

South Hams Budget Advisory Committee



Title:	Agenda																								
Date:	Thursday, 11th January, 2024																								
Time:	3.00 pm																								
Venue:	Council Chamber - Follaton House																								
Full Members:	<p style="text-align: center;"><i>Chairman</i></p> <p style="text-align: center;"><i>Vice Chairman</i></p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Allen</td> <td style="width: 33%;">Cllr Long</td> </tr> <tr> <td>Cllr Bonham</td> <td>Cllr Munoz</td> </tr> <tr> <td>Cllr Carson</td> <td>Cllr Nix</td> </tr> <tr> <td>Cllr Cooper</td> <td>Cllr Oram</td> </tr> <tr> <td>Cllr Dennis</td> <td>Cllr Pannell</td> </tr> <tr> <td>Cllr Dewynter</td> <td>Cllr Penfold</td> </tr> <tr> <td>Cllr Dommett</td> <td>Cllr Presswell</td> </tr> <tr> <td>Cllr Edie</td> <td>Cllr Rake</td> </tr> <tr> <td>Cllr Hancock</td> <td>Cllr Steele</td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Taylor</td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Yardy</td> </tr> <tr> <td>Cllr Lawford</td> <td></td> </tr> </table>	Cllr Allen	Cllr Long	Cllr Bonham	Cllr Munoz	Cllr Carson	Cllr Nix	Cllr Cooper	Cllr Oram	Cllr Dennis	Cllr Pannell	Cllr Dewynter	Cllr Penfold	Cllr Dommett	Cllr Presswell	Cllr Edie	Cllr Rake	Cllr Hancock	Cllr Steele	Cllr Hawkins	Cllr Taylor	Cllr Jackson	Cllr Yardy	Cllr Lawford	
Cllr Allen	Cllr Long																								
Cllr Bonham	Cllr Munoz																								
Cllr Carson	Cllr Nix																								
Cllr Cooper	Cllr Oram																								
Cllr Dennis	Cllr Pannell																								
Cllr Dewynter	Cllr Penfold																								
Cllr Dommett	Cllr Presswell																								
Cllr Edie	Cllr Rake																								
Cllr Hancock	Cllr Steele																								
Cllr Hawkins	Cllr Taylor																								
Cllr Jackson	Cllr Yardy																								
Cllr Lawford																									
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:	Democratic Services																								

1. Appointment of Chairman

2. Minutes

1 - 6

to approve as a correct record the minutes of the Committee held on 19 January 2023;

3. Urgent Business

Brought forward at the discretion of the Chairman;

4. Division of Agenda

to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information

5. Declarations of Interest

In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;

6. Draft Revenue and Capital Budget Proposals for 2024/25

7 - 38

**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:
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

Report to: **Budget Advisory Committee**

Date: **11 January 2024**

Title: **Draft Revenue and Capital Budget Proposals for 2024/25**

Portfolio Area: **Cllr J Brazil – Budget Setting Process**

Wards Affected: **All**

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

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance**

Contact: Email: lisa.buckle@swdevon.gov.uk

RECOMMENDATIONS

- 1. That the views of the Budget Advisory Committee are sought on the content of the Draft Revenue and Capital Budget Proposals for 2024/25.**

Views are sought in particular on:-

- i) Modelling an increase in Council Tax for 2024/25 of 2.99% (This would increase a Band D council tax for 24/25 from £185.42 to £190.96 – an increase of £5.54 per year or under 11pence per week);**
- ii) The financial pressures shown in Appendix A of £2,846,000;**
- iii) The savings/additional income of £(1,460,000) as shown in Appendix A; and**
- iv) The net contributions to/(from) Earmarked Reserves of £60,427 as shown in Appendix D, including the proposed use of £704,173 of New Homes Bonus funding to fund the 2024/25 Revenue Budget as set out in 3.20 of the report and £400,000 from the Business Rates Retention Earmarked Reserve as set out in 3.13 of the report;**

v) The Capital Bid for £90,000 to renew and upgrade the Council's bank reconciliation software and to fund this from the annual revenue contribution of £181,600 into the Capital Programme, as set out in 8.4.

1. Executive summary

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling three year timeframe to 2026/27. The Executive considered the MTFS at its meeting on 21 September 2023.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding. Between 2009/10 and 2020/21, the Council's Core Government funding has reduced by £4 million. The Council now receives minimal Government Grant (Revenue Support Grant) of £147,100 to fund its services and the Council must be self-sufficient.
- 1.3 The Council has continued to work in partnership with West Devon Borough Council which has allowed South Hams to achieve annual savings of £3.9 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.4 It is important to note that the MTFS sets out the budget strategy for the Council for the next three years, with regular reviews (at least annually) and updates when items are further known or are announced by the Government.
- 1.5 Prudent financial management in the past, has meant that the Council was in a relatively healthy position financially before the pandemic hit. The management of risk and promoting financial resilience is a key principle of our budget strategy and this has helped facilitate our response. Key to the authority's financial resilience are our reserves, which are at a prudent level.
- 1.6 The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2026/27 although this has not been confirmed by the Government so the MTFS and Budget Proposals for 2024/25 assumes that these changes will happen in 2026/27.

1.7 The key assumptions within the Budget Proposals for 2024/25 are as below. Each of these is described in more detail in Section 3.

- The business rates baseline reset will be deferred until 2026/27 at the earliest (with no negative Revenue Support Grant in 2024/25 or 2025/26)
- There will be a phasing in of negative Revenue Support Grant as part of the business rates baseline reset (predicted to be in 2026/27) with a transition period, to avoid Local Authorities losing/gaining too much in one go. The modelling assumes negative RSG of £450,000 in 2026/27. Some of the negative RSG could be offset by growth.
- It is assumed Council Tax limits for District Councils will remain at the higher of 2.99% or £5 for the next three years.
- 2024/25 is another roll over settlement, which will give an amount of £704,173 of New Homes Bonus funding that it is proposed is used to fund the 2024/25 revenue base budget.
- A business rates pooling gain of £400,000 has been modelled for 2024/25 and 2025/26, with no further gains for 2026/27 onwards.
- A council tax surplus of £59,000 for 24/25 has been assumed, with a council tax collection rate of 98.25% built into the 24/25 TaxBase calculation (98.55% was achieved in 2022/23)
- Rural Services Delivery Grant will continue annually at the same level for 24/25 (£478,583)
- A 4% pay increase has been modelled from 2024/25 onwards (4% equates to £456,000 on total pay of £11.4m). The pay assumption has been reduced to 3% in 2025/26 and 2026/27

1.8 The report sets out proposals for the Council to achieve a balanced budget for 2024/25, as shown in **Appendix B**. The Council is currently forecasting a £345,560 budget gap by the following year, 2025/26. The cumulative aggregated Budget Gap by 2026/27 is £2.1 million, if no action has been taken in each individual year to close the budget gap annually.

Budget Gaps	2024/25 £	2025/26 £	2026/27 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	Nil – Balance budget proposed	345,560	1,394,479	1,740,039
*Cumulative Budget Gap	Nil – Balance budget proposed	345,560	1,740,039	2,085,599

* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 1.9 The budget gap for 2025/26 of £345,560 is very much in line with the level expected at this point in the financial planning cycle. In the year after, the budget gap is £1.39million, due to the local government reforms that are expected (see 3.14). These are the reset of the business rates baseline, the fair funding review and the impact of negative RSG (Revenue Support Grant), coupled with the loss of the business rates pooling gain.
- 1.10 Below shows the summary of proposed changes to the Budget report for 2024/25, following the announcement of the Draft Local Government Finance Settlement. Proposals for a balanced budget are shown below:

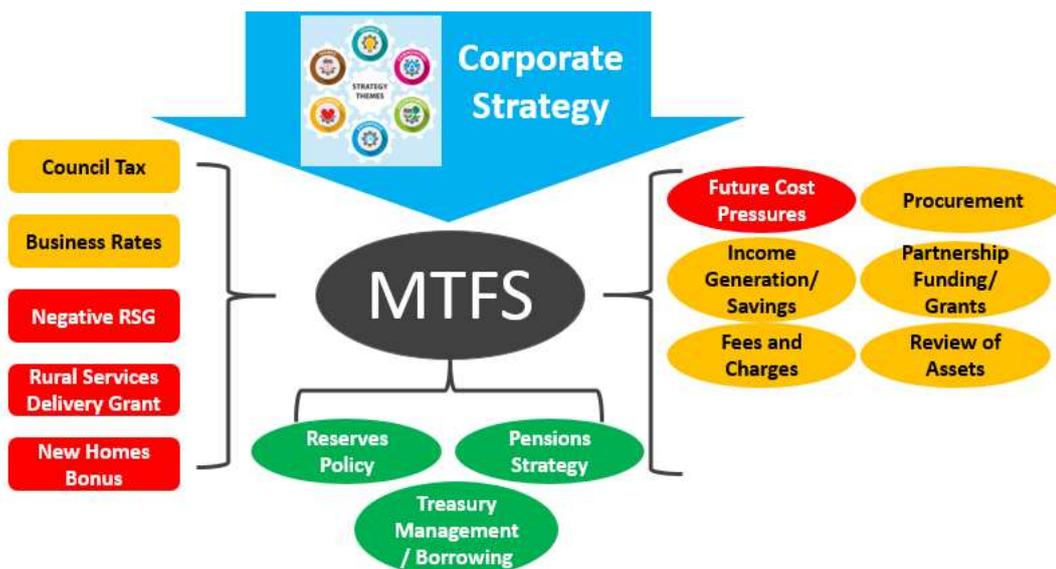
	£
<i>Budget gap for 24/25 reported in the Executive Budget report on 30th November 2023</i>	146,185
Additional cost pressures identified £90,000	
Cost pressure for business continuity and cyber security (This is 50% of the total cost – WDBC will also pay 50%)	75,000
Additional costs associated with supporting the new Community Development service – as per the Executive report on 30 November 2023	15,000
Changes to Financing of the Base Budget £113,815	
Increase the amount of New Homes Bonus used to fund the Base Budget from £700,000 to £704,173 (see section 3.19 to 3.20 of the report)	(4,173)
Change the council tax income to model a council tax increase of 2.99% in 2024/25 instead of a £5 increase (This would increase a Band D council tax for 24/25 from £185.42 to £190.96 – an increase of £5.54 per year or under 11pence per week)	(21,886)
The 2024/25 Council Tax Base has increased to 40,528.94 Band D equivalent properties (which is higher than the estimate at November 23 of 40,449). This difference in the modelling generates extra council tax income of £15,221.	(15,221)
Extra Revenue Support Grant (Actual amount is £147,100 which is £1,100 higher than the previous estimate of £146,000)	(1,100)
Less funding from Funding Guarantee (3% increase in Core Spending Power) - Actual amount is £614,068 which is £97,932 less than the previous estimate of £712,000. This is based on a complicated formula that takes into account other Government grants such as New Homes Bonus (which has increased for 24/25).	97,932
Less funding from Services Grant – Actual amount is £12,271 which is £52,729 less than the previous estimate of £65,000	52,729
Reduce the amount of funding from business rates income from £3,200,000 to £3,194,466	5,534

Additional income/savings identified (£350,000)	
Introduce a vacancy saving target on salaries – equates to around 1.5% of salaries (total pay of £11.4m)	(170,000)
Increase the car parking income from extra usage from £200,000 to £250,000	(50,000)
Increase the Dartmouth Lower Ferry income from extra usage and a review of charges for 2023 from £50,000 to £100,000	(50,000)
Environmental Health fees and charges – increase in line with inflation	(30,000)
Additional income from Follaton House rental income	(50,000)
Revised Budget gap for 2024/25 as set out in this report (as at January 2024) - (A balanced budget position is presented for Members' consideration)	Nil (Balanced Budget)

2 COMPONENTS OF THE MEDIUM TERM FINANCIAL STRATEGY

2.1 The Diagram below sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

2023/24 Net Budget £11.74 million



2.2 The key assumptions within the Budget Proposals are set out in Section 3.

OVERALL POSITION – BUDGET GAP

- 2.3 Financial modelling has been undertaken for the next three years to predict the Council's financial situation for the short and medium term.
- 2.4 **Appendix A** to the Budget report sets out the Budget Pressures forecast for the next three years and the additional savings and income forecast. **Appendix B** illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £11.74 million in 2023/24.
- 2.5 A Summary forecast is shown below of the potential budget situation if all 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 2.99% per annum (shown in Appendix B).
- 2.6 The report sets out proposals for the Council to achieve a balanced budget for 2024/25, as shown in Appendix B. The Council is currently forecasting a £345,560 budget gap by the following year, 2025/26. The cumulative aggregated Budget Gap by 2026/27 is £2.1million, if no action has been taken in each individual year to close the budget gap annually.

Budget Gaps	2024/25 £	2025/26 £	2026/27 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	Nil – Balance budget proposed	345,560	1,394,479	1,740,039
*Cumulative Budget Gap	Nil – Balance budget proposed	345,560	1,740,039	2,085,599

* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 2.7 The Council will continue to assess various options for closing the budget gap for 2025/26 onwards, and in the longer term, to achieve long term financial sustainability and further reports will be presented to Members.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT FOR 2024/25

- 3.1 On 18th December 2023, the Government published for statutory consultation, the provisional local government finance settlement for 2024/25. This followed a policy statement published on 5th December.
- 3.2 The provisional settlement is once again a holding position, designed for stability and certainty for planning purposes for 2024/25. The broad approach is based on a uniform roll-over of the core elements of the settlement. No announcements were made regarding funding reform and this has been deferred.

- 3.3 Detailed numbers are only available for 2024/25 in the Finance Settlement and there remains significant uncertainties for 2025/26, particularly for District Councils. These include the future of the New Homes Bonus Scheme, which is now simply a one-year retrospective payment.
- 3.4 The 'Core Spending Power' is a headline figure used by the Department for Levelling-Up, Housing and Communities (DLUHC) to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax, as below. The Council now receives minimal Government grant (Revenue Support Grant of £147,100 for 2024/25 (see 1.2).
- 3.5 **Core Spending Power for South Hams (which is a measure of how much extra funding a Council has received for next year) increased by 4.9% for 2024/25 from £11.594m to £12.166m as shown below.**
- 3.6 Core Spending Power (CSP) is the term the Government use to say how much money Councils have to run their services. CSP includes Business rates, Council Tax, NHB and the various different Grants. On average nationally Core Spending Power is increasing by 6.5% for 2024/25. The average for Shire Districts is a Core Spending Power increase of 4.9%. Shire Counties are increasing by 6.7% in their CSP. A large part of the increase in CSP is an assumed increase in Council Tax, which the Government build into the CSP calculation, as shown below.

Table 1 - Core Spending Power (CSP), £m

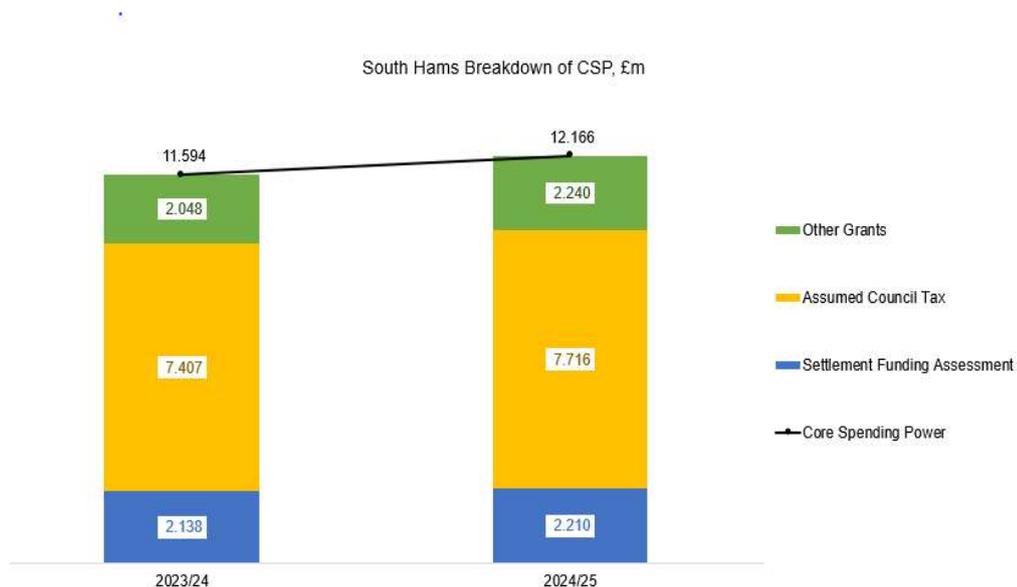
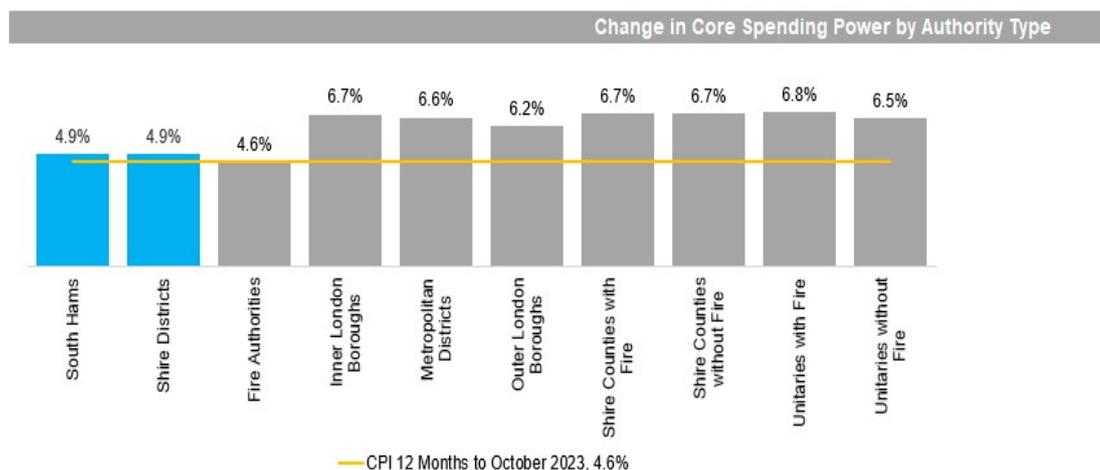


Table 2 – Analysis of Core Spending Power % increases by Authority Type



Council Tax

- 3.7 The Council Tax Referendum limits for District Councils for 2024/25 is the higher of 2.99% or £5. A 2.99% increase is higher for South Hams District Council as this equates to an increase of £5.54 on a Band D property.

An increase in council tax of 2.99% for the next three years has been modelled for council tax purposes in the budget report. This would equate to a Band D council tax for the District Council of £190.96 in 2024/25 as shown in Appendix B (an increase of £5.54 for the year or under 11 pence per week), which equates to a 2.99% increase. The Council's share of the council tax for 2024/25, will be set at the Council meeting on 15th February 2024.

(A 1% increase in council tax generates £75,000 of extra council tax income). A 2.99% increase in council tax generates extra council tax income of £0.225m.

Council Tax legislation sets out that Council Tax is partly a form of general taxation on a property and partly a tax on the people living in a property. Council Tax funds essential services in an area and the cost of public services is spread across all taxpayers in the same way, regardless of which services residents use or receive. Council Tax is a form of general taxation rather than a service charge.

3.8 The table below shows how an average Band D council bill is made up for South Hams District Council for 2023/24, compared to 2022/23. Of an average Band D Council Tax within the District of £2,261.19, **an amount of £185.42 is the element of a council tax bill set by South Hams District Council**. Therefore 8pence of every £1 paid (8%) in council tax is received by South Hams District Council to pay for our services. The rest of the council tax bill is set by Devon County Council, the Fire, the Police and Town and Parish Councils to fund the services they provide. In 2023/24, the council tax for an average Band D property in South Hams increased by £105.89 per annum (4.91% as shown below).

Precepting Authority	Band D 2022/23	Band D 2023/24	£ Increase	% Increase
South Hams District Council	£180.42	£185.42	£5.00	2.77%
Devon County Council Precept	£1,372.59	£1,419.21	£46.62	4.99%
Adult Social Care Precept *	£183.87	£214.92	£31.05	
Devon & Cornwall Police & Crime Commissioner	£246.56	£261.56	£15.00	6.08%
Devon & Somerset Fire & Rescue	£91.79	£96.79	£5.00	5.45%
Average Parishes/Towns	£80.07	£83.29	£3.22	4.02%
TOTAL	£2,155.30	£2,261.19	£105.89	4.91%

Town and Parish Precepts for 2023/24 are shown in Appendix E. The largest Parish Precepts are Totnes (£205.23), Dartmouth (£182.95) and Ivybridge (£141.57), with the smallest Precept being Woodleigh (£5.04) for a Band D property.

- 3.9 The Council Tax Referendum Limits that will apply for 2024/25 are as follows:
- Shire Districts – 2.99% limit or £5, whichever is the higher
 - Police - £13 referendum limit.
 - Fire – 2.99% limit
 - Upper Tier – 4.99%
 - No referendum limits will be set for Town and Parish Councils for 2024/25

- 3.10 A council tax collection rate of 98.25% has been assumed for 2024/25 within the TaxBase calculation. **The Council collected 98.55% in council tax in 2022/23 which was in the top quartile of all Councils nationally.** It has been assumed that the number of properties within the District will increase by 500 per annum from 2024/25 onwards.

Business Rates and Negative Revenue Support Grant (RSG)

- 3.11 It has been assumed that the Business Rates Reset will be delayed to 2026/27. Whilst this change is not confirmed by the Government, a reset based on the current taxbase would appear very unlikely.
- 3.12 Estimates have been made of the business rates baseline funding levels for 2024/25 onwards and the relative deductions for negative RSG in 2026/27. For example in 2024/25, the £3.45m is the amount the Council is projected to retain from its business rates income collected of around £25 million (this equates to around 14p in every £1 collected of business rates). The 2022/23 collection rate for South Hams for business rates was 97.95%, which was in the second quartile of all Councils nationally. It was announced, as part of the Autumn Statement 2023, that the small business rates multiplier for 2023/24 will remain frozen at 49.9p and there will be an increase to the standard rate multiplier of 6.7% (from 51.2p to 54.6p).
- 3.13 It is recommended to take £400,000 funding from the business rates retention on an annual basis to fund the base budget. This would reduce the business rates retention reserve by £1.2m over the next 3 years to smooth the impact of the business rates baseline reset and the future loss of pooling gains. There will also be £2m coming out of this business rates retention reserve in 2023/24, for the transitional cost of the waste and recycling service coming back in house in October 2022 and the delay to the full roll out of the Devon Aligned service to 20th November 2023. This reserve is predicted to have more business rates income being set aside into the reserve in 23/24, due to the way that business rates income flows through the collection fund over a period of years.

- 3.14 The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2026/27 although this has not been confirmed by the Government so the MTF5 assumes that these changes could happen in 2026/27. The 2025/26 finance settlement will be the first year of a new spending review period.

The table below shows the modelling of business rates income over the next three financial years.

Business Rates Income	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
			Potential Baseline Reset
Business Rates Income	3.444	3.000	3.050
Less: Negative Revenue Support Grant (RSG) due to the Baseline reset	-	-	(0.45)
Anticipated Pooling Gain (Nil in 26/27 due to the baseline reset)	0.400	0.400	Nil
Funding proposed to be taken from the Business Rates Retention Reserve to smooth the volatility in business rates income	0.400	0.400	0.400
Total Business Rates Income	4.244	3.800	3.000

It is this significant reduction in Business rates income predicted in 2026/27 which is significantly increasing the budget gap in 2026/27 to £1.394million. A large part of the 26/27 budget gap is caused by the predicted drop in business rates income of around £800,000. This is due to the potential business rates baseline reset and the loss of the pooling gain from being in a Devon business rates pool at the same time. It is very uncertain as to when the baseline reset will happen. This has been anticipated for a number of years but the timetable has continually been put back. This modelling assumes it will happen in 2026/27 but there has been no firm timescale announced by the Government.

- 3.15 The MTF5 assumes that the full range of changes from the Fair Funding Review will be implemented based on the proposals in the December 2018 consultation paper, plus the latest population estimates (2022) and the latest council tax data. It is assumed that the business rates baseline reset will happen in 2026/27.
- 3.16 This means the Council wouldn't have to forego some of its business rates income (£450,000) by paying some of it back to Government in the form of 'negative government grant' in 24/25. Negative RSG is effectively the Council's further predicted funding cuts. The modelling assumes negative RSG of £450,000 in 2026/27. Some of the negative RSG could be offset by growth. The Government consultation paper on the Finance Settlement for 2024/25 states (under para 1.3.1) that: "We are confirming that we have no plans to introduce negative Revenue Support Grant".

Devon Business Rates Pool

- 3.17 South Hams District Council has elected to remain part of the Devon-wide Business Rates Pool for 2024/25. The latest modelling shows that a pooling gain in the region of £9.7million is forecast for 2024/25, with the Council's share of the pooling gain being in the region of £400,000.

Rural Services Delivery Grant

- 3.18 Rural Services Delivery Grant will continue for 2024/25 at previous levels (SHDC share of £478,583) and the methodology for distribution is assumed to remain unchanged from 2023/24. This is Government grant to recognise the additional cost of delivering services in rural areas.

New Homes Bonus (NHB)

- 3.19 NHB has been 'rolled over' for another year, with no legacy payments being paid. The Council's provisional allocation is **£704,173 for 2024-25** (higher than the amount estimated in the previous budget report of £700,000).
- 3.20 This is based on a property increase of 595 properties. (The amount received is 595 less the baseline of 0.4% (188 properties) at 80% of £2,065 which is an average national council tax). It is modelled that all of the 24/25 NHB payment of £704,173 will be used to fund the revenue base budget in 2024/25.

Other Government Grants

- 3.21 The 'Funding Guarantee' has been continued, which ensures every Authority has at least a 3% increase in Core Spending Power. A Funding Guarantee grant of £614,068 has been announced for 2024-25 for South Hams (this is lower by £97,932 than the previous budget report which estimated £712,000). This is based on a complicated formula that takes into account other Government grants such as New Homes Bonus (which has increased for 24/25).
- 3.22 Revenue Support Grant (RSG) will be £147,100 for 2024/25. The Council now receives minimal main Government Grant in the form of RSG. See 1.2 of the report.

Other Budget Items

- 3.23 The Consumer Price Index (CPI) was 4.6% (October 2023 CPI), which is down from 6.7% in September. Inflation over the past 18 months has been at a 40 year high. An extra £450,000 cost pressure for inflation on goods and services and increases in utility costs has been included within the cost pressures in Appendix A. The previous minutes from the meeting of the Monetary Policy Committee (MPC) state that it is expected that inflation will drop further by the end of 2023, accounted for by lower energy, and to a lesser degree, food and core goods price inflation. At present, there is no indication from Government of any additional funding to meet inflationary cost pressures.

- 3.24 A provision for the 2024/25 pay award has been modelled in the MTFs at 4% (£456,000), with total pay being £11.4million. This has been reduced to 3% in 2025/26 and 2026/27. The Medium-Term Financial Strategy 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. The Council is particularly affected by inflation in terms of the Local Government Pay Award as staffing forms a significant proportion of the Council's budget.
- 3.25 The pay award for 2023-24 has now been agreed. This is for £1,925 per Scale Point or a 3.88% increase for Scale Point 44 upwards. This would cost an extra £550,000 and this amount also needs to be built into the Base Budget for 2024-25 as a 'catch up' as the budget for 23/24 has already been set.
- 3.26 The current Bank Base Rate will increase the Council's income from treasury management investments and additional income of £800,000 has been built into the Budget for 2024/25. This would set an income target of £1.6million for 2024/25 for treasury management income and it is proposed to reduce the target to £1.2million for 2025/26. It is predicted that bank base rate will remain at 5.25% until September 2024 when it is predicted to reduce to 5%, with a predicted reduction to 4.5% by December 2024 and 4% by March 2025.
- 3.27 As per the report to Council on 13 April 2023, an extra £270,000 per annum needs to be built into the base budget for the waste collection, recycling and cleansing service. A breakdown of the £270,000 is shown in the Waste Memorandum note in Appendix A.
- 3.28 Cost pressures for insurance (£130,000) and IT inflation cost pressures for increases in prices and additional software and security (£150,000) have been built into the Budget Proposals for 2024/25. A cost pressure of £75,000 has also been built in for business continuity and cyber security.

COUNCIL PLAN

- 3.29 At the Executive meeting on 25 January 2024, the Executive will consider the Council Plan 2024-2028 and the Year 1 (2024/25) delivery plan. Proposals will be recommended to Full Council to adopt 'The Council Plan' and delivery plan at its meeting on 15 February 2024. The Council Plan and delivery plans have been refined following a ten-week consultation and engagement period with the public and partners.
- 3.30 Once adopted, the strategy will be the Council's overarching strategic document setting out our ambitions and priorities for the District.

Climate and Biodiversity

- 3.31 The Council's annual delivery plan on 'Adapting and mitigating climate change and increasing biodiversity' sets out the Council's action plan for addressing climate change and the carbon/biodiversity impact. The financial commitment for Climate and Biodiversity will be set out in detail in the report to the Executive on 25 January 2024 as part of the Annual Delivery Plan for 2024/25.

Second homeowners council tax premium

- 3.32 The Levelling Up and Regeneration Act 2023 allows Billing Authorities the discretion to charge second homeowners a council tax premium of 100% (so a second home dwelling would pay double the council tax charge). The Act requires Billing Authorities to have a minimum period of 12 months between making its first determination and the financial year in which it takes effect. That means the earliest that Councils can introduce it is for the start of the 2025-26 financial year, i.e. 1 April 2025. At Council on 16 February 2023, Council approved charging up to an extra 100% council tax in second homes.
- 3.33 Now that the legislation has been passed, it is recommended to Council to adopt a further resolution to charge a council tax premium on second homes from 1 April 2025. This will be a separate report to the Executive in January 2024 and a recommendation to Council in February 2024. The estimated additional yield from council tax would be £9m of which the Council's share would be approximately £0.7m (8%) – see Memorandum Note in Appendix A.
- 3.34 The key impact of second homes is to remove a significant number of homes from the local housing market, with properties that would otherwise be available to provide permanent homes for local people being used as holiday homes by people whose primary residency is outside the district. For this reason, the Council believes that the additional money raised by the second homes premium should be invested back into housing. South Hams is working with other councils across Devon to make the case that all the additional tax raised should be ringfenced to address housing challenges, including to acquire existing properties to provide temporary accommodation, to support people with complex needs and the provision of specialist accommodation with supported facilities for care leavers.

4. Treasury Management and Borrowing Strategy

- 4.1 The Council has previously taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million in 2019 and it is not proposed to change this limit at present.

- 4.2 In 2022/23 the long term borrowing of the Council decreased from £14,284,000 (21/22) to £13,825,000. Short term borrowing increased from £96,000 to £459,000. This is due to the profiling of the debt repayments where long term borrowing has moved to short term borrowing. No further external borrowing took place during 2022/23.
- 4.3 Council has also approved future borrowing of up to £5.5million for the Plymouth and South Devon Freeport (Council report 30th March 2023, Council Minute CM 77/22). The borrowing will be paid for from the business rates income generated by the Freeport and therefore it will be self-financing.

5 FEES AND CHARGES

- 5.1 As part of the budget process, fees and charges will be reviewed. A delegation is in place to enable service managers to increase fees and charges by inflation where these are not material changes or increases. An inflationary increase in Environmental Health fees and charges has been built into the 2024/25 Budget proposals and this equates to £30,000.
- 5.2 DEFRA has confirmed that the implementation of the Extended Producer Responsibility (EPR) will be deferred from October 2024 to October 2025.
- 5.3 As referenced in the report to Council on 13th April 2023, the setting of fees and charges for the waste and recycling service is delegated to the Director of Customer Service and Delivery, in consultation with the Leader of the Council, the lead Executive Members for waste and recycling and the Section 151 Officer (Minute reference CM 84/22).

6 BUDGET FOR 2025/26 AND TIMESCALES

- 6.1 The Council will continue to assess various options for closing the budget gap for 2025/26 onwards, and in the longer term, to achieve long term financial sustainability and further options will be presented to Members in further budget reports. This will consider ways to reduce the Council's operating costs and generating further income and savings.
- 6.2 Making the best use of our resources and setting a balanced budget annually is within the Council's Delivery Plan.
- 6.3 **Budget Monitoring** - The revenue budget monitoring report to the Executive on 21 September shows an overall projected surplus of £79,000 for the 2023/24 financial year. This is 0.7% of the overall net budget set of £11.738million. A further report will be considered by the Executive in January 2024.

7 Earmarked and Unearmarked Reserves Policy

- 7.1 Unearmarked Reserves total £2.113 million at 31 March 2023. There was a surplus of £57,000 on the outturn position for 2022/23 (0.5% of the net budget of £10.464m) as shown in the Draft Statement of Accounts for 2022/23 published by the end of June 2023. In accordance with normal accounting practice, this underspend has gone into Unearmarked Reserves.
- 7.2 **Earmarked Reserves** have reduced by £5.415m in 2022/23 moving from £20.839m on 1 April 2022 to **£15.424m at 31 March 2023**. This follows the application of £3.066 million of the S31 Business Rates compensation grant received in 2020/21 and 2021/22 which was held in the S31 Compensation Grant Business Rates Reserve. This is a technical adjustment as part of the Collection Fund. In addition, the Business Rates Retention Earmarked Reserve has reduced by £2.570 million in 2022/23 partly due to supporting the costs of bringing the Waste and Recycling Service back in house from October 2022 (£1.448 million) and partly to support the Business Rates Collection Fund deficit in 2022/23 (£0.785 million).
- 7.3 There was a separate report on the Executive agenda of 21st September 2023, regarding a review of Earmarked Reserves and the Capital Programme. The Appendix on the review of Earmarked Reserves is attached at Appendix C of this report. This report identified £1.541m of Earmarked Reserves which are potentially available to support the delivery of the emerging Council Plan and £1.013m of capital resources. These are one-off amounts, so £2.554million in total. This was subsequently approved at Council on 28 September 2023 (Minute CM 30).
- 7.4 The proposed contributions to/from Earmarked Reserves for 2024/25 are shown in Appendix D. It is recommended to make an annual contribution of £75,000 to a JLP reserve, to commence the JLP review.
- 7.5 Reserve levels will be kept under constant review and will be reviewed throughout the budget setting process to consider commitments against Earmarked Reserves, their unallocated balance and the contributions to/from Earmarked Reserves for 2024/25 and future years also. This will be further set out in the Budget report to the Executive in January 2024.
- 7.6 At Council on 16th February 2023, Members set a minimum balance for Unearmarked Reserves of £1.5million, with an operating level of a minimum of £2million (Minute reference CM 59/22). This was based on a risk assessment basis and a sensitivity analysis. Therefore the current level of £2.113million at 31 March 2023 is still above these levels which are set annually. An updated risk assessment and sensitivity analysis will be presented to Council in February 2024.

- 7.7 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 Officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances (this was recommended at £1.5million being the minimum level in February 2023, with an operating level of £2million). Section 25 of the Local Government Act 2003 requires the Section 151 officer to report on the adequacy of the Council's financial resources on an annual basis.
- 7.8 The provision of an appropriate level of balances is a fundamental part of prudent financial management, enabling the Council to build up funds to meet known and potential financial commitments.
- 7.9 As highlighted above there is a high degree of uncertainty about future levels of funding for local government. However, the Section 151 Officer is keeping a close watch on developments and planning for this longer-term uncertainty to secure financial stability.

8 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

- 8.1 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.
- 8.2 Capital projects will be scored on the following criteria:
- Health and Safety compliance
 - Essential to keep operational assets open
 - Fit with the Council's Delivery Plans for the new emerging Council Plan
 - To rationalise service delivery or service improvement
 - To generate income, capital value or to reduce revenue costs
- 8.3 It is important that future bids for capital are aligned with the review of the new emerging Council Plan. At the Executive meeting on 25 January 2024, the Executive will consider the Council Plan 2024-2028 and the Year 1 (2024/25) delivery plan. Proposals will be recommended to Full Council to adopt 'The Council Plan' and delivery plan at its meeting on 15 February 2024. See section 7.3 regarding funding.
- 8.4 There is a capital bid for 2024/25 (£90,000) that it is recommended forms part of the Capital Budget Proposals for 2024/25 and be funded from the annual revenue contribution of £181,600 into the Capital Programme (see Appendix D). This is detailed below: -
- £90,000 – to renew and upgrade the Councils' bank reconciliation software (This is 50% of the projected cost, which is shared with WDBC)

This will be a recommendation as part of the Budget Proposals report to Council in February 2024.

- 8.5 The Council's Asset Base is £108.2 million at 31 March 2023. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

9 FINANCIAL SUSTAINABILITY AND TIMESCALES

- 9.1 The MTFs is the starting point for developing a meaningful three year strategy that sets out the strategic intention for different strands of funding available to the Council (Executive 21st September 2023).
- 9.2 The Council's budget is essentially fixed in cash terms and its ability to raise income is limited as there are national controls in place around council tax and business rates.
- 9.3 The Council will continue to assess various options for closing the budget gap for 2025/26 onwards, and in the longer term, to achieve long term financial sustainability and further reports will be presented to Members.
- 9.4 On 14th December 2023, the Audit and Governance Committee considered an interim Auditor's Annual Report from the Council's external auditors, Grant Thornton. This gave commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources (see Section 10 of this report). It also gave commentary on financial sustainability.
- 9.5 Under the category of 'Financial sustainability', the report stated: that 'South Hams District Council (the Council) continues to perform well with regard to financial sustainability, with a record of stable financial and budgetary management. Despite the challenging environment in which it continued to operate in during 2021/22 and 2022/23, the Council has achieved a balanced budget. Our work has not identified any significant weaknesses in arrangements to secure financial stability.'
- 9.6 An All Member Briefing on the Draft Budget Proposals for 2024/25 will take place on **Tuesday 9th January 2024**.

9.7 The table below shows the budget timetable for the 2024/25 Budget process.

21st September 2023	Executive – To consider the three year MTFS (Medium Term Financial Strategy) for 2024/25 to 2026/27
30 th November 2023	Executive – To consider draft proposals for the Revenue and Capital Budget for 2024/25
Tuesday 9 th January 2024 (4pm)	All Member Briefing on the Draft Budget for 2024/25
11th January 2024	Budget Advisory Committee - To seek the Committee’s view on the content of the Draft Revenue and Capital Budget Proposals for 2024/25
25th January 2024	Executive – To recommend Final Budget Proposals to Council for 2024/25
12th February 2024 (9am)	Date which Council Procedure Rule 16 applies
15th February 2024	Full Council – To approve Final Budget Proposals for 2024/25 and set the SHDC share of the Council Tax
22 February 2024	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2024/25 (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 12th February 2024.

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Executive is responsible for recommending to Council the budgetary framework. It is the role of the Overview and Scrutiny Committee to scrutinise the Budget proposals being proposed by the Council on an annual basis. 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 Budget report is evidence of whether 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 implications to include reference to value for money		<p>The report sets out proposals for the Council to achieve a balanced budget for 2024/25, as shown in Appendix B. The Council is currently forecasting a £345,560 budget gap by the following year, 2025/26. The cumulative aggregated Budget Gap by 2026/27 is £2.1million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>On 14 December, the Audit and Governance Committee considered an interim Auditor's Annual Report from the Council's external auditors, Grant Thornton. This gave commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>The report stated that 'The Council has demonstrated an appropriate understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Our work has not identified any significant weaknesses in arrangements.'</p>
Risk		<p>Each of the budget options taken forward by Members will consider the risks of the option.</p>

Supporting Council Plan		<p>At the Executive meeting on 25 January 2024, the Executive will consider the Council Plan 2024-2028 and the Year 1 (2024/25) delivery plan. Proposals will be recommended to Full Council to adopt 'The Council Plan' and delivery plan at its meeting on 15 February 2024. The Council Plan and delivery plans have been refined following a ten-week consultation and engagement period with the public and partners.</p> <p>Once adopted, the strategy will be the Council's overarching strategic document setting out our ambitions and priorities for the District.</p>
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and the potential for this to have significant financial implications for the Council was highlighted.</p> <p>Through the Budget Setting Processes of 2020/21 and 2021/22, the Council has already committed £600,000 to Climate Change (£400,000 in 2020/21 with a further £200,000 in 2021/22)</p> <p>The Council's annual delivery plan on 'Adapting and mitigating climate change and increasing biodiversity' sets out the Council's action plan for addressing climate change and the carbon/biodiversity impact. <i>The financial commitment for Climate and Biodiversity will be set out in detail in the report to the Executive on 25 January 2024 as part of the Annual Delivery Plan for 2024/25.</i></p>
Comprehensive Impact Assessment Implications		
Consultation and Engagement Strategy		<p>External consultation and engagement has not been undertaken with regard to this report.</p> <p>The Council Plan and delivery plans have been refined following a ten-week consultation and engagement period with the public and partners.</p>
Equality and Diversity		Equality Impact Assessments are completed for the budget proposals.
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 the Budget Position

Appendix C – Schedule of Earmarked Reserves – Executive report of 21st September 2023

Appendix D – Contribution to/from Earmarked Reserves

Appendix E – Town and Parish Precepts for 2023/24

SOUTH HAMS DISTRICT COUNCIL - BUDGET PROPOSALS 2024/25
(This shows the changes to the existing Base Budget)

APPENDIX A

	BASE 2023/24	Yr1 2024/25	Yr2 2025/26	Yr3 2026/27
	£	£	£	£
BUDGET PRESSURES				
Inflation and increases on goods and services	450,000	450,000	300,000	300,000
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)	150,000	150,000	250,000	250,000
Salaries - provision for pay award at 4% (£456,000) for 2024/25 (total pay of £11.4m), reducing to 3% in 25/26 and 26/27	280,000	456,000	342,000	342,000
Pay award 2022-23 - £1,925 per Scale Point (£630,000 is the amount over the current budget provision of £185,000 for 2022-23) - This will need to be built into the Base Budget in 2023-24	630,000	0	0	0
Pay award 2023-24 - Initial figures of £1,925 per Scale Point or a 3.88% increase for Scale Point 44 upwards. (£550,000 is the amount over the current budget provision). This will need to be built into the Base Budget in 2024-25.	0	550,000	0	0
Increase in salaries - increments and pay and grading	200,000	0	0	0
The Planning Improvement Plan, Executive 26.5.22, noted that the cost of the staffing restructure, £98k per annum, will be funded for the first three years from the additional planning income held in the planning earmarked reserve.	98,000	0	0	0
Additional inflation for the waste service - 12.2% for 2022/23 (extra £360K) plus assume 5% for 2023/24 onwards (£205K)	565,000	205,000	205,000	205,000
Waste collection, recycling and cleansing service - Council 14 July 2022	1,250,000	0	0	0
Waste collection, recycling and cleansing service - Council 13 April 2023 - See Waste Memorandum note below	0	270,000	0	0
Waste collection, recycling and cleansing service - additional properties	90,000	90,000	100,000	100,000
National Living Wage and National Insurance (assumes NLW will increase from £10.42 to around £11 from April 2024)	75,000	50,000	50,000	50,000
Business Rates Revaluation 2023 - Increase in the Rateable Value of SHDC Assets which are liable to business rates	75,000	50,000	50,000	50,000
IT inflationary cost pressure - increases in prices and additional software and security	0	150,000	0	0
Additional Insurance costs		130,000		
Car Parking payment collection fees (Ringo) - 60% of transactions are now made through Ringo which means banking costs (2.4%) have risen. The Council has also exceeded the annual target of 500,000 transactions which has triggered 4p per transaction.	0	70,000	0	0
Ecology Consultations	0	25,000	0	0
Flooding - recent events have highlighted the need to add a cost pressure for dealing with the impacts of climate change, such as flooding, on our communities.	0	50,000		
Business continuity and cyber security	0	75,000		
Dartmouth Lower Ferry - increase the R & M budget	80,000	0	0	0
Increased external audit fees (fees are increasing nationally)	75,000	40,000	0	0
South Devon AONB Partnership - Executive report 30 November 2023	0	20,000	0	0
Community Development salaries (Executive 30 November 2023)	0	15,000	0	0
Head of Revenues and Benefits Executive 7th April 2022	45,000	0	0	0
Housing Delivery Team Executive 26th May 2022	44,700	0	0	0
TOTAL BUDGET PRESSURES	4,107,700	2,846,000	1,297,000	1,297,000
Changes to contributions to Earmarked Reserves				
New Homes Bonus Reserve - assumes an annual contribution of £704,173 for 24/25 and future years from NHB to fund the revenue base budget (an increase of £204,173 from the £500,000 used in 2023/24)	0	(204,173)	0	0
Dartmouth Ferry (£147,000 contribution to the reserve in 23/24 and £177,000 in 24/25)	30,000	30,000	0	0
Elections - £50,000 contribution to the reserve per annum	30,000	10,000		
Contribution to a Joint Local Plan Earmarked Reserve - to commence the JLP review - £75,000 contribution to the reserve per annum	0	75,000	0	0
Contribution from Business Rates Retention reserve to smooth the volatility in business rates income from the baseline reset and the loss of a pooling gain (This would use £0.1m of the BRR Reserve in 22/23 and use £400,000 from the reserve annually thereafter)	(300,000)	0	0	0
Contribution from the Planning Reserve (£98,000 per annum) for the cost of the restructure within the planning service - Executive 26 May 2022 - to be funded for the first three years from the additional planning income held in the planning earmarked reserve	(98,000)			
Reduce contribution to Pension Reserve to Nil from 2023/24 onwards	(99,000)	0	0	0
Repairs and Maintenance Reserve (£105,000 annual contribution from 23/24 onwards)	25,000	0	0	0
Total changes in contributions to Earmarked Reserves	(412,000)	(89,173)	0	0

SOUTH HAMS DISTRICT COUNCIL - BUDGET PROPOSALS 2024/25
(This shows the changes to the existing Base Budget)

APPENDIX A

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
Management fee income from external contracts such as leisure	0	0	(230,000)	(200,000)
IT FIT Project - software savings	(10,000)			
Establishment savings (salary savings) gained from IT and digital communications	(50,000)	TBC		
Employment Estates - additional rental income - Base budget of £1.117m in 2023/24	(150,000)	(50,000)	(100,000)	
Follaton House - rental income	0	(50,000)		
Extra recycling income - additional income has already been achieved in 2021-22	(90,000)			
Car parking income (from extra usage of the car parks particularly in the coastal areas) - Base budget of £3.412m in 2023/24 - New approach from 2025/26	(250,000)	(250,000)	(450,000)	
Dartmouth Lower Ferry (from extra usage of the Ferry and a review of charges for 2023) - Base budget of £1.077m in 2023/24 - Fees and charges are reviewed every 2 years	(250,000)	(100,000)	(150,000)	
Extra treasury management income - to reflect increases in bank base rate - Base budget of £800,000 in 2023/24	(677,000)	(800,000)	400,000	
Vacancy saving target on salaries - equates to around 1.5% of salaries (total pay of £11.4m)		(170,000)		
Environmental Health fees and charges	0	(30,000)		
Extended Producer Responsibility (EPR - waste service) - potential for a new income stream. DEFRA has confirmed that it is going to defer the implementation of EPR from October 2024 to October 2025.	0		TBC	
Charged Garden Waste service - Base budget of £575,000 in 2023/24 (See Waste Memorandum Note below)	(575,000)			
Savings on Trade Waste tipping fees and extra income on recycling sacks, due to more trade waste being recycled. Extra income from Controlled Waste Regulations (CWR) properties . These savings were already achieved in 2021-22.	(190,000)			
Funding from Homelessness prevention government grant (this funds housing posts -funding to be reflected within the base budget)	(180,000)	(10,000)		
TOTAL SAVINGS AND INCOME GENERATION	(2,422,000)	(1,460,000)	(530,000)	(200,000)

WASTE MEMORANDUM showing annual expenditure and income (before inflation)	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
Expenditure				
Additional Full year costs of the service	2,030,000	1,465,000	1,465,000	1,465,000
Borrowing costs for Torr Depot works	0	35,000	35,000	35,000
Income and savings				
Transitional funding (remainder of the £3million from the business rates retention reserve)	(1,551,620)			
In year savings	(98,380)	(245,000)	(270,000)	(270,000)
Additional Income generated (Garden Waste, CWR charges, Trade waste, Bulky items etc)	(380,000)	(535,000)	(660,000)	(660,000)
Additional Income from the recovery of recycling values (prices for recyclables)	0	(150,000)	(300,000)	(300,000)
Potential food waste new burdens funding	0	(300,000)	0	0
NET COST PRESSURE (as per report to Council in July 2023)	0	270,000	270,000	270,000

Memorandum note on Planning Fee Income

The Government has confirmed that a 35% increase for major applications and 25% for all other applications will apply from 6th December 2023. This is expected to generate around £150,000 to £180,000 of additional planning income. In 2022-23, the Council experienced a shortfall in planning income of £350,000 (32%) against the budgeted income target of £1.08million. Therefore no additional income has been built into the base budget for 24/25.

	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
Second Homes 200% council tax - Projected Income and Expenditure				
Income				
Discretion to charge up to an extra 100% extra council tax on Second Homes (timescale is that legislation has been introduced for 25-26). There was a separate report on the Council agenda of 16 February 2023 regarding this. The estimated additional yield from council tax would be £9m, of which the Council's share would be approximately £0.7m (8%).			(700,000)	(700,000)
Expenditure				
The Council is experiencing a higher level of temporary accommodation costs and there will be a need to build in a further cost pressure for this		150,000	150,000	150,000
Annual budget to fund the community affordable housing offer - see 'Housing Policy' update (financed from the funding identified from the review of the capital programme and the review of earmarked reserves - Council Minute CM30, 28 September 2023)	100,000	100,000	100,000	100,000

Line	Appendix B	BASE	Yr 1	Yr 2	Yr 3
No.	Modelling for the financial years 2024/25 onwards	2023/24 £	2024/25 £	2025/26 £	2026/27 £
1	Base budget brought forward	10,464,367	11,738,067	13,034,894	13,456,334
2	Budget pressures (as per Appendix A)	4,107,700	2,846,000	1,297,000	1,297,000
3	Savings already identified (as per Appendix A)	(2,422,000)	(1,460,000)	(530,000)	(200,000)
4	Changes in contributions to Earmarked Reserves (App A)	(412,000)	(89,173)	0	0
5	Projected Net Expenditure:	11,738,067	13,034,894	13,801,894	14,553,334
	Funded By:- (See Note 1 below regarding New Homes Bonus funding)				
6	Council Tax income (TaxBase multiplied by Band D Council Tax) - modelling a 2.99% increase in council tax each year	7,407,344	7,739,406	8,068,751	8,411,272
7	Collection Fund Surplus	332,000	59,000	60,000	60,000
8	Increase in Council Tax in year collection and recovery (Revenues and Benefits Review)	0	140,000	140,000	140,000
9	Localised Business Rates (estimate of business rates resources received in the year)	2,447,681	3,194,466	2,700,000	2,700,000
10	Increase in Business Rates in year collection and recovery (Revenues and Benefits Review)	0	250,000	300,000	350,000
11	Negative Revenue Support Grant (RSG) Adjustment - Assumes a change to Baseline Need from 26/27 onwards	0	0	0	(450,000)
12	Revenue Support Grant	138,000	147,100	150,000	204,000
13	Business Rates Pooling Gain	300,000	400,000	400,000	0
14	Rural Services Delivery Grant	478,583	478,583	478,583	478,583
15	Funding from Funding Guarantee (3% increase in Core Spending Power) - this was a new grant for 23/24 onwards. Assume discontinued when the Fair Funding Review is implemented in 26-27.	694,468	614,068	1,159,000	0
16	Less grants rolled into the Funding Guarantee amount	(138,000)	0	0	0
17	Transitional funding - assume the introduction of the business rates baseline reset and the Fair Funding Review will translate into some transitional funding being available to Councils such as Damping payments	0	0	0	1,265,000
18	Services Grant	77,991	12,271	0	0
19	Total Projected Funding Sources	11,738,067	13,034,894	13,456,334	13,158,855
20	Budget Gap per year (Projected Expenditure line 5 - Projected Funding line 19)	0	0	345,560	1,394,479
	Actual Predicted Cumulative Budget Gap	0	0	345,560	1,740,039
	Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)	0	0	345,560	2,085,599
	Modelling Assumptions:				
	Council Tax (Band D) - modelling a 2.99% increase each year	185.42	190.96	196.66	202.54
	Council Tax Base (Assumes an increase in Band D Equivalent properties of 500 per annum)	39,949.00	40,528.94	41,028.94	41,528.94

Note 1 - New Homes Bonus Funding

The modelling for 2024/25 onwards includes a contribution of £704,173 from New Homes Bonus to fund the Base Budget. Although the NHB scheme is due to be replaced after 2024/25, it is assumed that a successor scheme will be implemented that will also be based on housing growth.

This page is intentionally left blank

ANALYSIS OF RESERVES (EARMARKED RESERVES AND UNEARMARKED RESERVES)
 (Extract of the report to the Executive on 21 September 2023 - Review of Earmarked Reserves)

APPENDIX C

EARMARKED RESERVES	Closing balance 31.03.2023	Future Commitments	Funding needed to hold a prudent provision	Unallocated spend	Annual reserve contribution (bracketed figures are contributions into a Reserve and unbracketed figures are where funding is being taken out of the Reserve in the year)	Comments
£000s						
Specific Reserves - General Fund						
Earmarked Reserves which are essential for operational core service delivery (for example programmed renewal and replacement of plant and equipment)						
Business Rates Retention (remainder of the Business Rates Retention Earmarked Reserve needed to manage business rates volatility each year)	(224)	224	0	0	400	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve deals with any volatility in Business Rate income. In 2023/24 £400,000 is budgeted to be used of this reserve to smooth the volatility in business rates income. Although the reserve currently only has a remaining balance of £294K, there is expected to be further funding put into this reserve from the Collection Fund when the 2023/24 Accounts are closed.
Capital Programme	(191)	191	0	0	(182)	Each year a proportion of funding is allocated from the reserve to be used into the Capital Programme Reserve, to fund capital projects in the year.
Community Parks and Open Spaces	(58)	10	48	0	(17)	Funding is used mainly for annual maintenance of play parks and equipment and path resurfacing. An annual contribution of £16,900 is made into the reserve.
COVID-19 (Leisure)	(34)	34	0	0		This reserve was set up in 2020/21 to protect against future COVID losses. In 2022/23 £174,632 was used to fund the shortfall in the leisure management fee income and the balance of £39,918 will be used in 2023/24 (Executive 3/22).
Dartmouth Ferry Repairs & Renewals - provision for ferry asset repairs and replacement	(606)	0	606	0	(147)	An annual contribution of £147,000 is made into this reserve.
District Elections - provision for elections funding	(29)	29	0	0	(46)	An annual contribution of £40,000 is made into this reserve.
Environmental Health Initiatives	(88)	88	0	0		The additions to this reserve relate to savings on Environmental Health salaries in 2022/23 to fund a post for the next two years.
Grounds Maintenance - earmarked for the grounds maintenance service	(86)	86	0	0		A new reserve set up in 2020/21 to hold the Grounds Maintenance in year surpluses to be reinvested back into the service (Executive 18/6/20). Spend in 2022/23 related to equipment purchases.
Homelessness Prevention	(143)	82	0	(61)		This reserve has been created following underspends on Homelessness Prevention Costs. The future commitments of £82K relate to the funding of housing staffing costs - Executive 20/22.
Affordable Housing (Capital)	(122)	84	0	(38)		Commitments of £48,000 for Housing Capital programme projects and £35,000 which is the remaining funding for setting up a Community Benefit Society. This £83,000 may not be needed going forwards and could be reappropriated.
ICT Development	(75)	55	20	0	(50)	An annual contribution of £50K is made into this reserve. Commitments in 23/24 are for the new website and planning system.
Joint Local Plan	(25)	25	0	0	(25)	This reserve is to fund the salary costs of the JLP team. An annual contribution of £25K is made into this reserve.
Leisure Services	(39)	39	0	0		
Land and Development	(63)	11	0	(52)	(7)	An annual contribution of £7K is made into this reserve.
Maintenance Fund	(28)	28	0	0		This is a new reserve set up in 2021/22 for the purpose of general maintenance.
Maintenance, Management and Risk Management Reserve (MMRM) - 10% of annual income from investment properties is set aside into this reserve	(95)	0	95	0	(29)	This reserve was set up in 2019/20 to manage the ongoing maintenance costs of the Council's Investment Property. The contributions to the reserve equate to 10% of the rental income on an annual basis.
Marine Infrastructure	(242)	210	0	(32)		£200k has been committed for match funding for the Batson Fish Quay funding bid - Council May 2022. A further £10K is committed for a marine decommissioning feasibility study.
New Homes funding (Revenue Base Budget funding)	(500)	500	0	0	500	An amount of £500,000 per annum of NHB funding is used to fund the revenue base budget.
New Homes Bonus	(976)	976	0	0		Commitments for Capital Programme funding from allocations approved in previous years, such as affordable housing funding, car park resurfacing and other capital bids.
On-Street Furniture	(44)	15	0	(29)		There is a balance of £29K which is unallocated.
Organisational Development Strategy	(41)	41	0	0		This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme. This funding is earmarked for the Council's Organisational Development Strategy.
Pay & Display Equipment Renewals	(175)	175	0	0	(21)	This reserve provides for the periodic replacement of Pay & Display machines. An annual contribution of £20,800 is made into this reserve. Future commitment of £25,000 for refurbishment of hybrid public conveniences.
Planning Policy & Major Developments	(498)	250	249	0	48	This reserve is for all planning matters and is also required to put funding aside to meet any future appeal costs. Commitments mainly relate to the Planning restructure. The cost of the first three years (£98k per annum) of this restructure is being met from additional planning income which was transferred to the Planning earmarked reserve (Executive 26/5/22). A contribution of £50,000 is made into the reserve annually.
Repairs & Maintenance	(331)	0	331	0	(106)	There is an annual contribution of £105,000 made into this reserve.
Section 106 Deposits	(15)	15	0	0		This reserve comprises of deposits with no repayment conditions - created as a result of IFRS.
Section 106 Monitoring and technical support	(219)	219	0	0		This reserve funds the costs of staff to oversee the administration of §106 deposits and how these are used.
Tree Maintenance	(48)	48	0	0		
Sub - Total	(4,966)	3,435	1,349	(212)	325	This reserve is to fund the staffing costs of the Tree maintenance service.
Earmarked Reserves which are being used to fund the Waste and Recycling service						
Business Rate Retention Reserve (remainder of the £3million transitional funding for bringing the waste and recycling service back in house in October 2022)	(1,552)	1,552	0	0		At Council on 14 July 2022, Members approved the use of £3million of this reserve, to fund the additional costs during the transitional phase of bringing the waste service back in house. In 2022/23 £1.48million has been used to fund the transitional waste costs and the remaining £1.52m will be used in 2023/24.
Sustainable Waste Management (Purchase of Vehicles £950K for the roll out of the Devon Aligned Service and one-off project implementation costs for DAS of £112K)	(662)	662	0	0	(25)	This reserve was created for one-off waste management costs. The balance is due to be spent on vehicle purchase for the Devon Aligned Service (DAS) of £550,000 and one-off project implementation costs for DAS. An annual contribution of £26K is made into this reserve.
Vehicles & Plant Renewals (End of life waste fleet replacements and the fleet required for the roll out of the remaining properties onto the Devon Aligned Service (DAS) in October 2023 - Council April 2023)	(821)	821	0	0	(50)	Earmarked for the Vehicle Fleet Replacement Programme. An annual contribution of £50k is made to this reserve.
Sub - Total	(3,035)	3,035	0	0	(675)	
Earmarked Reserves which are being used to fund new corporate initiatives and corporate priorities						
Community Composting	(187)	187	0	0		Council 10/02/22 approved a one off amount of £200k to be transferred into a Community Composting Earmarked Reserve in 2021/22. An amount of £19K was used in 2023 for site visits.
Emergency Climate Change Projects	(332)	332	0	0		The set up of this reserve was approved by Executive on 6/2/2020 £7419, funded originally by a £400k contribution from the New Homes Bonus Reserve. Spend for 2022/23 includes the Climate Change & Biodiversity Locality Fund and 'Better Lives for All' commitments in respect of Climate Change. Commitments for 2024 include a payment of £40K to Sustainable South Hams, equipment to manage green spaces, a two year climate change officer post, the climate change locality fund and feasibility studies.
Business Rates Retention (match funding for Batson Fish Quay bid)	(200)	200	0	0		£200k has been committed for match funding for the Batson Fish Quay funding bid - Council May 2022.
Members Sustainable Community Locality	(4)	4	0	0		This reserve holds the unspent balances.

Page 33

EARMARKED RESERVES	Closing balance 31.03.2023	Future Commitments	Funding needed to hold a prudent provision	Unallocated spend	Annual reserve contribution (bracketed figures are contributions into a Reserve and unbracketed figures are where funding is being taken out of the Reserve in the year)	Comments
	£000s					
Recovery and Renewal Plan (funding 'Better Lives for All' commitments)	(185)	185	0	0		This is a new reserve set up as part of the 2021/22 Budget to support the costs of the Recovery and Renewal Plan. Future spend relates to 'Better Lives for All' commitments such as S20K conservation area plans, £14K footfall monitoring equipment for economy, £20K development of a marketing strategy, £10K south hams cycle networks, £48K ecology resource for natural environment and £40K for climate change operational delivery of projects.
Sub - Total	(908)	908	0	0	0	
Earmarked Reserves which is Government Grant funding being used for the purposes of the grant determination letter						
Revenue Grants (Government Grant funding)	(1,524)	1,524	0	0	73	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. It is anticipated that a proportion of these grants will be applied in 2023/24. For example an amount of £180,000 is committed to fund additional project management capacity in the waste and recycling service (Council 13.4.2023). Annually £73,000 is withdrawn from this reserve.
Interest from Reserves	0	0	0	0	(2)	
Housing Capital Projects - Government grant	(363)	363	0	0		This is previous funding received from the Government.
Ukraine Humanitarian Crisis (Government Grant funding)	(875)	875	0	0		This reserve was set up in 2022/23 to hold funding received to support the Ukraine Humanitarian Crisis which will be spent in 2023/24. An amount of £600,462 will be spent in 2023/24 on the purchase of seven properties through the Local Authority Housing Fund (LAHF).
Sub - Total	(2,762)	2,762	0	0	71	
National Earmarked Reserves which are held for a technical accounting purpose for the Collection Fund (this is not funding available to the Council to spend)						
S.31 Compensation Grant (Business Rates Section 31 Grants for business rates relief)	(1,194)	1,194	0	0	0	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 and 2021/22 to offset the business rate relief given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received will not be discharged against the Collection Fund deficit until the following year in 2023/24. This reserve is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.
Sub - Total	(1,194)	1,194	0	0	0	
Earmarked Reserves which are held for Salcombe Harbour (Decisions on these reserves must be taken by the Salcombe Harbour Board)						
Pontoons (Salcombe Harbour)	(363)	363				This is a Salcombe Harbour Reserve.
Harbour Facilities (Salcombe Harbour)	(223)	223				This is a Salcombe Harbour Reserve.
General Reserve (Salcombe Harbour)	(402)		402			This is a Salcombe Harbour Reserve.
Sub - Total	(988)	586	402	0	0	
Uncommitted Earmarked Reserves and available for Members to decide how to allocate these funds for future priorities - Reserves of £1,541m below have been identified to be available to support the delivery of the emerging Council Plan - see 7.3 of the covering report, subsequently approved at Council on 28 September 2023 (Minute CM30)						
Affordable Housing (Revenue)	(408)		0	(408)		This was a new reserve set up as part of the 2022/23 Budget process and was New Homes Bonus funding that was set aside for Affordable Housing.
Financial Stability	(280)	0	0	(280)		This is a new reserve set up in 2021/22. Council 10/02/22 approved for £280k to be transferred from unearmarked reserves to a Financial Stability Earmarked Reserve, to be available for any future financial pressures from future local government funding reforms and any other budget pressures. It is currently uncommitted funding.
New Homes Bonus	(357)	0	0	(357)		The remaining balance at 31.3.23 includes £235,016 unallocated from the 2020/21 New Homes Bonus and £122,274 from the 2021/22 New Homes Bonus with its future use to be decided when more details are known about the Spending Review and a replacement scheme for NHB. This New Homes Bonus funding is currently uncommitted.
Pension Fund Strain Payments	(208)	0	0	(208)		This reserve is used to fund pension strain costs. There are currently no commitments against this reserve.
Recovery and Renewal Plan	(288)	0	0	(288)		There is £288,000 of the recovery and renewal plan earmarked reserve which is currently uncommitted.
Sub - Total	(1,541)	0	0	(1,541)	0	
TOTAL EARMARKED RESERVES	(15,404)	11,920	1,751	(1,753)	(358)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)	(2,113)	0	2,113	0		This Unearmarked Reserve has a minimum balance of £1.5million and an operating level of £2 million (set by Members as part of the Budget process). The 2022/23 surplus of £27,000 from the 2022/23 Accounts has been transferred to Unearmarked Reserves, in accordance with normal accounting practice. The £2.113m includes the surplus of £27,000 for the 2022/23 financial year outturn.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)	(17,517)	11,920	3,864	(1,753)	(358)	

ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Budget 2023/24			Estimate 2024/25		Estimate 2025/26	
To £	(From) £		To £	(From) £	To £	(From) £
181,600		Capital Programme	181,600		181,600	
16,900		Community Parks & Open Spaces	16,900		16,900	
40,000		District Elections	50,000		50,000	
147,000		Ferry major repairs & renewals	177,000		177,000	
	(500,000)	New Homes Bonus (assumes a replacement scheme in 25/26 onwards)		(704,173)		(704,173)
	(72,700)	Flexible Homelessness Government Grant		(72,700)		(72,700)
	(400,000)	Business Rates Retention Reserve		(400,000)		(400,000)
20,800		Pay & Display Equipment	20,800		20,800	
0		Pension Fund Strain Payments	0		0	
105,000		Repairs and maintenance	105,000		105,000	
550,000		Vehicles & Plant Renewals and additions	550,000		550,000	
7,000		Land and Development Reserve	7,000		7,000	
50,000		IT Development Reserve	50,000		50,000	
25,000		Sustainable Waste Management	25,000		25,000	
50,000		Planning Policy and Major Developments	50,000		50,000	
	(98,000)	Planning Policy and Major Developments (to fund salary costs)		(98,000)		(98,000)
25,000		Joint Local Plan (to part fund salaries of the JLP team)	25,000		25,000	
0		Joint Local Plan - to commence the JLP process	75,000		75,000	
2,000		Interest from Reserves	2,000		2,000	
1,220,300	(1,070,700)	TOTALS	1,335,300	(1,274,873)	1,335,300	(1,274,873)
149,600		GRAND TOTAL	60,427		60,427	

The change in contributions to Earmarked Reserves is the difference between £149,600 in 23/24 and £60,427 in 24/25, being a change of £(89,173), as shown in Appendix A.

This page is intentionally left blank

COMPARISON OF PARISH/TOWN PRECEPTS IN 2022/23 AND 2023/24

Parish/Town	2022/23 Parish Precept £	2023/24 Parish Precept £	2022/23 Parish Band D council tax £	2023/24 Parish Band D council tax £	Increase/ (Decrease) Band D council tax £	Increase/ (Decrease) Band D council tax %
Ashprington	10,186	12,586	39.91	49.03	9.12	23%
Aveton Gifford	27,000	29,700	69.89	75.33	5.44	8%
Berry Pomeroy	17,956	16,371	42.90	38.81	(4.09)	(10%)
Bickleigh	98,500	104,303	73.66	77.33	3.67	5%
Bigbury	19,795	21,775	47.25	51.93	4.68	10%
Blackawton	17,500	19,000	42.86	46.24	3.38	8%
Brixton	36,245	40,660	38.28	36.88	(1.40)	(4%)
Buckfastleigh West	5,938	7,250	51.85	63.21	11.36	22%
Buckland-Tout-Saints	5,170	5,170	45.96	45.11	(0.85)	(2%)
Charleton	9,000	9,500	32.00	33.52	1.52	5%
Chivelstone	5,750	5,750	30.63	30.47	(0.16)	(1%)
Churchstow	11,427	12,570	46.51	50.25	3.74	8%
Cornwood	27,320	27,320	65.84	65.32	(0.52)	(1%)
Cornworthy	7,500	7,731	39.82	39.82	0.00	0%
Dartington	30,850	31,019	37.49	37.49	0.00	0%
Dartmouth	490,000	488,037	182.95	182.95	0.00	0%
Dean Prior	5,250	6,100	67.02	76.76	9.74	15%
Diptford	14,100	15,525	51.75	56.93	5.18	10%
Dittisham	12,000	14,000	34.87	40.37	5.50	16%
East Allington	20,000	20,200	62.51	62.19	(0.32)	(1%)
East Portlemouth	8,058	8,058	45.03	45.02	(0.01)	0%
Ermington	18,274	17,400	47.00	44.27	(2.73)	(6%)
Frogmore & Sherford	9,000	9,000	39.68	39.61	(0.07)	0%
Halwell & Moreleigh	10,000	10,600	45.95	47.16	1.21	3%
Harberton	18,930	19,112	36.09	36.07	(0.02)	0%
Harford	990	990	26.86	26.46	(0.40)	(1%)
Holbeton	15,381	16,150	48.59	50.77	2.18	4%
Holne	7,006	7,411	52.10	53.66	1.56	3%
Ivybridge	530,215	563,696	134.91	141.57	6.66	5%
Kingsbridge	193,920	198,675	88.21	88.21	0.00	0%
Kingston	10,600	11,130	52.62	55.26	2.64	5%
Kingswear	46,443	45,771	59.90	59.90	0.00	0%
Littlehempston	3,543	3,826	33.34	34.73	1.39	4%
Loddiswell	37,655	37,655	80.26	78.31	(1.95)	(2%)
Malborough	34,958	38,454	68.46	73.65	5.19	8%
Marldon	45,650	59,746	52.12	67.54	15.42	30%
Modbury	50,765	54,500	63.27	66.62	3.35	5%

COMPARISON OF PARISH/TOWN PRECEPTS IN 2022/23 AND 2023/24

Parish/Town	2022/23 Parish Precept £	2023/24 Parish Precept £	2022/23 Parish Band D council tax £	2023/24 Parish Band D council tax £	Increase/ (Decrease) Band D council tax £	Increase/ (Decrease) Band D council tax %
Newton & Noss	73,650	79,411	62.59	66.41	3.82	6%
North Huish	4,000	5,000	18.81	23.23	4.42	23%
Rattery	8,000	8,000	37.23	36.33	(0.90)	(2%)
Ringmore	7,500	8,060	59.23	63.48	4.25	7%
Salcombe	77,050	77,150	40.22	39.88	(0.34)	(1%)
Shaugh Prior	13,366	13,766	45.65	46.89	1.24	3%
Slapton	23,044	25,876	86.10	96.36	10.26	12%
South Brent	83,625	88,700	85.20	86.68	1.48	2%
South Huish	20,353	21,879	45.73	49.13	3.40	7%
South Milton	6,836	7,178	27.47	28.79	1.32	5%
South Pool	6,650	6,650	54.32	54.23	(0.09)	0%
Sparkwell	12,242	12,260	25.63	24.89	(0.74)	(3%)
Staverton	20,434	21,869	57.09	60.04	2.95	5%
Stoke Fleming	24,410	29,472	39.95	43.15	3.20	8%
Stoke Gabriel	49,000	49,000	64.01	63.95	(0.06)	0%
Stokenham	43,680	43,875	40.17	40.17	0.00	0%
Strete	14,000	14,700	46.35	48.24	1.89	4%
Thurlestone	33,000	36,300	42.30	46.05	3.75	9%
Totnes	545,986	610,253	186.57	205.23	18.66	10%
Ugborough	28,300	33,368	31.46	31.54	0.08	0%
Wembury	50,444	57,000	34.34	38.36	4.02	12%
West Alvington	21,110	23,221	79.28	87.04	7.76	10%
Woodleigh	554	581	4.94	5.04	0.10	2%
Yealmpton	54,000	57,000	56.65	59.22	2.57	5%
Total	3,134,109	3,327,310				