000)	0	0	(3,700)	0	0	0	
S1558	Housing Strategy	11,200	0	11,200	0	0	0	(8,100)	0	0	3,100	
S1565	Housing Benefit Payments	(87,000)	0	(87,000)	0	0	0	0	0	0	(87,000)	
S1568	Housing Benefit Administration	(187,400)	0	(187,400)	10,500	0	0	(18,400)	0	0	(195,300)	
S1571	Council Tax Collection	(278,200)	0	(278,200)	0	0	0	(35,600)	0	0	(313,800)	
S1574	Council Tax Support	(64,600)	0	(64,600)	4,500	0	0	(23,900)	0	0	(84,000)	
		2,424,023	(52,310)	2,371,713	44,200	0	3,900	(244,500)	(32,550)	63,300	2,206,063	
Note 4: The virement of £591,700 from Employment Estates to Land & Investment Properties reflects the reclassification of land at Lee Mill from an employment estate to an Investment Property as detailed in the												
2017/18 Statement of Accounts												
b)	Strategy and Commissioning	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget	
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
S1030	Economic Development	5,500	0	5,500	0	0	0	(6,200)	0	0	(700)	

South Hams District Council												Appendix A
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		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
	S3001 Electoral Registration	139,600	(1,700)	137,900	2,800	0	0	(6,300)	0	1,000	135,400	
	S3010 District Elections	1,100	0	1,100	0	0	0	(1,100)	0	0	0	
	S3030 Staff Forum	0	5,000	5,000	0	0	0	0	0	0	5,000	
	S3041 Communications & Media CoP	65,330	4,500	69,830	(1,800)	0	0	0	800	600	69,430	
	S3050 Democratic Representation & Management	336,454	(3,800)	332,654	0	0	0	(25,500)	0	4,600	311,754	
	S3051 Member Support & Democratic Services	86,900	100	87,000	3,700	0	0	0	(2,100)	1,300	89,900	
	S3075 Waste & Place Strategy	60,400	(700)	59,700	0	0	0	0	1,200	0	60,900	
	S4501 Performance & Intelligence	129,500	5,015	134,515	1,000	0	0	0	(1,215)	400	134,700	
	S4510 Building Regulations (Building Control P'ship)	(20,670)	20,670	0	0	0	0	0	0	0	0	
	S4511 Other Building Control Work	94,800	(17,800)	77,000	0	0	0	(19,200)	0	0	57,800	
	S6050 Interest & Investment Income	(123,000)	0	(123,000)	(60,000)	0	0	0	0	0	(183,000)	
		775,914	11,285	787,199	(54,300)	0	0	(58,300)	(1,315)	7,900	681,184	
c)	Page 29 Commercial Services											
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
	S1304 Grounds Maintenance	450,393	7,802	458,195	5,100	0	0	0	0	4,800	468,095	
	S1305 Cemeteries & Burials	28,700	0	28,700	0	0	0	(200)	0	0	28,500	
	S2002 Beach & Water Safety	44,600	(3,400)	41,200	0	0	0	(700)	0	0	40,500	
	S2005 Salcombe Harbour	0	0	0	0	0	0	0	0	0	0	
	S2010 Dartmouth Ferry	(39,500)	47,800	8,300	(9,000)	0	0	(22,700)	18,100	10,000	4,700	
	S2017 Street and Beach Cleaning (Note 5)	770,917	24,143	795,060	262,087	0	0	(29,700)	0	7,500	1,034,947	
	S2030 Totnes Depot (Note 5)	28,300	(5,800)	22,500	0	(100)	0	0	0	0	22,400	
	S2040 Dartmouth Depot	3,800	(3,800)	0	0	0	0	0	0	0	0	
	S2041 Transfer Station Torr Quarry (Note 5)	260,000	1,500	261,500	0	(261,500)	0	0	0	0	0	
	S2043 Ivybridge Depot (Note 5)	46,300	(1,500)	44,800	0	(20,325)	0	0	0	0	24,475	
	S2044 Torr Quarry Depot (Note 5)	25,300	(3,200)	22,100	0	(11,100)	0	0	0	0	11,000	
	S2101 Car Parking (Note 6)	(1,888,825)	14,575	(1,874,250)	22,900	0	0	(20,800)	173,100	42,800	(1,656,250)	
	S2310 Dog Warden Service	5,000	0	5,000	0	0	0	0	0	0	5,000	
	S2400 Public Conveniences (Note 5)	640,607	56,842	697,449	(200,470)	0	0	(13,100)	0	17,600	501,479	
	S2701 Waste Collection & Recycling Contract (Note 5)	0	0	0	(345,743)	3,135,853	0	0	0	20,000	2,810,110	
	S2702 Household Waste Collection (Note 5)	2,013,947	61,305	2,075,252	0	(2,026,852)	0	(48,400)	0	0	0	
	S2705 Recycling Services (Note 5)	534,158	15,570	549,728	20,000	(547,628)	0	(22,100)	0	0	0	
	S2713 Trade Waste (Note 5)	(44,232)	(2,320)	(46,552)	0	(284,348)	0	(13,700)	(5,200)	0	(349,800)	
	S2715 Garden Waste Collection	0	0	0	0	0	0	0	0	0	0	
	S2716 Food Waste Services	(3,400)	0	(3,400)	0	0	0	0	0	0	(3,400)	
	S2720 Waste Collection & Recycling Staffing (Note 5)	288,000	42,200	330,200	0	(129,300)	0	0	19,600	0	220,500	

South Hams District Council											Appendix A
Budget for the Financial Year 2019/20											
	Service Group	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
S2721	Environment Services - Manual Staff (Note 5)	14,522	(14,522)	0	0	0	0	0	0	0	0
S2733	Other Commercial Services Staffing (Note 6)	490,900	(74,200)	416,700	13,100	0	0	0	(202,100)	4,800	232,500
S2734	Pannier Markets	(89,800)	0	(89,800)	0	0	0	(1,100)	0	0	(90,900)
S2841	Repairs and Maintenance	4,757	(4,757)	0	0	0	(3,900)	0	9,100	3,900	9,100
S2884	Supervisors Vehicles (Note 5)	(7,000)	7,000	0	0	5,300	0	0	0	0	5,300
S2887	Street Scene Vehicles	(8,300)	8,300	0	0	0	0	0	0	0	0
S2703	Data Management	(50,000)	50,000	0	0	0	0	0	0	0	0
S4012	Corporate Savings	0	(140,000)	(140,000)	0	140,000	0	0	0	0	0
		3,519,144	83,538	3,602,682	(232,026)	0	(3,900)	(172,500)	12,600	111,400	3,318,256
	Note 5 : Some budgets within Commercial Services have been amalgamated to reflect the new arrangements.										
	Note 6 : The salary budget for staff working 100% on car parking has been reallocated from Other Commercial Services Staffing to the Car Parking service.										
d) Page 30	Support Services	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
S4001	Chief Executive	135,200	(24,765)	110,435	(30,400)	0	0	0	20,365	1,300	101,700
S4004	Corporate Training & Occ Health	42,300	(3,400)	38,900	0	0	0	0	0	0	38,900
S4009	Non Distributed Costs (Pension Costs)	470,200	0	470,200	290,000	0	0	0	0	0	760,200
S4010	Price Inflation Provision	48,429	(47,698)	731	220,000	0	0	0	0	(220,731)	0
S4011	Steady State Provision	0	30,000	30,000	0	0	0	0	(17,200)	0	12,800
S4041	Internal Audit	79,000	200	79,200	2,300	0	0	0	(9,400)	800	72,900
S4082	Landlines	0	39,700	39,700	0	0	0	0	0	0	39,700
S4084	ICT Software & Support Contracts	391,620	(900)	390,720	39,700	0	0	0	0	18,531	448,951
S4085	Mobile Phones	0	19,000	19,000	0	0	0	0	0	0	19,000
S4086	Client Hardware Replacement	36,600	0	36,600	0	0	0	0	0	0	36,600
S4087	Photocopiers	0	33,900	33,900	0	0	0	0	0	0	33,900
S4100	Human Resources CoP	149,700	(14,700)	135,000	(14,700)	0	0	0	(1,300)	1,900	120,900
S4101	Legal CoP	159,700	11,260	170,960	3,500	0	0	0	(2,960)	1,300	172,800
S4102	Design CoP	55,500	0	55,500	2,300	0	0	0	(2,000)	800	56,600
S4103	Finance CoP	217,500	(12,600)	204,900	7,800	0	0	0	(3,800)	2,800	211,700
S4104	ICT CoP	248,700	13,300	262,000	13,200	0	0	0	(9,400)	4,800	270,600
S4150	Support Services Case Management	487,350	(46,950)	440,400	6,800	0	0	0	58,400	3,200	508,800
S4160	Corporate Management	169,300	(10,000)	159,300	0	0	0	(24,700)	0	0	134,600
S4180	Support Services Mgmt & O`Heads	93,400	25,140	118,540	3,900	0	0	0	(10,040)	1,400	113,800
S4196	Customer Support	102,800	(17,600)	85,200	3,500	0	0	0	(1,400)	1,300	88,600
S4199	Central Service Overheads	163,500	(70,000)	93,500	(3,500)	0	0	0	0	0	90,000
S4200	Insurance	382,440	(53,400)	329,040	0	0	0	0	0	0	329,040

South Hams District Council											Appendix A
Budget for the Financial Year 2019/20											
	Service Group	18/19 Base Net Budget	18/19 Virements	18/19 Revised Net Budget	19/20 Pressures/ (Savings)	Budget Changes to reflect the Waste & Cleansing Contract	19/20 Budget Preparation Virements	IAS19 Budget Removal	19/20 Salary Estimate Virements	19/20 Price Inflation Allocation	19/20 Net Budget
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
S6021	Parish Support Grant	82,658	0	82,658	(8,000)	0	0	0	0	0	74,658
S6040	Borrowing Costs	0	87,000	87,000	22,200	0	0	0	0	0	109,200
		3,515,897	(42,513)	3,473,384	558,600	0	0	(24,700)	21,265	(182,600)	3,845,949

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Proposed Committee Workplan for the 2019/20 Financial Year

Meeting Date:	Agenda Items:
7 November 2019	<ul style="list-style-type: none"> i) Grant Thornton Update report; ii) Six monthly update – Strategic Risk Assessment; iii) Six monthly update – Strategic Debt review; iv) Internal Audit Charter & Strategy; and v) Update on Progress on the 2019/20 Internal Audit Plan.
6 February 2020	<ul style="list-style-type: none"> i) Grant Thornton Annual Audit Letter and Closure of the Audit Letter; ii) Grant Thornton Annual Grant Certification Letter; iii) Grant Thornton Update report; and iv) Update on progress on the 2019/20 Internal Audit Plan.
26 March 2020	<ul style="list-style-type: none"> i) Grant Thornton - External Audit Plan 2019/20; ii) Grant Thornton – Interim Audit Report 2019/20; iii) Grant Thornton Update report; iv) Treasury Management update; v) 2020/21 Internal Audit Plan; vi) Draft Budget Book 2020/21; vii) Cost Methodology for Shared Services 2019/20; viii) Annual Review of Council Constitution; ix) Update on Progress on the 2019/20 Internal Audit Plan; x) Six monthly update – Strategic Risk Assessment; and xi) Six monthly update – Strategic Debt review.

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