

TEIGNBRIDGE DISTRICT COUNCIL

COUNCIL

CHAIRMAN: Cllr Avril Kerswell

DATE: 28 February 2019

REPORT OF: MARTIN FLITCROFT – CHIEF FINANCE OFFICER
CLLR STUART BARKER- PORTFOLIO HOLDER
CORPORATE RESOURCES

SUBJECT: BUDGET AND COUNCIL TAX 2019/20

PART I

RECOMMENDATIONS

- a That the Teignbridge band D council tax for 2019/20 is increased by 3.03% or £5 to £170.17 per annum
- b That general reserves are increased to 12.2% of the net revenue budget for 2019/20 or just over £1.9 million
- c That £100,000 of the general reserve balance in any one year continues to be available to the Executive to meet unexpected expenditure in addition to the agreed revenue budget
- d All other decisions with regard to budgetary change will be approved by reference to virement rules in the financial instructions
- e That the summary revenue budget for 2019/20 is £16.0 million as shown at appendix 4. In particular the revenue budget includes:
 - The agreed two year pay deal including increases linked to the national living wage for 2018/19 and 2019/20 and a 2% increase for all other staff from 1 April 2018 and changes to the central spine from 1 April 2019
 - Revenue contributions to fund capital at £0.2 million in 2019/20 and increasing significantly thereafter
 - Rural aid continuing at £40,000
- f That fees and charges are approved as shown summarised at appendix 6. This includes an increase in parking income of £57,000

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- g** That the capital programme as shown at appendix 7 is approved. In particular this includes:
- **Increasing jobs and homes through continuing support for housing whilst backing business and encouraging community-led planning**
 - **Infrastructure delivery plan investment contributing to improving education, transport links, sports and open spaces**

Indicative figures are shown for four major projects investing in town centres and employment sites over the three years. These would be funded through prudential borrowing but individual business cases (BC) will be brought to members for consideration as they are developed. They are not being approved in this budget and are described as Provisions with funding as BC: Prudential Borrowing.

- h** That the prudential indicators are noted and the prudential limits approved all as set out in appendix 10
- i** That the updated treasury management strategy statement and authorised lending list as set out in appendix 11 is approved together with the capital strategy in appendix 11a
- j** That each scheme will be considered on its merits as explained at the end of appendix 11 to decide the calculation of minimum revenue provision for capital expenditure in 2019/20
- k** That the treasury management mid year review for 2018/19 as taken to Executive on 4 December and shown in appendix 12 is noted
- l** That the council tax resolutions as recommended in appendix 15 are approved

1. PURPOSE

- 1.1** To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2019/20 to 2021/22. The information set out below is intended to assist the Council in its consideration of the Executive's budget proposals. The Portfolio Holder for Corporate Resources will present the Executive's proposals.
- 1.2** The final financial plan proposals 2019/20 to 2021/22 as per agenda item 9 Overview and Scrutiny 4 February 2019 (pages 1 to 44) and agenda item 9 Executive 7 February 2019 (pages 3 to 46) have been issued. These include the detailed budget background; a complete budget pack will be issued to all Members once relevant information has been finalised.

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1.3.1 Appendices 1 to 7 were attached to both the Overview & Scrutiny and Executive agendas. The recommended figures are based on the provisional settlement as the final settlement had not been agreed. The final settlement has now been received and there have been no material changes.

1.3.2 A sensitivity and risk analysis is added at appendix 8. New mainly technical appendices 9 to 15 are being added to the website as they become available. The full council pack together with all appendices will be issued as soon as we have the final recommended precepts from county, fire and police.

1.3.3 Appendices are as follows:

- Appendix 1 budget timetable 2019/20 which shows the detailed timing for preparing the budget from November 2018 to February 2019
- Appendix 2 approved council tax base 2019/20
- Appendix 3 council tax calculator 2019/20 which shows the effects of different council tax increases with the recommended 3.03% highlighted
- Appendix 4 revenue budget summary 2018/19 onwards
- Appendix 5 revenue budget detail including service summary and glossary
- Appendix 6 fees and charges summary 2019/20 – detail provided separately
- Appendix 7 capital programme
- Appendix 8 financial plan sensitivity and risk analysis
- Appendix 9 business impact assessment
- Appendix 10 recommended prudential borrowing indicators
- Appendix 11 treasury management statement, authorised lending list and minimum revenue provision annual statement and 11a – capital strategy
- Appendix 12 treasury management 2018/19 mid year review
- Appendix 13 consultation report
- Appendix 14 draft minute of the Executive meeting held on 7 February 2019 relating to the final financial plan proposals 2019/20 to 2021/22
- Appendix 15 council tax resolutions 2019/20

2. FINANCIAL PLAN

In considering the recommendation from the Executive the Council may wish to have regard to the following points.

2.1 A financial background for 2019/20 of:

- Teignbridge is on the four year government settlement from 2016/17. 100% rates retention was due by 2020 but with the transfer in of some funding obligations. The government is now suggesting a 75% rates retention scheme in 2020/21. The baseline is likely to be reset. Revenue support grant goes down to be nil for Teignbridge in 2019/20 and new homes bonus reduces in line with the changes in previous years settlements.

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- We have benefitted from previous savings plans and restructuring efficiencies are still producing cost reductions. This budget also gains from the Strata partnership and the significant ongoing returns from Market Walk. We are in the fourth year of Business Efficiency Service Transition 2020 review following business challenge in earlier years.
 - We are in the third year of our ten year Strategy 2016-2025. This sets the tone for contributing to civic life and ensuring public services focus on 'place and person' while remaining accountable, fair and value for money. At the heart are the Teignbridge Ten overarching projects that guide our activities, where we focus our resources and how we shape services to deliver real progress for the district.
 - The economy continues to be buoyant however uncertainty continues about future demand and the outcome of the European Union negotiations. Teignbridge has seen some minor positive variations to income in the current year apart from planning application income, general rental income and market income which are down on the original budget.
 - The requirement to incorporate a two year pay deal linked to increases in the national living wage and 2% for all other staff from 1 April 2018.
 - No council tax freeze grants are offered over the period 2018/19 to 2021/22. A referendum would be triggered in 2019/20 if the band D council tax increase is equal to or above 3% AND is above £5
- 2.2 The budget detail in appendix 5 clearly shows the responsible portfolio holder as in recent years to provide transparent accountability.
- 2.3 The capital programme funding includes community infrastructure levy for local plan projects. Significant contributions from revenue at just over £1.4 million in the current year and £1.4 million over the next three years are enabled by new homes bonus receipts.
- 2.4 The chief finance officer is designated under section 151 of the Local Government Act 1972. He endorses the recommendations made in this report and discharges his duty under section 25 of the Local Government Act 2003 to report to the Council on the following matters:
- a) the robustness of the estimates made for the purposes of the council tax calculations; and
 - b) the adequacy of the proposed financial reserves.
- The relevant detailed sensitivity and risk analysis is shown at appendix 8.
- 2.5 A business impact assessment has been carried out on the financial plan 2019-22 and this is shown at appendix 9.

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- 2.6 Recommended updated prudential indicators are shown at appendix 10. An updated treasury management statement, incorporating policy statement, clauses to be adopted, investment strategy including authorised lending list and minimum revenue provision statement is at appendix 11. The capital strategy is at appendix 11a. Both the treasury management statement and capital strategy are linked to the proposed revenue and capital budgets and have regard to affordability, prudence and sustainability as required by the latest Chartered Institute of Public Finance and Accountancy Prudential Code 2017 and Treasury Management Code 2017.
- 2.6.1 Indicators 1 to 4 are calculated from the proposed revenue and capital budgets and have been changed accordingly.
- 2.6.2 The authorised lending list at appendix 11 takes account of the latest ratings for banks and building societies.
- 2.7 The budget proposals have been published and considered by Overview & Scrutiny and at a meeting of the Teignbridge Association of Local Councils. There are no changes to the council tax support scheme.
- 2.8 A budget survey was put on the website and publicised to encourage feedback. In particular it was brought to the attention of businesses, the residents' panel and hard-to-reach groups. Responses are included for member consideration as appendix 13 to the Council budget papers.
- 2.9 Also included is a recommendation to pass the formal council tax resolutions which are set out in appendix 15. These are technical resolutions which are required to be passed by law by the Council and take into account the requirements of our precepting bodies.
- 2.10 Final decisions are being made by police, county and fire on 8, 19 and 21 February respectively and members will be advised accordingly.

Martin Flitcroft
Chief Finance Officer

Cllr Stuart Barker
Portfolio Holder Corporate Resources

Wards affected	All
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Background Papers (For Part I reports only)	Budget and Settlement files The Constitution
Key Decision	Yes
In Forward Plan	Yes
In O&S Work Programme	Yes