

BUDGET PRESSURES AND SAVINGS - BUDGET PROPOSALS FOR 2024/25
(This shows the changes to the existing Base Budget)

APPENDIX A

WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

	BASE 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £
Waste collection, recycling and cleansing contract inflation (estimate) - assume 7.5% 2023/24 onwards (23/24 also includes some extra inflation provision from 22/23)	345,000	245,000	245,000	245,000
Waste collection, recycling and cleansing contract - Council 19 July 2022	400,000	0	0	0
Waste collection, recycling and cleansing - additional properties	50,000	100,000	100,000	100,000
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)	50,000	0	0	75,000
Inflation on goods and services	150,000	150,000	150,000	150,000
Salaries - provision for pay award at 4% (£216,000) for 2024/25 (total pay of £5.4m), reducing to 3% in 25/26 and 26/27	0	216,000	170,000	170,000
Salaries - 22/23 award of £1,925 per Scale point has been modelled (an extra £210,000 on top of the 2% provided for)	360,000	0	0	0
Pay award 2023-24 - Initial figures of £1,925 per Scale Point or a 3.88% increase for Scale Point 44 upwards. (£147,000 is the amount over the current budget provision). This will need to be built into the Base Budget in 2024-25.	0	147,000	0	0
Increase in salaries - increments and pay and grading	175,000	75,000	75,000	75,000
IT inflationary cost pressures - increases in prices	0	110,000	0	0
Flooding - recent events have highlighted the need to add a cost pressure for dealing with the impacts of climate change, such as flooding, on our communities	0	50,000	0	0
Business continuity and cyber security	0	75,000	0	0
Extra insurance costs	0	30,000	0	0
Reduction in car parking income - Income targets were reduced in 2023/24 - There is a report to the Hub Committee in November 2023 on fees and charges for car parking - This is shown in the savings section further down.	150,000	0	0	0
Increase in external audit fees	60,000	30,000	0	0
Housing Delivery Team - Hub Committee 7th June 2022	29,800	0	0	0
Head of Revenues and Benefits - Hub Committee 12th April 2022	30,000	0	0	0
The Planning Improvement Plan, Hub Committee 7 June 2022, noted that the cost of the restructure, £33K per annum, will be funded for the first three years from the additional planning income held in the planning earmarked reserve.	33,000	0	0	0
A Plan for West Devon - Council 28.9.21 - £122,000 cost pressure for 22/23 and £168,000 for 2023/24 (Base Budget of £168,000 in 2024/25 onwards)	46,000	0	0	0
Reduction in Housing Benefit administration subsidy	10,000	10,000	0	0
National Insurance and National Living Wage (NLW increases)	40,000	30,000	20,000	20,000
Revenue and capital expenditure for Year 1 delivery plan of the Council Plan (2024/25)	0	387,500	(387,500)	0
TOTAL IDENTIFIED BUDGET PRESSURES	1,928,800	1,655,500	372,500	835,000

WEST DEVON BOROUGH COUNCIL

Contribution to Earmarked Reserves

(This line shows the annual contributions into the Reserve)

Contribution from Earmarked Reserves to fund the revenue and capital expenditure within the Year 1 Delivery Plan of the Council Plan (2024/25)

Contribution to IT Development Reserve (£50K per annum)

Contribution to Planning Reserve (£25K per annum)

Contribution to Elections Reserve (20K per annum)

Contribution to a Joint Local Plan Earmarked Reserve - to commence the JLP review

Contribution from the Planning Reserve for the cost of the restructure within the planning service - Hub Committee 7 June 2022 - to be funded for the first three years from the additional planning income held in the planning earmarked reserve

Contribution from Business Rates Retention Reserve to smooth the volatility in business rates income from the baseline reset

Contribution from Strategic Change Earmarked Reserve

Contribution to Vehicles Replacement Reserve (£50K per annum) - An increase to £300,000 per annum per year has been built in as a cost pressure. An options report will be brought to Members in early 2024.

Increase the contribution to the Management, Maintenance and Risk Management Reserve for investment properties - This increases the contribution from 10% of annual rental income in 23/24 to 15% in 24/25 and 20% for 25/26 onwards.

Contribution to Joint Local Plan Earmarked Reserve (staffing costs)

Total Contribution to/ (from) Earmarked Reserves

	BASE 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £
Contribution from Earmarked Reserves to fund the revenue and capital expenditure within the Year 1 Delivery Plan of the Council Plan (2024/25)	0	(387,500)	0	0
Contribution to IT Development Reserve (£50K per annum)	50,000	50,000	50,000	50,000
Contribution to Planning Reserve (£25K per annum)	25,000	25,000	25,000	25,000
Contribution to Elections Reserve (20K per annum)	20,000	20,000	20,000	20,000
Contribution to a Joint Local Plan Earmarked Reserve - to commence the JLP review	0	50,000	50,000	50,000
Contribution from the Planning Reserve for the cost of the restructure within the planning service - Hub Committee 7 June 2022 - to be funded for the first three years from the additional planning income held in the planning earmarked reserve	(33,000)	(33,000)	(33,000)	0
Contribution from Business Rates Retention Reserve to smooth the volatility in business rates income from the baseline reset	(150,000)	(150,000)	(150,000)	(150,000)
Contribution from Strategic Change Earmarked Reserve	(32,567)	0	0	0
Contribution to Vehicles Replacement Reserve (£50K per annum) - An increase to £300,000 per annum per year has been built in as a cost pressure. An options report will be brought to Members in early 2024.	50,000	300,000	300,000	300,000
Increase the contribution to the Management, Maintenance and Risk Management Reserve for investment properties - This increases the contribution from 10% of annual rental income in 23/24 to 15% in 24/25 and 20% for 25/26 onwards.	0	55,000	110,000	110,000
Contribution to Joint Local Plan Earmarked Reserve (staffing costs)	25,000	25,000	25,000	25,000
Total Contribution to/ (from) Earmarked Reserves	(45,567)	(45,500)	397,000	430,000

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £
Income from Investment properties (£350,000 is in the Base Budget for 2023/24) - periodic upwards rental reviews on investment properties	50,000	0	0	0
Management fee income from external contracts such as leisure - Council 15 February 2022	45,500	0	0	200,000
IT FIT Project - software savings	10,000	0	0	0
Establishment savings (salary savings) gained from IT and digital communications	50,000	0	0	0
Extra recycling income - this income has already been achieved in 2021-22 (Base budget of £515,000 in 2023-24)	190,000	0	0	0
Extra trade waste income (Base budget of £45,000 in 2023-24)	30,000	0	0	0
Extra treasury management income to reflect increases in the Bank Base rate (Base Budget of £400,000 in 2023-24)	375,000	400,000	(200,000)	0
Car parking income (Hub Committee report 21st November 2023 - inflationary increases since March 2021)	0	150,000	0	0
Vacancy saving target on salaries - equates to around 1.5% of salaries (total pay of £5.4m)	0	80,000	0	0
Extra garden waste income from an increased customer base and an inflationary increase in the annual subscription amount (Base budget of £305,000 in 2023-24)	60,000	55,000	0	0
Environmental Health fees and charges - inflationary increases	0	20,000	0	0
Savings on staff and Member travel and expenses	30,000	0	0	0
Housing Benefit overpayments	40,000	0	0	0
Additional Employments estates income (Base budget of £427,000 in 2023-24)	50,000	0	0	0
Funding from Homelessness prevention government grant (this funds housing posts - funding to be reflected within the base budget)	180,000	0	0	0
TOTAL SAVINGS AND INCOME GENERATION	1,110,500	705,000	(200,000)	200,000

Memorandum note on Planning Fee Income

The Government has confirmed that a 35% increase for major applications and 25% for all other applications will apply from 6th December 2023. This is expected to generate around £60,000 to £70,000 of additional planning income. In 2022-23, the Council experienced a shortfall in planning income of £185,000 (39%) against the budgeted income target of £473,000. Therefore no additional income has been built into the base budget for 2024/25.

	BASE 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £
Second Homes 200% council tax - Projected Income and Expenditure				
Discretion to charge up to an extra 100% extra council tax on Second Homes (timescale is that legislation has been introduced for 25-26). There was a separate report on the Council agenda of 21 February 2023 regarding this. The estimated additional yield from council tax would be £1.6m, of which the Council's share would be approximately £0.17m (11%).		0	(170,000)	(170,000)
Expenditure: The Council is experiencing additional temporary accommodation costs		150,000	150,000	150,000
This has been identified in the latest Budget Monitoring report (19.9.23) as being an on-going cost pressure. Significant increases are anticipated in the expenditure on temporary accommodation over and above what is claimable back through DWP (Department for Work and Pensions) subsidy. This is reflective of the national picture.				