

**Teignbridge District Council
Council
27 February 2024
Part i**

BUDGET AND COUNCIL TAX 2024/25

Purpose of Report

To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2023/24 to 2026/27. 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 2024/25 is increased by 2.99% or £5.70 to £196.41 per annum**
- b Maintaining 100% council tax support**
- c That general reserves are increased to 12.7% of the net revenue budget for 2024/25 or £2.4 million**
- d That £200,000 of the general reserve balance in any one year 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 2024/25 is £18.9 million as shown at appendix 4. In particular the revenue budget includes:**
 - Assumptions of a 4.0% pay rise for 2024/25**
 - Revenue contributions to fund capital are increased to £500,000 to support the capital budget**
 - Voluntary grants are maintained at current levels**
 - A blue badge parking permit is introduced including a budget for a Technical Support Officer to administer the scheme**
 - The councillors community fund grant is maintained at £1,000 each**
 - A payment of £1,000,000 to reduce the pension deficit**

- **Provision for temporary resources to cover scrutiny support and Modern 25**
- 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 7 units in Newton Abbot already built and delivered in addition to 29 units purchased in Dawlish, Teignmouth, Newton Abbot and Chudleigh for social and affordable rent and temporary accommodation. A provision of £6.8 million has been made for the construction of a *Passivhaus* extremely energy-efficient design social housing scheme in Sherborne House car park.**

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 with work underway to deliver a second phase at Broadmeadow Sports Centre. Further provisions are made under the Carbon Action Plan for investment in carbon reduction measures covering the Authority's Scope 1 & 2 carbon footprint, to include onsite renewable energy generation, thermal fabric improvements and energy efficiency improvements.
 - **Infrastructure delivery plan investment contributing to improving education, transport links, sports and open spaces.**

Regeneration investment aimed at improving town centres and stimulating growth in the local economy, including Newton Abbot market improvements, funded from Future High Street grant and borrowing. There is also an indicative £2 million 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 2024 to 2029 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 2024/25**

- m That the council tax resolutions as recommended in appendix 15 are approved**

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 2023/24 to 2026/27 and the prudential limits.

Martin Flitcroft – Chief Finance Officer

Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

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.

Paul Woodhead – Head of Legal Services & Monitoring Officer

Tel: 01626 215139 Email: paul.woodhead@teignbridge.gov.uk

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 2026/27 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.

Martin Flitcroft – Chief Finance Officer

Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

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.

David Eaton – Environmental Protection Manager
Tel: 01626 215064 Email: david.eaton@teignbridge.gov.uk

Report Author

Martin Flitcroft – Chief Finance Officer
Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk

Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

App 1 – Budget timetable 2024/25
App 2 – Recommended council tax base 2024/25
App 3 – Council tax calculator 2024/25
App 4 – Summary revenue plan 2023/24 onwards
App 5 – Revenue budget detail
App 6 – Fees and charges summary
App 7 – Capital programme
App 8 – Financial plan 2024 - 2029
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 13 February 2024 relating to the final financial plan proposals 2024/25 to 2026/27
Appendix 15 – council tax resolutions 2024/25

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 2024/25 to 2026/27. 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 2024/25 to 2026/27 as per agenda item 6 Overview and Scrutiny 1, 6 February 2024 and agenda item 8 Overview and Scrutiny 2, 6 February 2024 and agenda item 7 Executive 13 February 2024 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 2024/25 and planned in outline for 2025/26 and 2026/27.
- 1.3** Appendices 1 to 8 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. This has been expanded to include new recommendations from CIPFA. 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 2024/25 of:

- Teignbridge has received a one year government settlement for 2024/25. The government is now suggesting a review of future core funding in 2025/26 with changes likely from 2026/27. The baseline is likely to be reset. New homes bonus has reduced over many years and identified as being scrapped in future years with no clarity on its replacement. There are no legacy payments on the 2024/25 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 reviewing savings options via the Modern 25 agenda.

The budget process has required £3.6 million of earmarked reserves to balance the budget in 2024/25, a further use of £2.2 million of earmarked reserves in 2025/26 and £4.2 million in 2026/27. 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 ten year Strategy (currently under review) 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 4.0% pay rise from 1 April 2024.
 - No council tax freeze grants are available for 2024/25. A referendum would be triggered 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 increased to £500,000 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 2024/25 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 2, 15 and 16 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.