

**Teignbridge District Council
Council
21 February 2023
Part i**

BUDGET AND COUNCIL TAX 2023/24

Purpose of Report

To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2022/23 to 2025/26. The information set out below is intended to assist the Council in its consideration of the Executive's budget proposals. The Executive Member for Corporate Resources will present the Executive's proposals.

Recommendation(s)

- a That the Teignbridge band D council tax for 2023/24 is increased by 2.99% or £5.54 to £190.71 per annum**
- b Providing a one-off cost of living payment of £5.54 to households liable to pay council tax on their main home on 1 April 2023 in 2023/24**
- c That general reserves are increased to 13.0% of the net revenue budget for 2023/24 or £2.3 million**
- d 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**
- e All other decisions with regard to budgetary change will be approved by reference to virement rules in the financial instructions**
- f That the summary revenue budget for 2023/24 is £17.6 million as shown at appendix 4. In particular the revenue budget includes:**
 - Assumptions of a 3.0% pay rise for 2023/24**
 - Revenue contributions to fund capital continue are reintroduced at £300,000 to support the capital budget**
 - Voluntary grants are maintained at current levels**
 - A 'Tidy Teignbridge' pot is maintained for year 2 of the scheme for 2023/24 at £20,000**
 - The councillors community fund grant is £1,000 each**
 - A payment of £500,000 to reduce the pension deficit**

- **Provision for an Emergency Planning Officer, Digital Transformation Manager and other temporary resources**
- g** That fees and charges are approved as shown summarised at appendix 6.
- h** 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. Work continues on the Teignbridge 100 affordable housing project with two sites in Newton Abbot completed. An increasing rented programme across urban and rural sites has commenced and delivery will continue over the next 3 years of the programme.**
 - **Continuing investment for climate change projects following successful funding bids for low carbon heating and energy system improvements. Schemes have been completed at leisure sites and the Council offices are nearing completion with further provisions under the Carbon Action Plan.**
 - **Infrastructure delivery plan investment contributing to improving education, transport links, sports and open spaces**
- Regeneration investment, including town centre investment and the Government Future High Street Fund grant schemes aimed at improving town centres and stimulating growth in the local economy. This will have a positive impact on Newton Abbot and the wider Teignbridge economy. Co-funding includes CIL, grant from other sources and prudential borrowing. There is also an indicative provision for employment site investment to be funded through prudential borrowing. A business case will be brought to members for consideration once it is finalised.**
- i** That the Financial Plan 2023 to 2028 is approved as set out in appendix 8
- j** That the prudential indicators are noted and the prudential limits approved all as set out in appendix 11
- k** That the updated treasury management strategy statement and authorised lending list as set out in appendix 12 is approved together with the capital strategy in appendix 12a
- l** That each scheme will be considered on its merits as explained at the end of appendix 12 to decide the calculation of minimum revenue provision for capital expenditure in 2023/24

- m That the council tax resolutions as recommended in appendix 15 are approved**
- n That the treasury management mid year review for 2022/23 as taken to Executive on 7 February 2023 and shown as appendix 16 is noted**

Financial Implications

The financial implications are contained throughout the report. The main purpose being to approve the level of council tax for Teignbridge and associated resolutions, the final budget proposals for both revenue and capital budgets and medium term financial plan covering the years 2022/23 to 2025/26 and the prudential limits.

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Legal Implications

Council is required under general local government law including as part of the setting of council tax etc., as well as the budget and policy framework procedure rules in the constitution (section 7(a) and 7 (b)) to approve a budget each year. See also section 3 of the report.

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Risk Assessment

The main risk is not setting a balanced budget and the impact on reserves. An assessment of future funding are a significant concern with changes anticipated for 2025/26 in relation to business rates retention and new homes bonus and an alternative funding stream to replace New Homes Bonus if this is scrapped. A programme of identifying savings or increased income is required to meet the budget gaps for future years if additional funding is not provided from Government.

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Environmental/ Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated revenue budget and capital projects are highlighted which contribute towards our climate change objectives in appendix 7 – capital programme. Temporary staffing resources continue to be included within the revenue budget to assist with the implementation of various works to meet our climate change aspirations.

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

App 1 – Budget timetable 2023/24
App 2 – Recommended council tax base 2023/24
App 3 – Council tax calculator 2023/24
App 4 – Summary revenue plan 2022/23 onwards
App 5 – Revenue budget detail
App 6 – Fees and charges summary
App 7 – Capital programme
App 8 – Financial plan 2023 - 2028
App 9 – Financial plan sensitivity and risk analysis
App 10 – equality impact assessment
App 11 – recommended prudential indicators
App 12 – treasury management statement, authorised lending list and minimum revenue provision annual statement
App 12a – Capital strategy
App 13 – consultation report
App 14 – draft minute of the Executive meeting held on 7 February 2023 relating to the final financial plan proposals 2023/24 to 2025/26
Appendix 15 – council tax resolutions 2023/24
Appendix 16 – mid year treasury management review 2022/23

Budget and settlement files
The Constitution

1. PURPOSE

- 1.1** To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2023/24 to 2025/26. The information set out below is intended to assist the Council in its consideration of the Executive's budget proposals. The Executive Member for Corporate Resources will present the Executive's proposals.
- 1.2** The final financial plan proposals 2023/24 to 2025/26 as per agenda item 8 Overview and Scrutiny 1, 2 February 2023 and agenda item 8 Overview and Scrutiny 2, 2 February 2023 and agenda item 6 Executive 7 February 2022 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. The proposals include recommended revenue and capital budgets for 2023/24 and planned in outline for 2024/25 and 2025/26.
- 1.3** Appendices 1 to 8 and 16 were attached to both the Overview & Scrutiny 1 and 2 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.
- 1.4** A sensitivity and risk analysis is added at appendix 9 as part of the assessment of the robustness of the budget and adequacy of the reserves. See also 2.4 below. New mainly technical appendices 10 to 15 are being added to the website as they become available. The full council pack together with all appendices will be issued as we have the final recommended precepts from county, fire and police.

2. FINANCIAL PLAN SUMMARY

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

- 2.1** A financial background for 2023/24 of:
 - Teignbridge has received a one year government settlement for 2023/24. The government is now suggesting a review of future core funding with changes from 2025/26. The baseline is likely to be reset. New homes bonus has reduced and identified as being scrapped in future years with no clarity on its replacement. There are no legacy payments on the 2023/24 bonus.
 - We have benefitted from previous savings plans and restructuring efficiencies are still producing cost reductions. This budget also gains from the Strata partnership.

We are in the second year of Better 2022. Moving forward we will implement the Modern 25 agenda.

The budget process has required £2.2 million of earmarked reserves to balance the budget in 2023/24, a further use of £0.5 million of earmarked reserves in 2024/25 and £3.4 million in 2025/26. Further work will be required to identify savings/generate income to balance the on-going budget gap and protect our earmarked reserves.

- We are operating within our updated ten year Strategy taking us to 2030. 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 fragile with the current economic conditions, post Covid recovery and this has created significant financial uncertainties for the future.
- The assumption of a 3.0% pay rise from 1 April 2023.
- No council tax freeze grants are available for 2023/24. A referendum would be triggered in 2022/23 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 Executive member as in recent years to provide transparent accountability.

2.3 The capital programme funding includes community infrastructure levy for local plan projects. Contributions from revenue to capital have been reintroduced at £300,000 to support the capital budget.

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 9.

There are enough reserves in the short to medium term to balance the budget in a context of falling resources and income streams. This includes heavy use of earmarked reserves. Risks are therefore manageable at present. If action is not taken promptly to balance the medium term position the Council will face

challenging decisions that can be managed or avoided by a strategic approach now.

- 2.5 An equality impact assessment has been carried out on the financial plan 2023/24 and this is shown at appendix 10.
- 2.6 Recommended updated prudential indicators are shown at appendix 11. 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 12. The capital strategy is at appendix 12a. 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 2021 and Treasury Management Code 2021.
 - 2.6.1 Indicators 1 to 4 of the prudential indicators are calculated from the proposed revenue and capital budgets and have been changed accordingly.
 - 2.6.2 The authorised lending list at appendix 12 takes account of the latest ratings for banks and building societies.
- 2.7 The budget proposals have been published and considered by Overview & Scrutiny 1 and 2 and at two meetings of town and parish councils.
- 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 Teignbridge relationship 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 27 January, 16 and 15 February respectively and members will be advised accordingly.

3. LEGAL / JUSTIFICATION

Council is required under the budget and policy framework procedure rules in the constitution (section 7(a) and 7(b)) to approve a budget to Council each year).

In coming to a decision in relation to the revenue budget and the council tax, the Council and Councillors have the following legal duties:

- a. To act in accordance with their statutory duties and responsibilities;
- b. To act reasonably; and

c. To have careful regard to their fiduciary duty to its rate payers and Council tax payers.

The Council has a clear legal duty to set a balanced budget. A resolution not to set a Council tax would be unlawful so would be a resolution to set a Council tax which deliberately did not balance the budget.

The meaning of fiduciary duty is more difficult to define but can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers. When discharging their fiduciary duties councillors will need to consider the following:

- a. Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b. Financial prudence both long and short term;
- c. Striking a fair balance between the interest of the council tax payers on the one hand and the community interest and adequate and efficient services on the other hand; and
- d. Acting in good faith with a view to complying with statutory duties and exercising its statutory powers for the benefit of the community.

Restriction on voting

Members' attention is drawn to the provisions of S.106 of the Local Government Finance Act 1992 which applies to members where: they are present at a meeting of full Council, Executive or relevant Committee and at the time of the meeting an amount of Council tax and has remained unpaid for at least 2 months and any budget or Council tax calculation or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practical after its commencement disclose the fact that S.106 applies to them and shall not vote on any question concerning budget setting.

Failure to comply with these requirements is a criminal offence unless such member can prove that they did not know S.106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at that meeting.