

West Devon Joint Overview & Scrutiny Internal and External Committee



West Devon
Borough
Council

Title:	Agenda																				
Date:	Tuesday, 12th January, 2016																				
Time:	2.00 pm																				
Venue:	Chamber - Kilworthy Park																				
Full Members:	<p style="text-align: center;">Chairman Musgrave Vice Chairman Ridgers</p> <p><i>Members:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Ball</td> <td>McInnes</td> </tr> <tr> <td>Cllr R Cheadle</td> <td>Mott</td> </tr> <tr> <td>Cloke</td> <td>Moyse</td> </tr> <tr> <td>Davies</td> <td>Pearce</td> </tr> <tr> <td>Edmonds</td> <td>Roberts</td> </tr> <tr> <td>Evans</td> <td>Sellis</td> </tr> <tr> <td>Cllr J Hockridge</td> <td>John</td> </tr> <tr> <td>Jory</td> <td>Stephens</td> </tr> <tr> <td>Kimber</td> <td>Watts</td> </tr> <tr> <td>Leech</td> <td>Yelland</td> </tr> </table>	Ball	McInnes	Cllr R Cheadle	Mott	Cloke	Moyse	Davies	Pearce	Edmonds	Roberts	Evans	Sellis	Cllr J Hockridge	John	Jory	Stephens	Kimber	Watts	Leech	Yelland
Ball	McInnes																				
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Cllr J Hockridge	John																				
Jory	Stephens																				
Kimber	Watts																				
Leech	Yelland																				
Substitutes:	Councillors:																				
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																				

1. Appointment of Chairman

2. Apologies for Absence

3. Declarations of Interest

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda, then please contact the Monitoring Officer in advance of the meeting.

4. Items Requiring Urgent Attention

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency.

5. Public Forum

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A period of up to 15 minutes is available to deal with issues raised by the public.

6. Budget Proposals 2016-17 - Update Information

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Report of Section 151 Officer

In addition, the report and appendices entitled: '**Draft Revenue Budget Proposals and Draft Capital Programme Proposals for 2016/17**' that were also considered by the Hub Committee at its meeting on 1 December 2015 (Minute HC 36 refers) are attached.

PUBLIC FORUM PROCEDURES

(a) General

Members of the public may raise issues and ask questions at meetings of the Overview and Scrutiny Committee. This session will last for up to fifteen minutes at the beginning of each meeting.

(b) Notice of Questions

An issue or question may only be raised by a member of the public provided that they have given written notice (which may be by electronic mail) to Darryl White (darryl.white@swdevon.gov.uk) by 5.00pm on the Thursday, prior to the relevant meeting.

(c) Scope of Questions

An issue may be rejected by the Monitoring Officer if:

- it relates to a matter within the functions of the Planning and Licensing Committee;
- it is not about a matter for which the local authority has a responsibility or which affects the district;
- it is offensive, frivolous or defamatory;
- it is substantially the same as a question which has previously been put in the past six months; or
- it requires the disclosure of confidential or exempt information.

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Agenda Item 6

Budget Proposals Report 2016-2017 – Update Information

Dear Members

Please find attached an update to the figures shown in the Budget Proposals report for 2016-17 which was presented to the Hub Committee meeting on Tuesday 1st December. This update takes into account the results of the recent announcement on 17 December of the Local Government Finance Settlement.

Funding Reduction Analysis

SFA is the term for Settlement Funding Assessment and is basically a Council's Revenue Support Grant and Business Rates funding added together.

The Finance Settlement announced the following 4 year figures for SFA:-

Financial Year	Settlement Funding Assessment (SFA)	Which is made up of:-	
		Revenue Support Grant	Business Rates Baseline Amount
2015-16 (Baseline)	£2.623m	£1.215m	£1.408m
2016-17	£2.13m	£0.62m	£1.51m
2017-18	£1.76m	£0.22m	£1.54m
2018-19	£1.58m	Nil	£1.58m
2019-20	£1.63m	Nil	£1.63m

So funding from Revenue Support Grant and Business Rates reduces by £0.99m over the 4 year period. Therefore Appendices B1 and B2 have been updated to reflect these figures. An allowance of an additional £30,000 for an anticipated business rates pooling gain has also been added into the modelling.

Rural Services Delivery Grant

The Council will receive rural funding through a separate Rural Services Delivery Grant. This is something that has been lobbied for through our work with SPARSE to reflect the fact that it costs more to deliver services in rural communities. The Council's grant allocations will be:-

2016-17	£114,658
2017-18	£200,651
2018-19	£286,645
2019-20	£372,638
2020-21	£400,000 (assumed to be of a similar value to 19-20 for modelling purposes)

Council Tax Referendum limit

The settlement has confirmed that the maximum council tax increase remains at 1.99% for 2016/17 for WDBC, with no limit set for Town and Parish Councils.

Council Tax Freeze Grant

As expected, there has been no announcement on a Council Tax Freeze Grant scheme for the period 2016/17 and beyond. This is taken to mean that a freeze grant is not being offered for 2016/17 and beyond.

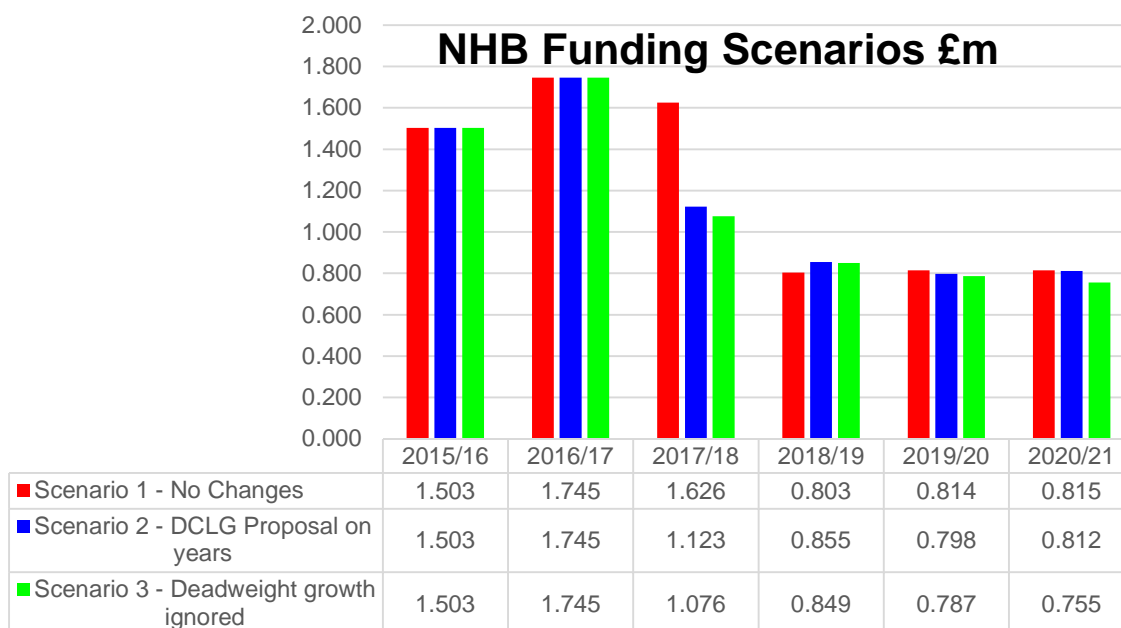
TaxBase

The TaxBase for 2016-17 has been confirmed at 19,828.33 Band D Equivalent properties. This is an increase of 371.33 Band D Equivalent properties from 2015/16. For future years, 2017-18 onwards, an increase of 300 Band D equivalent properties has been modelled, based on the fact that from 2015-16 to 2016-17 the TaxBase increased by 371.33.

New Homes Bonus

A New Homes Bonus consultation document has been issued (responses due by early March 2016). The Council will send a robust response to the consultation document.

The NHB amount for 2016-17 has been confirmed at £1,745,295 (£4K less than original predictions). Modelling for future years based on the proposals shown in the consultation document could see the NHB allocations for future years look like the following amounts:-



So if there were to be no changes to the NHB scheme (Scenario 1), the Council would receive in the region of £1.626m in 2017/18. However if the proposals to reduce the number of years from 6 years to 4 years (with 5 years for 2017/18) are introduced (Scenario 2), the Council would receive around £1.123m in 17/18.

Furthermore, if deadweight growth (0.25) is also removed – this is an assumed baseline growth - (Scenario3), then the NHB payments would further reduce to £1.076m in 2017/18. Payments would reduce to £0.755m by the year 2020/21.

The Council needs to use approx. £412,000 annually of NHB to fund its Capital Programme (for Disabled Facilities Grants and Affordable Housing Schemes). Therefore the amounts remaining that could be used to fund the Council's Base Budget are:-

2017/18	£600,000
2018/19	£400,000
2019/20	£300,000
2020/21	£300,000

(A contribution of £1,000,000 has still been assumed for 2016-17).

Therefore in 2016-17, New Homes Bonus looks like this:-

	2016-17 (£)
Amount receivable	1,745,295
To fund the current Revenue Budget	(1,000,000)
To fund the Capital Programme	(412,000)
Dartmoor National Park allocation	TBA – (£20,000 previously modelled)
Balance remaining (not committed)	£313,295

Homelessness funding

The Finance Settlement has confirmed that homelessness funding under the Local Welfare Support Grant will cease in 2016-17 as anticipated. Therefore the cost pressure of £50,000 in 2016-17 is still required.

One off set up costs of the Trading Company

A further change to the figures shown in the December Budget Proposals report is that the one off set up costs of the Trading Company are now predicted to be in the region of £150,000 for each Council. Therefore the cost pressure has been increased in 2016-17 to reflect this. This would cover the following:

- Cost of the full business case and implementation plan
- Project management for implementation
- Legal advice
- Financial advice
- Setting up the contracts between the Councils and the company with all the associated schedules and specifications
- Novating contract and leases
- Setting up a new pension scheme and transfer/admitted body status for LGPS
- Setting up the payroll, accounts system, a separate bank account
- Transferring any systems
- Work associated with transfer of any assets
- Change management with staff
- Branding and marketing for the new company

Summary

Revised schedules for Appendices A, B1 and B2 are attached to this Briefing Note. These show the impact on the financial modelling of the results of the Local Government Finance Settlement.

Appendix B1 shows that in 2016/17 the Budget Surplus has reduced to **£324,852**. *(The uncommitted New Homes Bonus for 2016-17 of £313,295 is in addition to this).*

In 2017/18 there is a Budget Gap now of £691,575 and a further £383,218 in 2018/19. These figures are a lot higher than in the December 2014 report and are due mainly to a combination of the loss of Revenue Support Grant and New Homes Bonus funding in these years. The cumulative budget gap over the next 5 years is £1,090,277 (Appendix B1).

If council tax were to be frozen over the next five years, the cumulative budget gap increases to £1.5 million as shown in Appendix B2.

Prepared by Mrs Lisa Buckle, Finance Community of Practice Lead
(01803) 861413
5 January 2016

BUDGET PRESSURES AND SAVINGS

APPENDIX A

WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

	BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
Inflation on the waste collection, recycling and cleansing contract (estimate) (see 5.4)	80,000	80,000	300,000	80,000	80,000	80,000
Specialist resource - Waste and Cleansing options review and delivery (see 5.5) - one off	0	80,000	(80,000)	0	0	0
Inflation on the street cleaning and public conveniences	0	10,000	30,000	10,000	10,000	10,000
Recycling of garden and leaf collections (see 5.15)	27,200	90,000	0	0	0	0
New glass recycling banks x 3	8,000	(8,000)	0	0	0	0
Inflation on the swimming pool contract (profiled fee)	10,000	10,000	20,000	10,000	10,000	10,000
Our Plan (see 5.6)	0	75,000	(75,000)	0	0	0
Inflation on goods and services	15,000	60,000	60,000	60,000	60,000	60,000
Reduction in Housing Benefit administration subsidy	34,000	40,000	40,000	40,000	40,000	40,000
Increase in salaries - increments and pay and grading	0	40,000	40,000	40,000	40,000	40,000
Increase in salaries - pay increase at 1%	58,800	40,000	40,000	40,000	40,000	40,000
National Insurance - (see 5.7)		60,000	0	0	0	0
Triennial Pension revaluation	20,000	60,000	60,000	60,000	60,000	60,000
Reduction in the Homelessness Grant (see 5.10)	0	50,000	0	0	0	0
Trading company - specialist advice (see 5.11) - One off	0	150,000	(150,000)	0	0	0
Elections - reversal of 15/16 one off cost pressure	50,000	(50,000)	0	0	0	0
Kilworthy Park - running costs (see 5.15)	0	45,000	0	0	0	0
New Governance Arrangements	28,000	0	0	0	0	0
Tamar Valley Legacy Plan	28,000	3,000	0	0	0	0
Rural Development Programme for England	10,400	0	0	0	0	0
Tavistock Townscape (Council March 14 CM74)	10,000	0	0	0	0	0
Reduction in TIC Savings	15,000	0	0	0	0	0
Tamar Estuaries Consultative Forum (see 5.12)		1,000				
Workstation rental costs - payment to South Hams - this is offset by savings as shown below (T18 Council Minute CM49 - November 2013)	90,000	0	0	0	0	0
TOTAL IDENTIFIED BUDGET PRESSURES	484,400	836,000	285,000	340,000	340,000	340,000

BUDGET PRESSURES AND SAVINGS

WEST DEVON BOROUGH COUNCIL

Contribution to T18 Strategic Change Earmarked Reserve

Transformation Project (T18) - Approved at 9th December 2014 Council (One-off investment costs included for completeness)

Contribution to Strategic Change Reserve to meet redundancy and pension costs (offset by savings above)

Net contribution to T18 Reserve to meet other non-recurring costs (offset by savings above)

BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
805,000	125,000	160,000	120,000	35,000	0
67,000	67,000	67,000	67,000	67,000	0
872,000	192,000	227,000	187,000	102,000	0

Total Contribution to T18 Strategic Change Earmarked Reserve

SAVINGS AND INCOME GENERATION IDENTIFIED

Housing Benefit recoveries (see 5.15)

Other staffing expenses (see 5.15)

Reduction on Members Allowances (Council 13 May 2014)

Savings on audit fees

New income generation from Street Name and Numbering

Additional investment income

Business Rates pooling gain (see 3.3)

Bank Charges Reduction

BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
0	30,000	0	0	0	0
0	60,000	0	0	0	0
4,200	0	0	0	0	0
12,000	0	0	0	0	0
7,500	0	0	0	0	0
0	5,000	15,000	30,000	5,000	5,000
30,000	10,000	10,000	10,000	10,000	10,000
5,000	0	0	0	0	0
58,700	105,000	25,000	40,000	15,000	15,000

TOTAL SAVINGS AND INCOME GENERATION (excluding T18 savings)

Reduced running costs at Kilworthy Park and additional leasing income

Transformation Project (T18) savings - Approved at 9th December 2014 Council report (Appendix C) - £700,000 staff savings (30% of current staffing levels) and £25,000 other staff saving costs (ancillary costs) - Note the £725,000 savings in 2016/17 are in addition to £962,000 of savings already built into the 2015/16 Base Budget as shown.

90,000	15,000	15,000	15,000	15,000	0
872,000	725,000	0	0	0	0
1,020,700	845,000	40,000	55,000	30,000	15,000

TOTAL SAVINGS AND INCOME GENERATION (including T18 savings)

Line No.	Example B1 - Council Tax is increased by 1.99% each year Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line12)	7,798,625	7,262,325	7,253,325	6,806,750	6,708,531	6,986,839
2	Budget pressures (as per Appendix A)	484,400	836,000	285,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A)	(1,020,700)	(845,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,253,325	7,498,325	7,091,750	7,018,531	7,311,839
	Funded By:-						
5	Council Tax income - Modelling a 1.99% increase in council tax each year (Taxbase 15/16 = 19,457 Band D Equivalent properties)	4,054,644	4,214,115	4,362,816	4,515,887	4,673,202	4,835,044
6	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
7	Revenue Support Grant	1,215,323	623,404	223,284	0	0	0
8	Localised Business Rates	1,579,000	1,538,000	1,567,000	1,613,000	1,663,000	1,713,000
9	Funding from Rural Services Delivery Grant	0	114,658	200,651	286,645	372,638	400,000
10	Funding from New Homes Bonus	1,224,769	1,000,000	600,000	400,000	300,000	300,000
11	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
12	Total Projected Funding Sources	7,262,325	7,578,177	6,806,751	6,708,532	6,986,840	7,328,044
	Budget (surplus)/ gap per year						
13	(Projected Expenditure line 4 - Projected Funding line 12)	0	-324,852	691,575	383,218	31,691	-16,205

Cumulative Budget (Surplus)/Gap - There is a budget surplus in 2016/17 and budget gaps in the remaining four years.	0	-324,852 (one-off)	691,575	1,074,793	1,106,483	1,090,277
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Modelling Assumptions:	An assumption of an additional 300 Band D equivalent properties per year has been included in the TaxBase and modelling for 2016/17 onwards					
Council Tax (Band D) (an increase of 1.99% has been modelled)	208.39	212.53	216.75	221.06	225.45	229.93
Council TaxBase	19,457.00	19,828.33	20,128.33	20,428.33	20,728.33	21,028.33

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FINANCIAL STRATEGY

Line No.	Example B2 - Council Tax is frozen every year from 16/17 onwards Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line11)	7,798,625	7,262,325	7,253,325	6,638,477	6,449,704	6,633,214
2	Budget pressures (as per Appendix A)	484,400	836,000	285,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A)	(1,020,700)	(845,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,253,325	7,498,325	6,923,477	6,759,704	6,958,214
5	Council Tax income - Assumes Council Tax is frozen in 2016/17 and thereafter (Taxbase 15/16 = 19,457)	4,054,644	4,132,026	4,194,543	4,257,060	4,319,577	4,382,094
6	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
7	Revenue Support Grant	1,215,323	623,404	223,284	0	0	0
8	Localised Business Rates	1,579,000	1,538,000	1,567,000	1,613,000	1,663,000	1,713,000
9	Funding from Rural Services Delivery Grant	0	114,658	200,651	286,645	372,638	400,000
10	Funding from New Homes Bonus	1,224,769	1,000,000	600,000	400,000	300,000	300,000
11	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
12	Total Projected Income	7,262,325	7,496,088	6,638,478	6,449,705	6,633,215	6,875,094
	Budget (surplus)/gap per year						
13	(Projected Expenditure line 4 - Projected Income line 12)	0	-242,762	859,848	473,772	126,489	83,120

Cumulative Budget (Surplus)/Budget Gap - There is a budget surplus in 2016/17 and budget gaps in the years thereafter.	0	-242,762 (one-off)	859,848	1,333,620	1,460,109	1,543,229
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Modelling Assumptions:	An assumption of an additional 300 Band D equivalent properties per year has been included in the TaxBase and modelling for 2016/17 onwards					
Council Tax (Band D) (A Nil increase in council tax)	208.39	208.39	208.39	208.39	208.39	208.39
Council TaxBase	19,457.00	19,828.33	20,128.33	20,428.33	20,728.33	21,028.33

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Report to: **Hub Committee**
Date: **1 December 2015**
Title: **Budget Proposals Report 2016/17**
Portfolio Area: **Support Services – Cllr Cann OBE**
Wards Affected: **All**
Relevant Scrutiny Committee: **Internal**
Urgent Decision: **N** Approval and clearance obtained: **Y**

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

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

Recommendations:

It is recommended that the Hub Committee:-

- 1) Notes the contents of the latest Budget Report for 2016-17
- 2) Instructs officers to develop a strategy to deliver the best use of the affordable housing capital budget of £550,000 and the uncommitted New Homes Bonus amounts of £63,000 (in year 15/16) and potentially £317,000 (in 16/17) as per 6.9 and 7.3
- 3) Supports the principle of an appropriately graded shared post being employed to focus on Economic Development, with the target of the post being self-financing within two years, as per 6.9.

Recommends to Council that

- 4a) Car parking charges are frozen for 2016-17 as set out in Appendix F*
- 4b) The fees for the Environmental Health Community of Practice are as per Appendix F
- 4c) Delegated authority is given to the Community of Practice Lead for Environmental Health in consultation with the Lead Member, to modify the charges of Food Export Certificates, once the outcome of the current review is known.

*For clarification - There is a separate item on the Hub Committee agenda to implement long stay parking on the top two decks of Brook Street car park in Tavistock.

1. Executive summary

- 1.1 The Council’s Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2020/21 which will help ensure resources are aligned to the outcomes in Our Plan. ***The changes to the Budget Report from the last Budget report to the Hub Committee on 27th October 2015 are shown in detail in Section 5.14 and 5.15.***
- 1.2 The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees West Devon Borough Council’s longer term viability.
- 1.3 Local authorities have faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. The Queen’s Speech in May stated that the government will “continue the work of bringing the public finances under control and reducing the deficit, so that Britain lives within its means”. The Summer Budget on 8 July 2015 has confirmed this and is likely to mean significant financial reductions particularly over the next two to three years until the government achieves its aim of running a budget surplus by 2019/20.
- 1.4 By the end of 2015/16, the Council’s grant funding (Revenue Support Grant) will have reduced by over 45% from 2013. The economic backdrop continues to be challenging, resulting in significant on-going reductions in Government funding, with the Council needing to focus on long term financial planning.
- 1.5 In response, in 2013 the Council alongside its shared services partner, South Hams District Council, approved an innovative Transformation Programme (T18). This is delivering a new operating model to ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £2.83 million has been approved, to deliver annual recurring revenue savings of £1.64 million. The payback period for the Programme is 2.75 years. The Transformation Programme has received the backing of Central Government with an award of £266,000 of Government funding.
- 1.6 The following table illustrates the predicted budget (surplus)/gap from 2016/17 onwards for the Borough Council as shown in Appendix B1:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£
Annual budget (surplus)/gap	(570,377) surplus	85,320 gap	313,203 gap	98,859 gap	346,353 gap
TOTAL BUDGET GAP OVER THE FIVE YEARS TO 2020/21					£273,358

Section 6.3 gives more details of the key assumptions regarding these figures. The budget surplus in 2016/17 of £570,377 is available for reinvestment (on a one-off basis rather than annually) in the Council's priorities, projects or as a contribution into Earmarked Reserves or the Council's Capital Programme.

- 1.7 If New Homes Bonus (NHB) were to be used as outlined in 7.3 of the report, this would mean that there would potentially be £317,087 of NHB which is uncommitted in 2016/2017 (with an additional £63,303 being uncommitted from 2015/16). This assumes that £1 million of NHB will be used annually to support the Revenue Base Budget.
- 1.8 It is not known how the forthcoming Spending Review 2015 (SR2015) will affect New Homes Bonus and whether there will be any policy changes affecting NHB. There is no doubt that an ending or phasing out of New Homes Bonus would have a very significant budgetary impact on Shire Districts (such as West Devon) in particular.
- 1.9 Whilst there remains a great deal of uncertainty about various elements of income and expenditure, the forecast has been based on a set of assumptions which represent a cautious estimate in order to focus attention on the revised scale of the funding gap. The figures will be revised as we progress through the financial year.
- 1.10 The Council's approach to financial planning over the medium term will include a focus on income generation and commercial opportunities. This will strengthen the position of the Borough Council by developing financial resilience through less exposure to reductions in Government funding.
- 1.11 The Council's Medium Term Financial Strategy was considered by the Overview and Scrutiny Committee on 6th October 2015. Minute O&S(I) 26 from the meeting refers.
- 1.12 On 27th October the Hub Committee Members agreed to accept the recommendations of the Overview and Scrutiny (Internal) Committee arising from their meeting on 6 October, 2015, and amended their resolution accordingly. Below is a copy of the minute from the meeting:-

***HC 29 MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

The Leader presented a report that provided Members with the annual review of the Council's Medium Term Financial Strategy (MTFS). It was based on a financial forecast over a rolling five year timeframe to 2020/21, which would help to ensure resources were aligned to the outcomes in Our Plan.

***HC 29 MEDIUM TERM FINANCIAL STRATEGY (MTFS) - continued**

The COP Lead Finance answered a number of questions relating to the detail within the report. Members discussed the increase in financial risk and the volatility that could arise from changes to business rates legislation.

Members also expressed the view that the capital budget for affordable Housing of £550,000 plus the uncommitted New Homes Bonus amounts of £63,000 (in year 15/16) and potentially £317,000 (in 16/17) should be put to use, by investing in the residential sector, for example. This would increase the capital value. The Group Manager – Business Development had been asked to present a report containing options for consideration early in the New Year. Finally, Members agreed to accept the recommendations of the Overview and Scrutiny (Internal) Committee arising from their meeting on 6 October, 2015, and amended their resolution accordingly.

It was then **RESOLVED** that the Hub Committee had considered the five year Medium Term Financial Strategy and provided an indication of the budget principles to be adopted, with particular reference to:

- a) the level of council tax increase being 1.99%;
- b) the use of New Homes Bonus to support the revenue budget;
- c) the amount of Council Tax Support Grant to be passed on to Parish and Town Councils be reduced by 11.2%;
- d) Other income generation and budget savings; and
- e) Maintaining the current Council policy on the minimum level of unearmarked reserves being £750,000; and
- f) The anticipated 2016/17 budget surplus (£571,177) being ringfenced for future income generation opportunities and held in an earmarked reserve for that purpose.

2 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

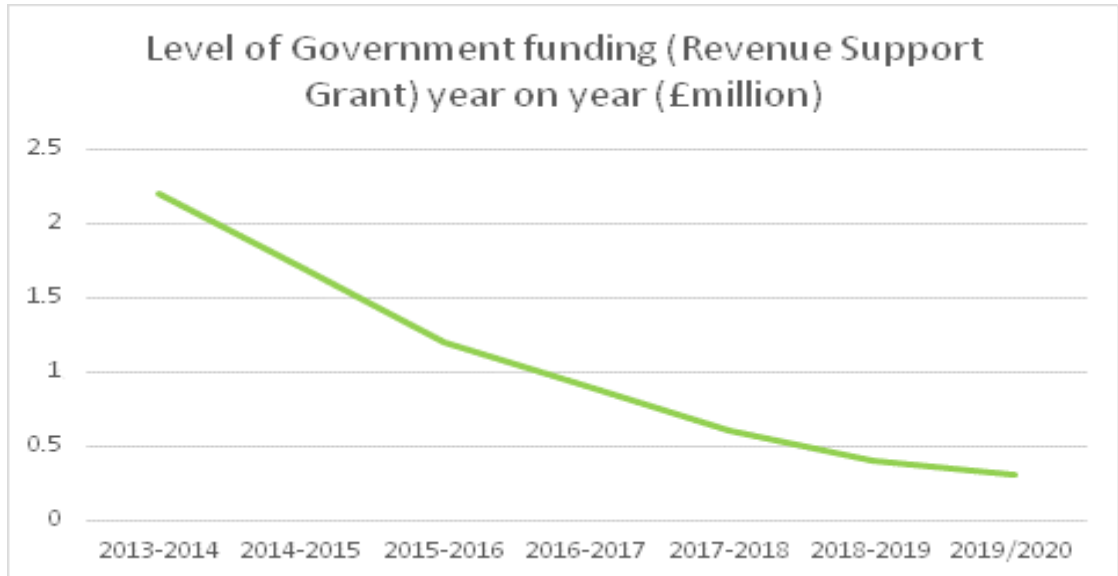
- 2.1 A two year employee pay settlement has been agreed which effectively equates to 1% in 2014/15 and a further 1.2% in 2015/16 for most employees. Future levels of pay settlement will be determined by national negotiation between the Local Government Employers and the Trade Unions. The Summer Budget 2015 did announce the context of a limiting of pay awards to 1% for the period 2016/17 to 2019/20. A budget provision of 1% for 2016/17 onwards has been modelled. The MTFS is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.

- 2.2 The MTFs assumes inflation will run at 2% (Government target) over the five year period. The Retail Price Index (RPI) at September 2015 was 0.8% and Consumer Price Index was -0.1%. An annual cost pressure of £60,000 has been included. This is partly to allow for an expected increase in business rates from the revaluation due in 2017.
- 2.3 The predicted interest rate forecast from our treasury management advisors, Sector, is shown below. The Council's budgeted investment income in 2015/16 is £40,000. It is assumed that the interest rate return for our investments will average 0.75 % for 2016/17 rising to 1.5% by 2018/19 as shown below:-
- | | | |
|---------|---|-------|
| 2016/17 | - | 0.75% |
| 2017/18 | - | 1.00% |
| 2018/19 | - | 1.50% |
- 2.4 Two scenarios have been modelled for council tax purposes. The financial modelling in Appendix B1 assumes a Band D council tax increase of 1.99% annually. This means an increase to £212.53 in 2016/17. The financial modelling in Appendix B2 assumes that council tax is frozen for 2016/17 onwards and that a 1% freeze grant is built into the Settlement Funding Assessment (SFA) on an on-going basis. There is no confirmation whether this would be the case annually.
- 2.5 The assumed forecast reductions in Revenue Support Grant (RSG) are as follows (see 3.1 and 3.2):

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Revenue Support Grant (2015/16 RSG was £1.215m):	0.892m	0.621m	0.371m	0.311m	Nil
% reduction	27%	30%	40%	16%	100%
TOTAL REDUCTION OVER THE FIVE YEARS TO 2020/21					£1.215m

3. GOVERNMENT FUNDING

- 3.1 The Government announced the figures for 2015-16. This was a one year settlement for 2015/16 only. No indicative funding levels have been published for 2016/17 onwards. The Revenue Support Grant was £1.215 million for 2015/2016. The next Spending Review is not due until 25 November 2015 and detailed local government information at authority level for 2016/17 is unlikely to be available until the Provisional Local Government Settlement is announced in December 2015. The graph below shows how Revenue Support Grant has fallen since 2013-14.



- 3.2 **Spending Review 2015 (SR2015)** - In July 2015, the Chancellor of the Exchequer published a policy paper, 'Spending Review 2015' – A country that lives within its means. It sets out the Government's approach to SR2015. The Chancellor of the Exchequer, George Osborne said:

This Spending Review (2015) is the next step in our plan to eliminate the deficit, run a surplus and ensure Britain lives within its means. We'll invest in our priorities like the NHS and national security. Elsewhere in government, departments will have to find significant savings through efficiencies and by devolving power, so people have a greater say over the issues that affect them and their communities. We'll deliver more with less.

The Spending Review will be set out on 25 November.

- 3.3 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. However, Authorities can voluntarily form a 'pool'. Pooling mitigates each Authority's exposure to Business Rate income volatility as the risks are spread over a larger pool.

In 2014/15 the Council received £39,927 as a pooling gain. This was additional business rates income generated as a consequence of being part of the Devonwide Business Rates pool. In line with good financial management principles, a provision has been made in the Accounts for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by

the Valuation Office Agency and on advice from them about the likely success rate of appeals.

The Council's Business Rates Gross amount payable has increased from £9.8 million in 2011/12 to £10.6 million in 2015/16. Therefore over the last 4 years, the Borough Council's business rates base has grown on average by 2% per annum.

Of the Business Rates collected of £10.6 million, the Council is predicted to retain in funding only £1.579 million of this in 2015/16. So the Borough Council retains approximately 15 pence in every £1 to run our services. In 10.7 and 10.8 the Medium Term Financial Strategy refers to Devolution and part of any Devolution offering to Government could be around the share of Business Rates retained.

3.4 **Business Rates Revaluation** - There will be a Business Rates Revaluation which will go live on 1 April 2017.

3.5 **Income from Council Tax** – The Borough Council increased council tax by 1.9% for 2015/16 to £208.39 for a Band D property for West Devon. This amounted to a £3.89 increase on an average Band D property over a year equivalent to 7p a week. *A 1% increase in Council Tax generates an extra £40,000 in extra council tax income per annum.* The total income from Council Tax equates to £4.05 million in 2015/16 as per Appendix B1.

3.6 **Council Tax** – The table below shows how an average Band D council bill is made up for West Devon Borough Council for the last two years:

Precepting Authority	Band D Council Tax 2014/15	Band D Council Tax 2015/16	£ Increase	% Increase
West Devon Borough Council	£204.50	£208.39	£3.89	1.9%
Devon County Council	£1,138.59	£1,161.27	£22.68	1.99%
Devon & Cornwall Police	£166.16	£169.47	£3.31	1.99%
Devon & Somerset Fire & Rescue	£76.89	£78.42	£1.53	1.99%
Average Parish /Town Council	£57.31	£60.77	£3.46	6.04%
TOTAL	£1,643.45	£1,678.32	£34.87	2.12%

West Devon Borough Council's share of the council tax bill in 2015/16 was **12%**, being £208.39 out of an average Band D council tax bill of £1,678.32.

- 3.7 **Council Tax Referendum Limit** – The Localism Act introduced the power for the Secretary of State to set principles each year under which council tax increases are determined to be excessive. The Government announced that council tax increases of 2 per cent or over will be subject to a council tax referendum for 2015/16. This did not apply to Towns or Parishes in 2015/16. As at November 2015, there is no formal indication of what a referendum limit might be for 2016/17.
- 3.8 **Council Tax Freeze Grant** - In 2015/16 a 1% Council Tax Freeze Grant offer for 2015/16 was made. The indicative Council Tax Freeze Grant for 2015/16 was £42,000. The Borough Council chose to increase council tax in 2015/16. Again no details are yet known about any council tax freeze grant offer for 2016/17.
- 3.9 **Collection Fund Surplus** – At the end of March 2015, the Council has a balance on its Collection Fund (council tax collection fund) of £1.74 million. This will be distributed in 2016/17, which means that the Borough Council's share of the distribution is £280,000 which is funding available towards the 2016/17 Budget.
- 3.10 **On 5 October 2015, the Chancellor unveiled 'devolution revolution'**. This set out major plans to devolve new powers from the Government to local areas to promote growth and prosperity. The main announcement was that by the end of Parliament, local government will be able to retain 100 per cent of local taxes – including all £26 billion of revenue from business rates by 2020 – to spend on local government services.
- 3.11 Announced alongside this was that the core grant from Government (Revenue Support Grant) will be phased out. This is in tandem with the assumptions made in the Medium Term Financial Strategy that the Revenue Support Grant will be reduced to zero by 2020 (see 2.5 and 3.1).
- 3.12 It was also announced that local government will take on new responsibilities. More detail on the new responsibilities will be announced in the Spending Review on 25 November. *A verbal update will be provided at the meeting.* The announcement also said that 'Local authorities will be able to cut business rates as much as they like'. This is significant new powers for local authorities.
- 3.13 Until more detail is released in the Spending Review on the items announced, it is not known what financial impact the announcement will have on the Borough Council for either 2016/17 or future years. It could take a year or so for the mechanics of how the full retention of business rates system would work to be known, and what that would mean financially for all tiers of local government.

4 THE COUNCIL'S STRATEGIC PRIORITIES – OUR PLAN

- 4.1 In February 2015, the Council published 'Our Plan'. This new strategic plan for West Devon set out the vision, long term priorities and planning policies for the area to 2031 as below:-

West Devon - A Leading Rural Council Thriving Towns and Villages

Enhancing the quality of life for individuals and communities

- 4.2 Through Our Plan we are striving to achieve communities that have access to housing, employment, services and facilities that meet their needs, communities that are resilient, safe and able to make choices about their future. Our communities are places where businesses can develop and grow. We want to ensure Our Plan makes a positive contribution to the equality, fairness and spiritual wellbeing of our communities.
- 4.3 How we will achieve Our Vision is defined in each policy area and through the actions set out in our Annual Delivery Plan. We will measure the progress we are making by how well we are meeting our objectives, actions and targets and the impact all this is having on the people and places of West Devon.

The Plan's Objectives are:-

Our Wellbeing
Our Communities
Our Homes
Our Economy
Our Infrastructure
Our Environment
Our Heritage
Our Resources

The full document can be accessed on
<http://www.westdevon.gov.uk/ourplan>

5 BUDGET PRESSURES FOR 2016/17 ONWARDS

- 5.1 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 5.2 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. A description of the larger budget pressures are set out below.

- 5.3 **Waste services contract** - There is a need to prepare for a potential uplift in the cost of the waste services contract based upon the indicated requirement for an additional waste round. This resource cost was absorbed by the contractor during the lifetime of the current contract due to the previously tendered rate.
- 5.4 The budget pressure in the Medium Term Financial Strategy (£300,000 for 2017/18 onwards) is the worst case scenario as there will be the opportunity to better the cost depending on the delivery vehicle chosen and the ability to charge for elements of service delivery in future if necessary. The figure is based upon current market rates for recycling materials which are constantly changing. This amount will be tested during the waste review process and so is indicative at this stage, based on known operational costs of the service 'as is'.
- 5.5 If a trading model is chosen for the delivery of the waste collection and cleansing services then there is an opportunity to further expand related services which may be sold to generate additional income. E.g. trade waste and trade recycling services. A one-off cost pressure for £80,000 has also been built into the Financial Strategy for a specialist resource to assist with the waste and cleansing options review and delivery and a further temporary staffing resource.
- 5.6 **Our Plan** - A report on Our Plan was considered by the Hub Committee on 22th September 2015. Minute (HC 14) recommended that a provision for 2016/17 of £75,000 is made for Our Plan. This is a one-off cost for 2016/17 for the cost of the examination in public, preparation of documents and in house costs.
- 5.7 **National Insurance** - There will be increased National Insurance (NI) contributions for employers effective from 2016/17. The extra cost to West Devon is £60,000 annually.
- 5.8 The Summer Budget 2015 also announced plans for a National Living wage for the over 25s of £7.20 per hour from 2016/17 increasing to £9.00 per hour by 2020. The number of Council employees affected are within single figures and therefore a provision has been included within the overall pay award budget provision.
- 5.9 **Triennial Pension revaluation** - The Local Government Pension Scheme (LGPS) was last subject to its triennial review in 2014/15. The next valuation impact is in 2017/18 and it is likely to add an additional cost pressure.
- 5.10 **Homelessness Grant** – The Council currently receives £50,000 per annum in a Homelessness grant. It is possible that this will cease in 2016/17 and therefore provision has been made within the budget for the Council to continue with homelessness prevention activity.

- 5.11 **Trading company** – The Council will need to engage specialist advice for legal and financial services in order to set up a trading company. Actuarial advice will also need to be taken from the Devon Pension Fund's actuaries. A cost pressure of £75,000 has been included within the modelling.
- 5.12 **Tamar Estuaries Consultative Forum (TECF)** – West Devon Borough Council and South Hams District Council both currently contribute £3,635 to the Forum. It is proposed that both Councils increase this to £4,500 (an increase of £865 each – rounded to £1,000 for ease of modelling). TECF will bring support in producing Our Plan (see Section 4).

SAVINGS AND INCOME GENERATION

- 5.13 **Transformation Programme 2018 (T18)** – In 2016/17 the Council will make savings of a further £725,000 as outlined in the original Business Case. This is on top of the savings of £962,000 per annum which were already built into the base budget for 2015/16. Section 1.5 gives more detail. There is a separate report on this agenda for the T18 Budget Monitoring report. This shows that the predicted final spend (£2.766 million) is £64,000 less than the budget of £2.83 million.

CHANGES SINCE THE LAST BUDGET REPORT

- 5.14 The Medium Term Financial Strategy was considered by the Hub Committee on 27th October 2015. This showed a budget surplus in 2016/17 of £571,177. The figure has now changed to £570,377. The changes are as below:-

<i>Budget Surplus reported in the Medium Term Financial Strategy on 27th October 2015</i>	<i>£(571,177)</i>
Additional saving identified on revenues and benefits recoveries (See A below)	£(30,000)
Additional saving on 'Other Staffing expenses' (See B below)	£(60,000)
Reduce the savings target on Kilworthy Park running costs (See C below)	£45,000
Reduce the recycling credits income target for 2016/17 by a further £45,800. (See D below)	£45,800
(This is increasing the reduction in the recycling credits income target from £44,200 in the Medium Term Financial Strategy to £90,000 in this budget report)	
<i>Revised Budget Surplus reported in the Budget Report on 1st December 2015</i>	<i>£(570,377)</i>

- 5.15 The items identified in the table above are a result of the Management Actions identified in the Revenue Budget Monitoring report for 2015/16. This is a separate report on this agenda.

Below is an explanation of each of these changes since the last budget report:-

- A. **Housing Benefit recovery of overpayments** – Additional income identified from the recovery of overpayments (budgeted expenditure for Housing Benefit in 2015/16 is £13 million). A saving of £30,000 annually has been identified for this.
- B. **Other Staffing Expenses** – There is a predicted underspend of £60,000 on staff related expenditure such as travel, subscriptions and other associated costs. This can be built into 2016/17 as a permanent recurring annual saving. Following the Council's Transformation Programme, the staffing workforce is 30% smaller with all staff roles changing to be flexible and responsible to the needs of the customer.
- C. **Kilworthy Park** – In the T18 Business Case, it was anticipated that there would be £65,000 of reduced running costs at Kilworthy Park due to agile working, smarter use of energy and utilities and the workforce occupying less space. These savings have not yet been realised to this extent, although work has been done on re-procuring some of the utilities costs. It is recommended that the savings target on reduced running costs of £65,000 is reduced by £45,000 to £20,000.
- D. **Recycling Credits** – Devon County Council has taken West Devon's leaf sweepings and garden waste into the County contract and has ceased paying recycling credits on this material. As has been previously reported, a phasing into the DCC contract was negotiated to minimise the budgetary impact. This has resulted in a loss of income gained from recycling credits from DCC, which is largely offset by West Devon no longer having to pay gate fees for composting the materials. The net loss for 2015-16 is around £50,000. In addition to this, Devon County Council no longer pay community groups for recycling credits for certain materials. This payment was administered by West Devon and then claimed back from the County. Any fall in income due to this is therefore offset by outgoing payments to community groups. Members will be aware that prices for recycling have dropped with the market changing significantly due to external factors. The overall drop in income predicted is £90,000 in total annually. A cost pressure of £44,200 was originally put into the Medium Term Financial Strategy for this and this now needs to be increased by £45,800 to £90,000.

6. OVERALL POSITION – BUDGET (SURPLUS)/GAP

6.1 **Appendices B1 and B2** illustrate the overall financial forecast for the forthcoming five years. Although the Council's Net Budget is predicted to be in the region of £7.3 million in 2016/17, the Gross Expenditure of the Council is around £26 million.

6.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the different situation if the Council Tax is increased by 1.99% (**shown in Appendix B1**) and if Council Tax is frozen (**shown in Appendix B2**). A 1% increase in Council Tax generates an extra £40,000 in extra income per annum.

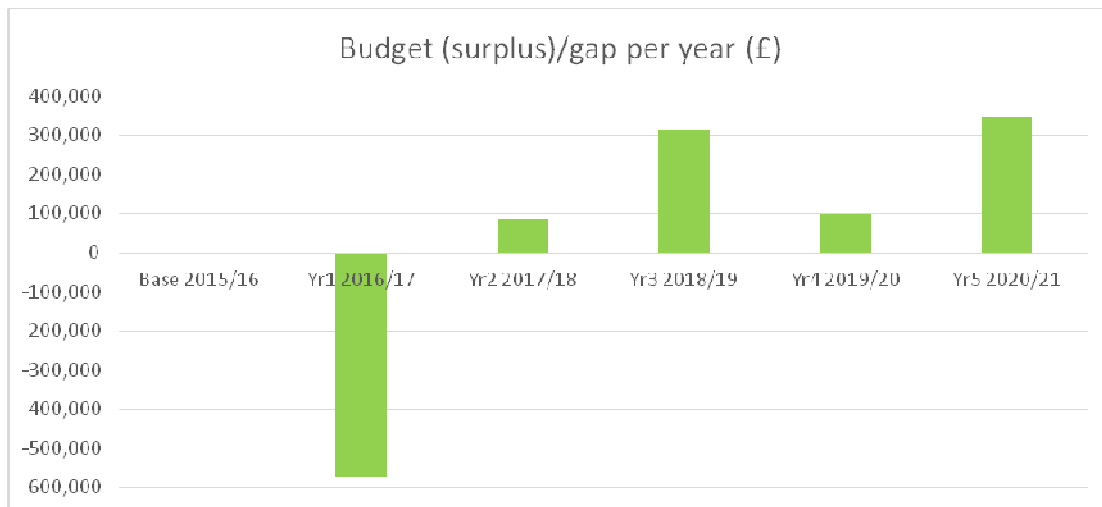
6.3 The following table illustrates the predicted budget (surplus)/gap from 2016/17 onwards for the Borough Council as shown in Appendix B1:

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Annual budget (surplus)/gap	(570,377) budget surplus	85,320 budget gap	313,203 budget gap	98,859 budget gap	346,353 budget gap
TOTAL BUDGET GAP OVER THE FIVE YEARS TO 2020/21					£273,358

These budget gaps are the position based on two key assumptions:

- That a contribution from New Homes Bonus of £1 million per annum will continue to fund the Revenue Base Budget
- That the budget surplus in 2016/17 is treated as a one-off surplus and is reinvested in one-off items. This could be a one-off investment into a priority area, investment in a specific project or a one-off contribution to Earmarked Reserves or the Capital Programme. (If the £570,377 budget surplus is reinvested in annual year on year priorities/commitments, then this would increase the budget gap in 2017/18 from £85,320 to £655,697.

6.4 This is shown in graphical format below:

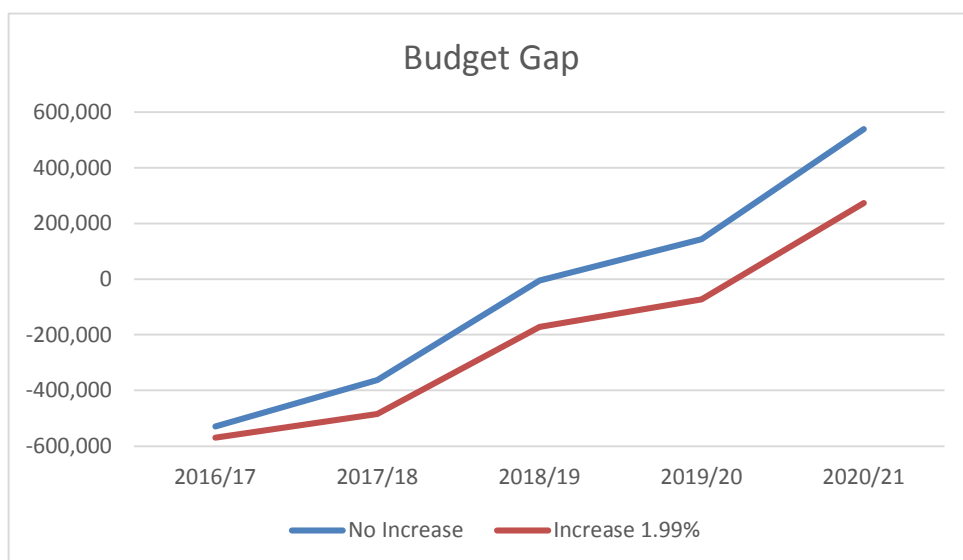


6.5 The report sets out an anticipated budget surplus for 2016-2017 of **£570,377** if Council Tax is increased by 1.99% as per Appendix B1. The budget surplus decreases to **£530,997** as per Appendix B2, if Council Tax is frozen for 2016/17.

6.6 *The budget surplus in 2016/17 is mainly as a result of the full amount of savings from the Council's Transformation Programme being realised by 2016/17 (see 5.13).*

6.7 In 2017/18 the Council moves into the position of having a budget gap again (of £85,320). Section 6.3 sets out the future years' budget gaps.

6.8 The graph below compares the Budget Gap if council tax is not increased (the higher line), to the Budget Gap if council tax is increased by 1.99% each year.



6.9 **Members' Budget Workshop** – On 20th October a Members' Budget Workshop was held. This was to give all Members the opportunity to influence and shape the budget setting process. The outcome of the meeting is attached at Appendix G. There are two recommendations in this report in relation to Appendix G and these are:-

- i) To instruct officers to develop a strategy for the best use of the affordable housing capital budget of £550,000 and the uncommitted New Homes Bonus amounts of £63,000 (in year 15/16) and potentially £317,000 (in 16/17) – as shown in Section 7.3. The affordable housing capital budget of £550,000 is an item within the report 'Capital Programme Monitoring report' on this agenda.
- ii) That Members support the principle of an appropriately graded shared post being employed to focus on Economic Development, with the target of the post being self-financing within two years. The approximate cost of this would be in the region of £16,000.

6.10 Work is currently being undertaken within the Finance team to redesign the budgets for 2016-17 into the Council's new T18 structure of Strategy and Commissioning, Customer First, Commercial Services and Support Services. Appendix B3 shows an initial view of how this would look for 2016-17. However the Appendix does come with a caveat of the fact that this is currently work in progress and the Appendix is a draft version. Further detailed work will be carried out on this before the January 2016 budget report. This is to ensure that the split of the budgets between the four areas are correct.

6.11 The finance team are also undertaking a project to harmonise all of the codes used on both Councils' finance systems so that the codes are the same and prefixed with either a 'W' for West Devon and a 'S' for South Hams. For example the code for car parking could be W100 in West Devon and S100 in South Hams. This will assist self serve for budget holders and also assist joint reporting across both Councils where this is appropriate.

7 NEW HOMES BONUS (NHB)

7.1 This grant was introduced in 2011/12 and provides incentives for local authorities and local communities to be supportive of housing growth. It is not ring fenced and can be spent on anything. New Homes Bonus is funded through a combination of central government funding (£250m per annum) and top-sliced Revenue Support Grant (the balance each year).

7.2 The table below shows an estimate of New Homes Bonus for the next five years.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	323,920	323,920				
2012/13	568,622	568,622	568,622			
2013/14	133,255	133,255	133,255	133,255		
2014/15	222,997	222,997	222,997	222,997	222,997	
2015/16	248,975	248,975	248,975	248,975	248,975	248,975
2016/17*		251,680	251,680	251,680	251,680	251,680
2017/18*			251,680	251,680	251,680	251,680
2018/19*				251,680	251,680	251,680
2019/20*					251,680	251,680
2020/21*						251,680
New Homes Bonus returned (See Note 1)	4,913					
Forecast NHB	1,502,682	1,749,449	1,677,209	1,360,267	1,478,692	1,507,375

*Predictions have been made based on an extra 200 properties per annum

Note 1 – New Homes Bonus (NHB) is top-sliced from Revenue Support Grant in advance. If the actual NHB allocations that Councils receive is less than the amount that has been top-sliced in advance, the Government return the unused element of the top-slice to Councils after the allocations to Councils have been made. The figures shown in this line is West Devon’s share of the returned NHB.

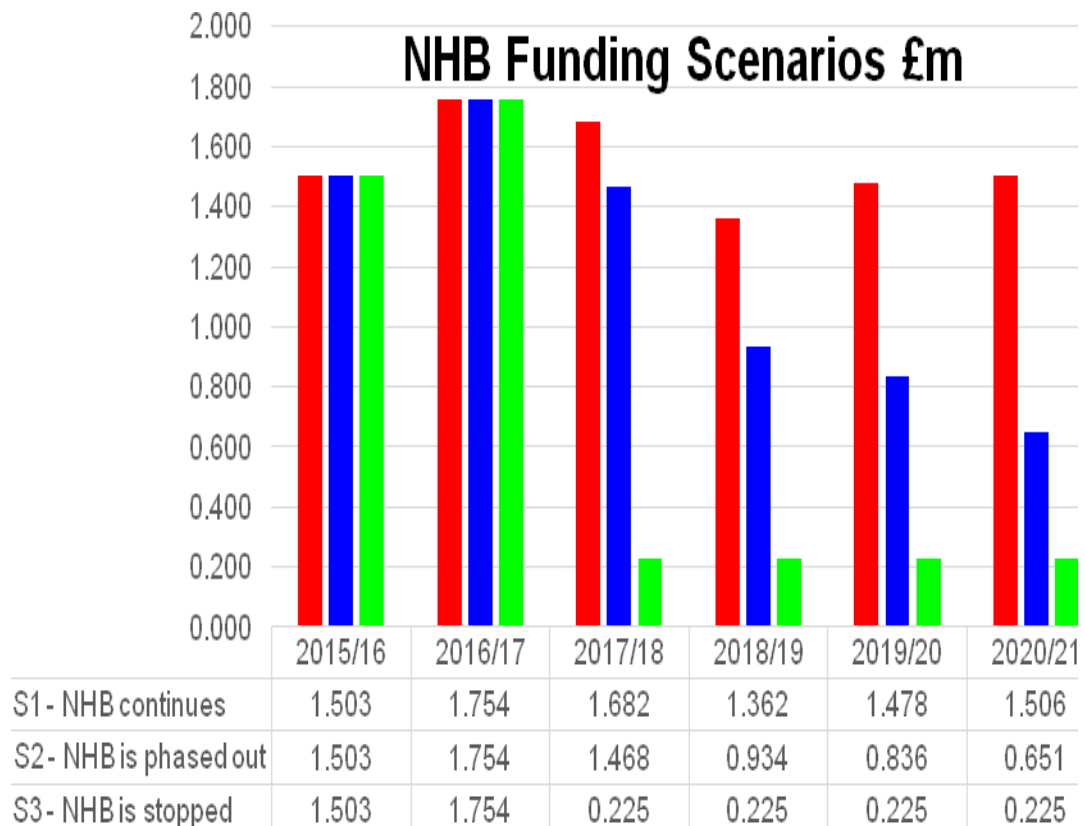
7.3 The table below shows the possible use of New Homes Bonus:

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20	2020/21
Amount receivable	1,502,682	1,749,449	1,677,209	1,360,267	1,478,692	1,507,375
To fund the current Revenue Budget *	(1,224,769)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
To fund the Capital Programme (as per 8.1)	(212,000)	(412,000)	(412,000)	(412,000)	(412,000)	(412,000)
Dartmoor National Park (7.8)	(2,610)	(20,362)	(28,146)	TBA	TBA	TBA
Balance remaining (not committed)	63,303 remaining	317,087 remaining	237,063 remaining	(51,733) This is a shortfall	66,692 remaining	95,375 remaining

7.4 If New Homes Bonus were to be used as outlined in 7.3 above, this would mean that there would potentially be £317,087 of NHB which is uncommitted in 2016/2017 (with an additional £63,303 being uncommitted from 2015/16).

7.5 It is not known how the Spending Review 2015 (SR2015) will affect New Homes Bonus and whether there will be any policy changes affecting NHB.

7.6 The modelling below shows what might happen if there is a policy change on New Homes Bonus in the future. There is no doubt that an ending of New Homes Bonus would have a very significant budgetary impact on Shire Districts (such as West Devon) in particular.



Key

Red Line = S1 – NHB continues without any policy change

Blue Line = S2 – NHB is gradually phased out from 2016/17 (policy change)

Green Line = S3 – NHB is stopped from 2016/17 onwards (policy change)

7.7 S1 shows the current level of NHB expected to be received with no policy changes and agrees to Section 7.2. Lines S2 and S3 show the decrease in New Homes Bonus levels if NHB is phased out or stopped. So by example in 2020/21, NHB is expected to be £1.5 million. This could reduce to £0.651 million if NHB is phased out or £0.225million if NHB is stopped. If scenario S2 happened, this would add £480,000 to the shortfall in 2018/19 –rising to an extra £760,000 by 2020/21.

7.8 **Dartmoor National Park (DNP)** – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members considered this as part of the Budget process for 2015/16 and the following system is in place:-

- A one off payment is to be agreed on an annual basis based on actual completions.
- The allocation received by DNP are to be spent only within those parishes falling within the boundaries of the Borough Council.
- The agreed sum is transferred to an Earmarked Reserve called 'Community Investment Fund – Dartmoor National Park' and the DNP make an annual application to draw down funds as required in line with the process agreed for that fund.

7.9 Over the last year projects totalling £18,361 have been awarded grant aid by the Dartmoor National Park's 'Dartmoor Communities Fund 2014/15'. These were for:-

- i) Drewsteignton - £4,152 to repair two grade 2 listed hall's external doors
- ii) Lydford - £5,200 to support a traditional playground for younger children and a Multi-Use Games Area for older children.
- iii) Postbridge - £6,500 to support a water supply for the hall and to expand the car park with improved entrance.
- iv) South Tawton - £400 – renovate the interpretation Board
- v) Throwleigh - £1,060 – alterations to the World War II American steel Quonset hut (used as a village hall)
- vi) Yelverton - £1,049 – extend existing play equipment to meet the growing demand for additional play equipment.

8. CAPITAL PROGRAMME 2016/17 to 2020/21

8.1 The table below shows the proposed Capital Programme for 2016/17 and projected figures to 2020/21:

	2016/17	2017/18	2018/19	2019/20	2020/21
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000	15,000
Village Halls and Community Projects	36,000	36,000	36,000	36,000	36,000
Affordable Housing (see Note 1)	200,000	200,000	200,000	200,000	200,000
Disabled Facilities Grants (see Note 2)	400,000	400,000	400,000	400,000	400,000
TOTAL CAPITAL PROGRAMME	651,000	651,000	651,000	651,000	651,000
Suggested method of funding the Capital Programme:					
Better Care funding towards Disabled Facilities Grants (see Note 2)	(239,000)	(239,000)	(239,000)	(239,000)	(239,000)
Potential funding from New Homes Bonus (Required to fund the Capital Programme)	412,000	412,000	412,000	412,000	412,000

Note 1 - The current level of capital funding allocated to the delivery of affordable housing is an annual contribution of £200,000. There is already a budget of £550,000 approved in the Capital Programme for affordable housing. National policies and funding strategies designed to deliver affordable housing have significantly changed in recent years with much greater reliance on the provision of affordable housing without public subsidy, primarily through the planning process.

Note 2 – From 2015/16, the funding for Disabled Facilities Grants will be from the Better Care Fund held by Devon County Council and funding will be passported to District Councils. Provisional allocations for 15/16 show an increase in contributions to £239,000. This level has been assumed for 2016/17 onwards.

- 8.2 The current machinery used to process our recyclate is owned by the Council (purchased via grant funding) and is reaching the end of its' life. The future processing of recyclable materials will be considered through the forthcoming waste review and the option of capital purchase of new machinery vs. other suitable options will be explored and reported back to Members.
- 8.3 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.
- 8.4 As part of the Medium Term Financial Strategy (MTFS), it is necessary to review the level and phasing of schemes within the Capital Programme. It is important that the programme is matched with available resources and the impact on reserves and the revenue budget is fully assessed.
- 8.5 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made. The Council is currently procuring a new leisure contract to commence in 2016/17 and by April 2017 the Council's waste services will have been procured (see 5.3 to 5.5). Front line service delivery options requiring capital investment will therefore be explored using this model to provide the Council with the fullest range of future choice.

9. EARMARKED AND UNEARMARKED RESERVES

- 9.1 The Council's Net Budget will be £7.2 million in 2016/17. It is still recommended to retain the same policy of a maintaining a minimum level of Unearmarked Reserves of £750,000. The summary below shows the position at 31 March 2015:

The Use of Unearmarked Revenue Reserves	2014/15 £'000
Balance B/fwd 1.4.2015	1,023
Revenue Outturn Underspend predicted for 2015-16	70
Predicted Unearmarked revenue reserves at 31.3.2016	1,093
Predicted Earmarked revenue reserves at 31.3.2016 (see Appendix C)	732

The predicted level of unearmarked and earmarked revenue reserves as at 31 March 2016 total £1,825,000 as shown in Appendix C.

- 9.2 The Revenue Budget Monitoring report for 2015-16 is also an item on this Hub Committee agenda. *The report shows that the predicted underspend against the 2015/16 Budget set of £7.262 million is £70,000.*
- 9.3 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £750,000 the following have been taken into account:
- The size of the authority
 - The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
 - The risks faced by the Council with regard to funding unforeseen events
 - Uncertainty over future Government funding
 - Uncertainty over future New Homes Bonus allocations
- 9.4 The Unearmarked Reserves current balance of £1.023 million stands above the minimum balance of £0.75million and acts as a safeguard against unforeseen financial pressures.
- 9.5 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance). A schedule of predicted Earmarked Reserves for 15/16 is shown in Appendix C. Earmarked Reserves are predicted to be £732,000 at the end of March 2016.

10 OTHER BUDGET ISSUES

- 10.1 **Council Tax Reduction Scheme** – Following Council Tax Benefit being abolished, Council in December 2013 approved the implementation of a cost neutral local Council Tax Reduction Scheme for 2014/15.
- 10.2 This scheme is a discount scheme rather than a state welfare benefit and means that working age claimants will pay a minimum of 20% towards their Council Tax bill. There will be an exception hardship fund to help those claimants experiencing severe financial difficulties.
- 10.3 These changes have the effect of reducing the council tax base not only for the Borough Council, but also for Town and Parish Councils, Devon County Council, The Police and Crime Commission and Devon and Somerset Fire Authority. Reductions in the Council Tax Base adversely affect a local authority's ability to raise income from Council Tax.

- 10.4 The Government is providing financial support for local authorities (Council Tax Support Grant) to assist them in dealing with the effects of the benefit changes on their Council Tax Base.
- 10.5 In the December 2013 Statement, the Minister reminded local authorities that within the funding for Council Tax Support Schemes there is an element to specifically reflect reductions in the parish tax base resulting from the introduction of Localised Support for Council Tax. He confirms that the funding is not separately identified because it is not ring-fenced. There is recognition that as caseloads change and schemes evolve, the amount that different parishes need will also change. There is also an expectation by the Government that billing authorities will continue to pass on support to town and parish councils to help mitigate any reduction in their tax base due to the local Council Tax support scheme.
- 10.6 It is therefore considered appropriate that the Council Tax Support Grant to Town and Parish Councils should reduce in line with the reduction that the Borough Council is experiencing with its Settlement Funding Assessment (SFA). The Council approved a grant distribution of £87,285 for 2015-16. It is estimated that the Council's SFA (Business Rates and Revenue Support Grant) will decrease by **11.2%** in 2016-17 (see Appendix B).
- 10.7 At the Hub Committee meeting on 27th October, it was resolved (HC29) that the amount of Council Tax Support Grant to be passed onto Parish and Town Councils be reduced by 11.2% for 2016-17 (from £87,285 to £77,509). This is an overall reduction of £9,776. Appendix D illustrates the effect for each Town and Parish Council.
- 10.8 **Devolution** - The government intends to support towns and counties to play their part in growing the economy, offering them the opportunity to agree devolution deals, and providing local people with the levers they need to boost growth. The government is working with towns and counties to make these deals happen.
- 10.9 All Devon and Somerset Councils have signed a Statement of Intent to look at working up a Devolution offering to Government. The Government, spearheaded by the Chancellor, has made clear its intention to make devolution 'deals' a major policy theme for the new Parliament.
- 10.10 **Income generation opportunities and the Council's asset management strategy** - Efficient and effective management of the Council's commercial property portfolio is inextricably linked to the Council's response to expected reduction in funding support and increasing the revenue from commercial property will help to bridge any future funding gaps. Receipts from all asset disposals will be used to reinvest in the commercial property estate.

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

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

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

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

10.14 **Sensitivity analysis and risk analysis** – The figures within the Medium Term Financial Strategy have been subject to a sensitivity analysis of the figures and a risk analysis. A copy is attached at **Appendix E**.

10.15 **Working in partnership** - Opportunities for working in collaboration and partnership and different ways of working will be identified and developed where this will support the delivery of the Council's outcomes and improve service efficiency and delivery. This will include development of trading opportunities and business models and exploiting external funding opportunities.

11 FEES AND CHARGES

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

Car Parking Charges

11.2 Details are set out in Appendix F of the recommendation to freeze car parking charges in 2016-17. For clarification, there is a separate item on the Hub Committee agenda to implement long stay parking on the top two decks of Brook Street car park in Tavistock.

Environmental Health Charges

11.3 There are a number of changes proposed to the Environmental Health fees and charges. Please refer to Appendix F for a detailed breakdown of the proposals. No changes are being made to the gambling, taxi and alcohol licensing fees.

11.4 The changes to Environmental Health fees are unlikely to be the source of a substantial increase in income and therefore no additional income has been built into the budget for 2016-17 for these charges as the amounts will be minimal. The Community of Practice Lead for Environmental Health is optimistic that in time, the efficiency savings from streamlining the processes across both Councils will reduce operating costs, which may allow us to pass the savings on to the businesses.

11.5 The service of Food Export Certificates is currently subject to scrutiny, and the amount of work processing and granting of food export certificates is currently under review. Given the timing of this review, it is requested that the Community of Practice Lead for Environmental Health is given delegated authority in consultation with the Portfolio holder, to modify this charge once the outcome of the scrutiny is known.

12. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Hub Committee is responsible for recommending to Council the budgetary framework. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of this MTFS is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>

Financial	Y	The financial implications are set out in Sections 1.6 to 1.7 of the Executive Summary.
Risk	Y	The financial risks are as set out in the report.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B1 – Modelling of council tax increasing by 1.99%

Appendix B2 – Modelling of council tax freezing

Appendix B3 – Income and Expenditure for 2015-16

Appendix C – Reserves

Appendix D – Town and Parish Council Tax Support Grant allocation

Appendix E – Sensitivity analysis and risk analysis

Appendix F – Fees and Charges

Appendix G – Members’ Budget Workshop

Approval and clearance of report

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

BUDGET PRESSURES AND SAVINGS

APPENDIX A

WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

	BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
Inflation on the waste collection, recycling and cleansing contract (estimate) (see 5.4)	80,000	80,000	300,000	80,000	80,000	80,000
Specialist resource - Waste and Cleansing options review and delivery (see 5.5) - one off	0	80,000	(80,000)	0	0	0
Inflation on the street cleaning and public conveniences	0	10,000	30,000	10,000	10,000	10,000
Recycling of garden and leaf collections (see 5.15)	27,200	90,000	0	0	0	0
New glass recycling banks x 3	8,000	(8,000)	0	0	0	0
Inflation on the swimming pool contract (profiled fee)	10,000	10,000	20,000	10,000	10,000	10,000
Our Plan (see 5.6)	0	75,000	(75,000)	0	0	0
Inflation on goods and services	15,000	60,000	60,000	60,000	60,000	60,000
Reduction in Housing Benefit administration subsidy	34,000	40,000	40,000	40,000	40,000	40,000
Increase in salaries - increments and pay and grading	0	40,000	40,000	40,000	40,000	40,000
Increase in salaries - pay increase at 1%	58,800	40,000	40,000	40,000	40,000	40,000
National Insurance - (see 5.7)		60,000	0	0	0	0
Triennial Pension revaluation	20,000	60,000	60,000	60,000	60,000	60,000
Reduction in the Homelessness Grant (see 5.10)	0	50,000	0	0	0	0
Trading company - specialist advice (see 5.11) - One off	0	75,000	(75,000)	0	0	0
Elections - reversal of 15/16 one off cost pressure	50,000	(50,000)	0	0	0	0
Kilworthy Park - running costs (see 5.15)	0	45,000	0	0	0	0
New Governance Arrangements	28,000	0	0	0	0	0
Tamar Valley Legacy Plan	28,000	3,000	0	0	0	0
Rural Development Programme for England	10,400	0	0	0	0	0
Tavistock Townscape (Council March 14 CM74)	10,000	0	0	0	0	0
Reduction in TIC Savings	15,000	0	0	0	0	0
Tamar Estuaries Consultative Forum (see 5.12)		1,000				
Workstation rental costs - payment to South Hams - this is offset by savings as shown below (T18 Council Minute CM49 - November 2013)	90,000	0	0	0	0	0
TOTAL IDENTIFIED BUDGET PRESSURES	484,400	761,000	360,000	340,000	340,000	340,000

BUDGET PRESSURES AND SAVINGS

WEST DEVON BOROUGH COUNCIL

Contribution to T18 Strategic Change Earmarked Reserve

Transformation Project (T18) - Approved at 9th December 2014 Council (One-off investment costs included for completeness)

Contribution to Strategic Change Reserve to meet redundancy and pension costs (offset by savings above)

Net contribution to T18 Reserve to meet other non-recurring costs (offset by savings above)

BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
805,000	125,000	160,000	120,000	35,000	0
67,000	67,000	67,000	67,000	67,000	0
872,000	192,000	227,000	187,000	102,000	0

Total Contribution to T18 Strategic Change Earmarked Reserve

SAVINGS AND INCOME GENERATION IDENTIFIED

Housing Benefit recoveries (see 5.15)

Other staffing expenses (see 5.15)

Reduction on Members Allowances (Council 13 May 2014)

Savings on audit fees

New income generation from Street Name and Numbering

Additional investment income

Business Rates pooling gain (see 3.3)

Bank Charges Reduction

BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
0	30,000	0	0	0	0
0	60,000	0	0	0	0
4,200	0	0	0	0	0
12,000	0	0	0	0	0
7,500	0	0	0	0	0
0	5,000	15,000	30,000	5,000	5,000
30,000	10,000	10,000	10,000	10,000	10,000
5,000	0	0	0	0	0
58,700	105,000	25,000	40,000	15,000	15,000

TOTAL SAVINGS AND INCOME GENERATION (excluding T18 savings)

Reduced running costs at Kilworthy Park and additional leasing income

Transformation Project (T18) savings - Approved at 9th December 2014 Council report (Appendix C) - £700,000 staff savings (30% of current staffing levels) and £25,000 other staff saving costs (ancillary costs) - Note the £725,000 savings in 2016/17 are in addition to £962,000 of savings already built into the 2015/16 Base Budget as shown.

90,000	15,000	15,000	15,000	15,000	0
872,000	725,000	0	0	0	0
1,020,700	845,000	40,000	55,000	30,000	15,000

TOTAL SAVINGS AND INCOME GENERATION (including T18 savings)

Line No.	Example B1 - Council Tax is increased by 1.99% each year Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line11)	7,798,625	7,262,325	7,178,325	7,413,004	7,384,799	7,595,940
2	Budget pressures (as per Appendix A)	484,400	761,000	360,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A) Further Savings Identified	(1,020,700)	(845,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,178,325	7,498,325	7,698,004	7,694,799	7,920,940
	Funded By:-						
5	Council Tax income - Modelling a 1.99% increase in council tax each year (Taxbase 15/16 = 19,457 Band D Equivalent properties)	4,054,644	4,177,702	4,304,005	4,433,800	4,566,941	4,699,587
6	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
7	Revenue Support Grant	1,215,323	892,000	621,000	371,000	311,000	0
8	Localised Business Rates	1,579,000	1,591,000	1,635,000	1,687,000	1,740,000	1,795,000
9	Funding from New Homes Bonus	1,224,769	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
10	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
11	Total Projected Funding Sources	7,262,325	7,748,702	7,413,005	7,384,800	7,595,941	7,574,587
	Budget (surplus)/ gap per year						
12	(Projected Expenditure line 4 - Projected Funding line 11)	0	-570,377	85,320	313,203	98,859	346,353

Cumulative Budget (Surplus)/Gap - There is a budget surplus in 2016/17 and budget gaps in the remaining four years.	0	-570,377	-485,057	-171,853	-72,994	273,358
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An assumption of an additional 200 Band D equivalent properties per year has been included in the TaxBase and modelling above for 2016/17 onwards

Memorandum Note - NHB remaining to fund the Revenue Budget, after funding the Capital Programme

This line shows the amount of New Homes Bonus (NHB) available to fund the Revenue Budget, after the funding for the Capital Programme has been deducted.	1,090,682	1,337,449	1,265,209	948,267	1,066,692	1,095,375
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FINANCIAL STRATEGY

Line No.	Example B2 - Council Tax is frozen every year from 16/17 onwards Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line11)	7,798,625	7,262,325	7,178,325	7,330,999	7,256,677	7,418,355
2	Budget pressures (as per Appendix A)	484,400	761,000	360,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A) Further Savings Identified	(1,020,700)	(845,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,178,325	7,498,325	7,615,999	7,566,677	7,743,355
5	Council Tax income - Assumes Council Tax is frozen in 2016/17 and thereafter (Taxbase 15/16 = 19,457)	4,054,644	4,096,322	4,138,000	4,179,678	4,221,356	4,263,034
6	Council Tax Freeze modelled for 16/17 onwards - (assumed built into the baseline thereafter)		42,000	84,000	126,000	168,000	210,000
7	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
8	Revenue Support Grant	1,215,323	892,000	621,000	371,000	311,000	0
9	Localised Business Rates	1,579,000	1,591,000	1,635,000	1,687,000	1,740,000	1,795,000
10	Funding from New Homes Bonus	1,224,769	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
11	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
12	Total Projected Income	7,262,325	7,709,322	7,331,000	7,256,678	7,418,356	7,348,034
	Budget (surplus)/gap per year						
13	(Projected Expenditure line 4 - Projected Income line 12)	0	-530,997	167,325	359,321	148,321	395,321

Cumulative Budget (Surplus)/Budget Gap - There is a budget surplus in 2016/17 and budget gaps in the years thereafter.	0	-530,997	-363,672	-4,351	143,970	539,291
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An assumption of an additional 200 Band D equivalent properties per year has been included in the TaxBase and modelling above for 16/17 onwards

Memorandum Note - NHB remaining to fund the Revenue Budget, after funding the Capital Programme

This line shows the amount of New Homes Bonus (NHB) available to fund the Revenue Budget, after the funding for the Capital Programme has been deducted.	1,090,682	1,337,449	1,265,209	948,267	1,066,692	1,095,375
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West Devon Borough Council Draft Revenue Budget Analysis

Service	Net Budget 2015/16	2016/17 Budget Pressures	2016/17 Budget Savings	2016/17 Budget Total
Commercial Services	2,076,869	326,354	231,642	2,171,581
Customer First	4,040,525	293,656	480,658	3,853,523
Strategy and Commissioning	779,251	127,898	86,914	820,235
Support Services*	365,680	13,092	45,786	332,986
Total Budget	7,262,325	761,000	845,000	7,178,325

**In accordance with the CIPFA Code the majority of Support Services has been recharged to the front line services*

Funded By

Revenue Support Grant	1,215,323			892,000
Localised Business Rates	1,579,000			1,591,000
Council Tax (assuming increase of 1.99%)	4,054,644			4,177,702
New Homes Bonus	1,224,769			1,000,000
Collection Fund Surplus	60,589			280,000
Less: Contribution to Strategic Change Earmarked Reserve (T18)	- 872,000			- 192,000
	7,262,325			7,748,702

Budget (Surplus)/Gap				- 570,377
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RESERVES - PROJECTED BALANCES					
	Opening balance	Additions to the	Predicted spend	Projected balance	
	1 April 2015	Reserve	to 31.3.2016	31.3.2016	Comments
	£000		£000	£000	
EARMARKED RESERVES					
Specific Reserves - General Fund					
T18 Strategic Change Earmarked Reserve		(872)	872	0	A new reserve set up to fund T18 redundancy and pension costs.
Business Rates Retention Scheme	(321)		100	(221)	This reserve will be used to offset the balance on the Collection Fund. This relates to a timing issue on the accounting adjustments required for the localisation of business rates.
Car Parking Maintenance	(318)			(318)	
Local Authority Business Growth Incentive (LABGI)	(21)		21	0	
Habitats Earmarked Reserve	(24)		24	0	
Cannons Meadow	(21)		3	(18)	Written down to revenue annually
County Election	(24)			(24)	
Landscape Maintenance	(20)			(20)	
Fifth Wave Neighbourhood Front Runners	(50)		(5)	(55)	
DCLG Business Support Scheme	(13)		13	0	
DCC Public Health	(40)		40	0	
Devon County Council - TAP Funds	(49)		49	0	
Economic Grant Initiatives	(16)		16	0	
Flood Works	(20)		20	0	
Homelessness Prevention	-	(30)		(30)	A new reserve set up to cover additional costs in the winter months.
Other Reserves below £15,000	(86)		40	(46)	
TOTAL EARMARKED RESERVES	(1,023)	(902)	1,193	(732)	
TOTAL UNEARMARKED RESERVES	(1,023)	(70)		(1,093)	Shown to increase by £70,000 in 2015/16, which is the predicted underspend for the year.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)	(2,046)	(972)	1,193	(1,825)	

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Town and Parish - Council Tax Support Grant allocation

Parish/Town	<u>Council Tax Support Grant allocation for 2015/16</u>	<u>11.20% Percentage reduction</u>	<u>Council Tax Support Grant allocation for 2016/17</u>
Okehampton Town Council	20,326	2276	18,049
Hatherleigh Town Council	1,914	214	1,700
Bere Ferrers Parish Council	5,417	607	4,810
Lifton Parish Council	897	100	796
Dartmoor Forest Parish Council	1,402	157	1,245
Inwardleigh Parish Council	220	25	195
Tavistock Town Council	39,335	4405	34,929
Bridestowe Parish Council	439	49	390
North Tawton Town Council	5,253	588	4,665
South Tawton Parish Council	793	89	704
Horrabridge Parish Council	1,865	209	1,657
Sampford Courtenay Parish Council	369	41	328
Mary Tavy Parish Council	917	103	814
Sourton Parish Council	278	31	247
Lamerton Parish Council	308	35	274
Drewsteignton Parish Council	790	88	701
Northlew Parish Council	447	50	397
Kelly Parish Meeting	26	3	23
Spreyton Parish Council	99	11	88
Chagford Parish Council	1,719	193	1,527
Gulworthy Parish Council	195	22	173
Sticklepath Parish Council	167	19	149
Broadwoodkelly Parish Council	115	13	102
Milton Abbot Parish Council	184	21	164
Beaworthy Parish Council	53	6	47
Exbourne & Jacobstowe Grouped Parish Council	216	24	192
Meeth Parish Council	53	6	47
Highampton Parish Council	142	16	126
Bratton Clovelly Parish Council	183	20	162
Iddesleigh Parish Council	66	7	59
Sydenham Damerel Parish Council	18	2	16
Burrator Parish Council	158	18	140
Plasterdown Grouped Parish Council	94	10	83
Stowford Parish Council	68	8	60
Bondleigh Parish Council	8	1	7
Okehampton Hamlets Parish Council	326	36	289
Buckland Monachorum Parish Council	1,411	158	1,253
Monkokehampton Parish Council	57	6	51
Lydford Parish Council	204	23	181
Throwleigh Parish Council	99	11	88
Peter Tavy Parish Council	210	24	187
Belstone Parish Council	49	5	43
Lewdown Grouped Parish Council	116	13	103
Germansweek Parish Council	39	4	34
Brentor Parish Council	240	27	213
Gidleigh Parish Meeting	0	0	0
	87,285	9,776	77,509

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Sensitivity analysis and risk analysis of the Medium Term Financial Strategy (MTFS)

1. The predicted revenue support grant figure for 2016/17 is £892,000. This is a reduction of £323,000 or 27% on the current year. For 2017/18 and 2018/19 further reductions of £271,000(30%) and £250,000(40%) have been assumed based on forecasts. A variation of 10% on the 2016/17 predicted figure for Revenue Support Grant equates to £89,200.
2. Extra business rates retention income from rates growth above the baseline funding has been assumed for the five year plan. A growth averaging £43,200 (2.7%) annually over the next five years has been assumed.
3. A realistic provision of £380,000 (equating to 3.5%) has been made for business rates appeals (the gross amount payable for Business Rates is £10.6 million in 15/16). An extra 1% provision would equate to £109,000.
4. The budget assumes approximately £1.7 million of income from fees and charges, recycling and investments. Whilst this assumption is realistic, given the position of the economy there is a risk that income could fall or be less than anticipated. A 5% reduction in income would result in a loss of £85,000.
5. The MTFS relies on proposed savings in 2016/17 of £755,000. These savings have been agreed as part of the Business case for the T18 Transformation Programme and are mainly from a reduction in staffing numbers being fully realised in 2016/17. A 5% increase or reduction in the savings would equate to £37,750.
6. New Homes Bonus has been modelled based on an extra 200 properties per annum increase. Each extra property attracts £1,174 (80% of £1,468). If this figure were to actually be say 50 properties less, this would mean New Homes Bonus figures would be less than predictions by £58,700 per annum for the next 6 years of New Homes Bonus.
7. Council Tax has been assumed in the Medium Term Financial Strategy to increase by 1.99% per annum. A 1% increase in council tax equates to £40,000.

8. Income from investments (around £8 million) has been assumed to increase in line with the expected interest rate forecasts in Section 2.3 i.e. 0.75% in 2016/17 and rising to 1.5% by 2018/19. A 0.25% variation in interest rates on investment income equates to £20,000.
9. An allowance of 2% for inflation is included in the budget. Inflation costs are being managed through cost effective procurement.
10. The capital programme is funded by receipts, grants, and contributions. Realistic assumptions about these have been made for the future.
11. Known liabilities have been provided for and there are no significant outstanding claims.
12. Income generation opportunities and the Council's asset management strategy - The Council's asset management strategy is to:
 - Pro-active dispose of non-strategic land to reduce operational expenditure
 - Use funds realised from asset disposals for future development
 - Bring forward strategic sites for development or disposal as appropriate (investment will be required)
 - Actively grow Commercial Asset Portfolio - Focus on Housing (Affordable, Rental, Market) & Employment Units
13. Other income generation initiatives will be pursued in tandem with extending the commercial property portfolio; linked to driving more value from Council assets and resources. This could be from increased fees and charges or providing customers with added value services.

Summary & conclusion

Sensitivity analysis and risks are identified above with a potential total adverse revenue effect for 2016/17 of £483,000. However, revenue reserves are recommended to be maintained at a minimum of £750,000. I therefore confirm the robustness of the Medium Term Financial Strategy and the adequacy of the reserves.

Mrs Lisa Buckle, Finance Community of Practice Lead (S151 Officer)

FEES AND CHARGES FOR 2016-17

CAR PARKING CHARGES

The recommendation to freeze car parking charges for 2016-17 is based on the need to continue to encourage the increased use of car parks, which has occurred as a result of the £2 all-day charge initiative.

Nationally, the use of car parks fell during the recession and is only this year beginning to recover from this. This is reflected in feedback from our neighbouring authorities.

Our £2 tariff has helped to encourage more use of our car parks, and a separate report to the Hub Committee on this agenda recommends that long-stay parking in Tavistock is increased slightly by having long-stay parking on the top two decks of Brook Street car park.

The initiative was discussed by the West Devon Car Parking Strategy Group on 3rd November, where it was requested that the Council review the current arrangements in early spring 2016, allowing it to run for a full 12 months before the impact is fully assessed. It was recognised that there may be a need to postpone the start time of the scheme to, say 10am. However, the increase in long-stay parking, by using Brook Street, may resolve the very few complaints we have received regarding the scheme. Largely it has been received positively both by customers and the business communities in both Tavistock and Okehampton.

Income comparison:

	2015	2014	2013
April	£74,032	£58,376	£57,347
May	£66,778	£71,636	£67,761
June	£75,793	£66,591	£58,422
July	£77,085	£64,571	£72,551
August	£76,485	£82,671	£79,142
September	£78,199	£71,648	£69,921
TOTAL	£448,372	£415,493	£405,144

Pay & Display ticket sales:

	2015	2014
April	60,705	57,680
May	66,489	61,397
June	56,404	56,013
July	66,528	64,127
August	70,421	70,210
September	62,875	60,210
TOTAL	383,422	369,637

In respect of season tickets, it is recommended that these be reviewed at the same time as the tariffs, in the spring, at the end of the pilot period for the new tariffs. In the meantime, our season tickets still work out to be better value for customers than paying £2 per day. Should a customer choose to not take advantage of this, additional income would be generated for the Council, based on a commuter working 5 days per week, 48 weeks of the year (£480 per annum, compared with a town centre season ticket charge of £400).

The Revenue Budget Monitoring report for 2016-17 is a separate report on this Hub Committee agenda and this is predicting that actual car parking income received for the year will be £890,000 against a budgeted income target of £860,000. This is based on the fact that car parking income is currently higher than the budget for the first seven months of 2015/16. If this trend continues, it is predicted that car parking income will be £30,000 above the budget.

Recommendation

That the Hub Committee recommends to Council that

- a) Car parking charges are frozen for 2016-17 as set out above***

*For clarification - There is a separate item on the Hub Committee agenda to implement long stay parking on the top two decks of Brook Street car park in Tavistock.

Environmental Health Licence Fees West Devon 16/17

(All outside the scope of vat except where shown)

Licence Type	Current Fee	Proposed Fee (2016/17)	Comments
Acupuncture, Tattooing, Ear-piercing & Electrolysis			The Local Government (Miscellaneous Provisions) Act 1982 Part VIII requires businesses which carry out the following types of skin piercing to be registered with the Council.
Register of Persons	£112.00	£112.00	<ul style="list-style-type: none"> – acupuncture – tattooing
Register of Premises	£112.00	£112.00	<ul style="list-style-type: none"> – cosmetic body piercing (including ear piercing) – semi-permanent skin colouring – electrolysis
Changes to Premises registration particulars	None	£40	<p>The Act requires registration to cover both the person carrying on the practice and the premises used for that purpose. Once an application has been made and a fee paid, an inspector will undertake an inspection of the premises. If the inspector considers the applicant's procedures and the premises to be suitable, then registration will be approved. The fees are only payable once. Once registered there is no need to reapply on an annual basis.</p> <p>Premises will be checked before registration is completed and on a regular basis to ensure that hygienic standards are being maintained.</p>

<p>Animal Boarding Establishment (All to 31 December each year)</p> <p>Licence (per animal)</p> <p>Minimum</p> <p>Maximum</p> <p>Home Boarding (maximum fee charged)</p>	<p>£5.00</p> <p>£123.00</p> <p>£179.00</p> <p>£110.00</p>	<p>£5.00</p> <p>£129.00</p> <p>£187.00</p> <p>£120.00</p>	<p>Animal Boarding establishments are essentially kennels and catteries.</p> <p>The fees are based on a 'per animal' basis with a minimum fee of £123.00 being proposed. Premises are regulated under the Animal Boarding Establishments Act 1963. A visit will normally be made to the establishment to check that licence conditions are being complied with. Checks will include ensuring that the accommodation is suitable in construction, size, numbers and facilities such as heating, lighting and ventilation are adequate. Checks are also made to ensure the correct welfare and management of the animals, fire precautions and emergency arrangements. Revisits to premises may be required where minimum standards are not achieved. Visits may also be required on receipt of complaints. Regular checks will also be required.</p>
<p>Dangerous Wild Animal Licence</p> <p>Plus Vets fees and expenses</p>	<p>£394.00</p> <p>Act. Cost</p>	<p>£394.00</p> <p>Act. Cost</p>	<p>Animals which are classified as "dangerous wild animals" and can be anything from an Aadvark to a Zebra, are identified in a schedule to the Dangerous Wild Animals Act. Anyone wishing to keep one of these animals requires a Licence issued by the local authority. Checks will be made on application to ensure that the person is suitable for the keeping of dangerous animals. A visit will then be made to the premises to ensure that the animals can be kept in an environment that protects their welfare and also that of public safety. Licence conditions often are specific to the type or property and animal being kept, so can require a significant amount of officer time to develop.</p>

			The service of a specialist vet is often required (for which a separate recharge is made). A number of visits may often have to be made to ensure that licence conditions can be met. Visits may also have to be made on a regular basis to ensure welfare and safety standards are maintained. Public nuisance issues may also have to be addressed.
Dog Breeding Establishment			
Licence Fee (Initial & Renewal)	£157.00	£167.00	A breeding establishment is where five or more litters are born, to one or more bitches, for the purpose of sale, in the period of one year. A licence is necessary for the interests of animal welfare and consumer protection relating to the facilities in which the animals are kept and the extent to which they are bred.
Plus Vets fees and expenses (initial applications only)	Act. Cost	Act. Cost	A visit will be made to the premises to ensure that welfare conditions are suitable. For initial applications a visit by a vet will also be required. Conditions may also be attached to the licence. Regular inspections will also be required to ensure compliance with conditions and to ensure that adequate records are kept.

Hypnotism	£54.00	£56.00	<p>The control of hypnotism is via the Hypnotism Act (as amended). Anyone giving an exhibition, demonstration or performance of Hypnotism on any person or in connection with entertainment to which the public are admitted whether by payment or otherwise is required to obtain authorisation from the Council by way of consent. Hypnotism includes hypnotism, mesmerism and any similar act or process which produces or is intended to produce in any person any form of induced sleep or trance in which the susceptibility of the mind of that person to suggestion or direction is increased or intended to be increased.</p> <p>Once a completed application form is received and the information has been checked, liaison with a number of</p>
			<p>agencies such as the Police may take place. Checks will be made to ensure that the proposed event does not offend public decency and that vulnerable people will not be put at harm. Conditions will normally be attached to the licence to protect the public physical safety and mental health.</p> <p>Discussions may have to be held with the event organiser.</p>

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

			<p>suitable as respects size, temperature, lighting, ventilation and cleanliness;</p> <ul style="list-style-type: none"> – animals will be adequately supplied with suitable food and drink and (so far as necessary) visited at suitable intervals; – animals, being mammals, will not be sold at too early an age; – that all reasonable precautions will be taken to prevent the spread among animals of infectious diseases; – that appropriate steps will be taken in case of fire or other emergency <p>Visits will also need to be made to follow up on complaints.</p>
Riding Establishment Licences			<p>The Riding Establishments Act 1964 requires persons to obtain a licence from the local authority if they wish to operate a riding establishment. A 'riding establishment' means the carrying on of a business of keeping horses to let them out on hire for riding, or for use in providing instruction in riding for payment, or both'. The Act is concerned with ensuring the suitability of the licence holder and the welfare and suitability of the horses and in particular:</p> <ul style="list-style-type: none"> – whether the person has suitable qualification or experience – the condition of the horses – the condition of feet – suitable accommodation – where appropriate, the condition of pasture
Up to 10 horses	£168.00	£168.00	
Plus for each horse	£8.00	£8.00	
Plus for Vets fees and expenses	Act. Cost	Act. Cost	
Maximum Fee	£303.00	£304.00	

			<ul style="list-style-type: none"> - suitable food, drink, bedding and exercise facilities - suitable disease control - suitable precautions in event of fire - provision of adequate accommodation for forage, bedding and equipment. <p>Adequate insurance cover will also have to be provided. The local authority will have to authorise a vet to inspect the establishment and to consider the report of their visit before issuing the licence.</p> <p>Checks will be made to ensure that the premises continue to operate in a satisfactory manner.</p>
Scrap Metal Dealers (2013 Act)			
Site Licence (New Application valid 3 yrs)	£175.00	£180.00	The 2013 Act replaces the Scrap Metal Dealers Act 1964 and combines scrap metal dealers and motor salvage operators under one licence. We will continue to act as the main regulator but the new Act gives us more powers, including the power to refuse a license and powers to revoke licences if the dealer is considered unsuitable. Both we and the Police have been given powers to enter and inspect premises.
Site Licence (Renewal)	£125.00	£130.00	
Transfer of Site Licence to Mobile Collector	£75.00	£75.00	
Mobile Collector Licence (New application valid 3 yrs)	£125.00	£130.00	
	£80.00	£85.00	
Mobile Collector (Renewal)	£75.00	£80.00	
Transfer of a Mobile Collector Licence to a Site Licence			
Change of licence holder details	£15.00	£15.00	
Change of licensed site	£75.00	£80.00	
Change of site manager	£40.00	£43.00	

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

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

Housing Act Enforcement Notice fee	New charge	£38.50 per hour	The 2013 Act introduced the ability of the Councils to charge for the service of enforcement notices and to carry out works in default to remedy breaches of site licence conditions from 1 st April 2014. The fee for Housing Act 2004 enforcement notices is based on the hourly rate plus on-costs of the relevant enforcing office, due to the similarity of the two pieces of legislation the two fees will be comparable, as such the fee is £38.50/hour. The Councils have already set a fee for depositing site rules with the local authorities, this was set in 2014 and will remain the same at £75.
Depositing site rules with Local Authority	£75	£75	

Recommendation

It is recommended to Council that:-

- i) The fees for the Environmental Health Community of Practice are as per Appendix F
- ii) Delegated authority is given to the Community of Practice Lead for Environmental Health in consultation with the Lead Member, to modify the charges of Food Export Certificates, once the outcome of the current review is known.

West Devon Budget Setting Workshop – 20th October 2015

The Executive Director (Strategy & Commissioning), Steve Jorden facilitated the session and spoke about the Medium Term Financial Strategy, the potential effects of devolution and the need for income generation to meet the predicted budget pressures. A key message was that despite the successful ongoing implementation of the T18 Transformation Programme, the Council still needs to make decisions and changes in order to be fully self-sufficient and financially sustainable.

The Finance Community of Practice Lead, Lisa Buckle then shared a presentation about the forecast gap between income and expenditure as a result of reduced Central Government funded Revenue Support Grant and the possible financial effects of the Government's Spending Review (2015).

Steve Jorden also shared a presentation about the Business Development / Income Generation agenda and the introduction of the refreshed Asset Management Strategy.

Feedback from Strategic Priorities – Workshop session (1)

After a brief discussion around the Strategic Priorities set out in “Our Plan” – an interactive session was held, where the Members in attendance split into groups to look at the strategic priorities and to list the top three principles/objectives or areas which they would like to see taken forward in the Budget process for future years (mainly looking longer term at years 2017/18 onwards (Year 2 of the MTF)).

The exercise yielded a number of outputs. These priorities / principles have been categorised into broad strategic areas as shown below:

Develop the Economy – Infrastructure is key – Develop and maintain business growth. Need to develop short, medium and long term plans. The Economy needs good infrastructure. If you get the plan right, other things will follow e.g. generate employment. It is not just about roads but more about social infrastructure such as doctors, leisure, schools, shops, pubs, transport etc. Need to take into account that 45% of WDBC is in the National Park. Look at neighbouring economies e.g. Saltash, Launceston, more light weighted industrial buildings. Develop the wider Borough e.g. good examples are Ambrosia and Haulage. There could be a lack of available land for industrial development and to build affordable housing (Compulsory Purchase Orders?).

Community – Community encompasses Economy and Housing. Need to provide more self-help and the availability of funding to Parishes to provide services.

Housing/Homes – Housing Developments in the communities rather than Tavistock and Okehampton. Plan it to build own house to rent/sell. Strategy around Housing. Develop higher end housing to attract individuals.

Planning policy – Review of some of the West Devon planning policies to allow more flexibility with regard to new developments especially concerning what constitutes “open countryside” or whether or not a proposal is within an existing boundary.

Business – Establish the best business fit for two different towns e.g. logistics, distribution access in Okehampton (utilising the A30).

Tourism – Develop tourism.

Education – Partnership in educational providers.

Parish Survey – Survey the Parishes to find out exactly what parish owned land is available – Need to keep more in the community (young people need affordable low cost housing).

Young People – Set policies to encourage young people to live/work in West Devon.

Trading company - Set up a trading company

Information Gathering – Gather information and intelligence around our front-line operational services. These are the eyes ‘n’ ears and hands. Managing demand.

Feedback from Strategic Priorities - Workshop session (2)

The final interactive session enabled the same groups of Members to set some principles/proposals which they would like the Hub Committee to consider as part of the 2016/17 Budget Setting Process (Year 1 of the Medium Term Financial Strategy). There was some significant correlation between the responses.

Increase Council Tax by the maximum allowable percentage – Whilst nobody wants to raise council tax, Members’ views were that it was essential to raise council tax by the permitted maximum. This measure would increase the base budget for ensuing years and protect the delivery of services and the Council’s financial resilience.

Businesses – Investment to encourage new businesses e.g. business rate relief policy. Invest in intelligence about what businesses we have, what units do they need – collect information to inform decisions. E.g. In Princetown there are commercial properties shutting down e.g. cafes. Need to ask the Hub Committee for a fighting fund for Princetown. Achieve greater co-operation between ourselves, the National Park, the Duchy and the County through partnership working. There needs to be a co-ordinated strategy about Princetown and a wider strategy about all businesses in the National Park.

Residential - Encourage residential above shops.

Website and on-line services –Invest in improving our website and on-line services.

Surplus in 2016/17 and New Homes Bonus uncommitted amount in 2016/17 – Members noted that the surplus predicted in 2016/17 of £571,000 and the New Homes Bonus uncommitted amount of £317,000 totalled just under £900,000. There were various ideas about how these surpluses should be reinvested such as:-

- i) Explore the option of paying off some of the prudential borrowing (loan) on the Kilworthy Park building, thereby saving on the interest payments (*The S151 Officer advised that the option of repaying some of the borrowing or rescheduling the £2.1 million debt is annually reviewed by the Council's treasury management advisors, Sector. Their advice is due to the early redemption payment payable and due to current gilt prices, this is not financially advantageous at the moment but this will be annually reviewed. The Council currently pays interest of £97,000 a year on the £2.1 million borrowing*).
- ii) There is currently a capital programme budget for Housing of £0.55 million. If repaying some of the borrowing on the Kilworthy Park building is not an option, Members would like to see development properties purchased for re-sale (trading arm). Build new houses.
- iii) Income generation - Hold the money in a reserve to invest in and fund future income generation opportunities (this could be through the trading company).
- iv) Invest the surplus in property and not literally keeping the money in the bank account. This is so as to ensure that the capital value increases. For example short term investment in industrial or residential in the Borough.
- v) Reduce the reliance on New Homes Bonus which is anticipated to start falling away.
- vi) Transformation Programme (T18) - Short term injection of additional investment into some services e.g. the planning service, to clear temporary service backlogs. Hold money in a reserve for contingencies.

Fees and Charges – Ongoing review of existing fees and charges, in particular car parking. The Council generates around £860,000 of income from car parking and there is a need for an annual review. (*Note a report on car parking charges will be submitted to the Hub Committee in accordance with the normal budget timetable*).

For further information, please also refer to:

Presentation One: Lisa Buckle - Presentation on the Medium Term Financial Strategy

Presentation Two: Steve Jordan - Presentation on the Business Development & Income Generation Agenda

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