

TEIGNBRIDGE DISTRICT COUNCIL

COUNCIL

24 FEBRUARY 2020

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| Report Title | BUDGET AND COUNCIL TAX 2020/21 |
| Purpose of Report | To consider a recommendation from the Executive in relation to the Final Financial Plan Proposals 2019/20 to 2022/23. 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. |
| Recommendation(s) | <p>a That the Teignbridge band D council tax for 2020/21 is increased by 2.94% or £5 to £175.17 per annum</p> <p>b That general reserves are increased to 12.3% of the net revenue budget for 2020/21 or just under £2.0 million</p> <p>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</p> <p>d All other decisions with regard to budgetary change will be approved by reference to virement rules in the financial instructions</p> <p>e That the summary revenue budget for 2020/21 is £16.1 million as shown at appendix 4. In particular the revenue budget includes:</p> <ul style="list-style-type: none">• Assumptions of a 2% pay deal with higher increases for those on lower grades from 1 April 2020• Revenue contributions to fund capital at £0.6 million in 2020/21 and increasing slightly thereafter• Rural aid reducing to £26,000 from 1 April 2020• A reduction in the councillors community fund grant to £1,000 each |

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| | <p>f That fees and charges are approved as shown summarised at appendix 6. This includes an increase in parking income of £185,000 from last years base budget</p> <p>g That the capital programme as shown at appendix 7 is approved. In particular this includes:</p> <ul style="list-style-type: none"> • 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 <p>Three major town centre investments will be funded mainly from prudential borrowing. There is also a provision for potential Future High Street fund projects. These would be funded from a combination of government grant and other co-funding, including CIL, grant and prudential borrowing. There are also provisions for employment site investment to be funded through prudential borrowing. Both the Future High Street fund and employment site projects are indicative projects only. They are described as provisions and are not being approved in this budget. Individual business cases will be brought to members for consideration as they are</p> <p>h That the prudential indicators are noted and the prudential limits approved all as set out in appendix 11</p> <p>i 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</p> <p>j 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 2020/21</p> |
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| | <p>k That the treasury management mid year review for 2019/20 as taken to Executive on 28 November and shown in appendix 13 is noted</p> <p>l That the council tax resolutions as recommended in appendix 16 are approved</p> <p>m That the Commercial Strategy in appendix 8 is approved and authority delegated to the Chief Finance Officer to approve the purchase of assets meeting the criteria in section 6 of the Strategy</p> |
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| Financial Implications | <p>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 2019/20 to 2022/23, the prudential limits and the Commercial strategy.</p> <p>Martin Flitcroft – Chief Finance Officer Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk</p> |
| Legal Implications | <p>Council is required under the budget and policy framework procedure rules in the constitution (part 2, article 4, section 4.4b) to approve a budget each year. See section 3 of the report.</p> <p>Karen Trickey – Solicitor to the Council Tel: 01626 215119 Email: Karen.trickey@teignbridge.gov.uk</p> |
| Risk Assessment | <p>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 2021/22 in relation to business rates retention and new homes bonus 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 gap in 2022/23 and future years thereafter.</p> <p>Martin Flitcroft – Chief Finance Officer Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk</p> |
| Environmental/ Climate Change Implications | <p>The revenue budget supports the funding of a Climate Change Officer and associated budget and capital projects are highlighted which contribute towards our climate change objectives in appendix 7 – capital programme.</p> <p>David Eaton – Environmental Protection Manager Tel: 01626 215064 Email: david.eaton@teignbridge.gov.uk</p> |
| Report Author | <p>Martin Flitcroft – Chief Finance Officer Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk</p> |
| Portfolio Holder | <p>Councillor Alan Connett – Portfolio holder for Corporate Resources</p> |

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| Appendices | App 1 – Budget timetable 2020/21 App 2 – Recommended council tax base 2020/21 App 3 – Council tax calculator 2020/21 App 4 – Summary revenue plan 2019/20 onwards App 5 – Revenue budget detail App 6 – Fees and charges summary App 7 – Capital programme App 8 – Commercial Strategy App 9 - Financial plan sensitivity and risk analysis App 10 – business impact assessment App 11 – recommended prudential borrowing indicators App 12 – treasury management statement, authorized lending list and minimum revenue provision annual statement App 12a – Capital strategy App 13 – treasury management 2019/20 mid year review App 14 – consultation report App 15 – draft minute of the Executive meeting held on 10 February 2020 relating to the final financial plan proposals 2020/21 to 2022/23 Appendix 16 – council tax resolutions 2020/21 |
| Part I or II | Part I |
| Background Papers | 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 2020/21 to 2022/23. 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 2020/21 to 2022/23 as per agenda item 12 Overview and Scrutiny 7 February 2020 (pages 21 to 106) and agenda item 7 Executive 10 February 2020 (pages 11 to 92) 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 2020/21 and planned in outline for 2021/22 and 2022/23.
- 1.3 To approve the Commercial strategy.
- 1.4 Appendices 1 to 8 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.

- 1.5 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 16 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 2020/21 of:

- Teignbridge has received a one year government settlement for 2020/21. The government is now suggesting a 75% rates retention scheme in 2021/22. The baseline is likely to be reset. New homes bonus has reduced and may be scrapped in future years. There are no legacy payments on the 2020/21 bonus.
- 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 fifth year of Business Efficiency Service Transition 2020 review following business challenge in earlier years.
- We are in the fifth 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 strategy has recently been updated for 2020 to 2030.
- The economy continues to be buoyant however uncertainty continues about future demand and the outcome of the ongoing European Union negotiations. Teignbridge has seen some positive variations to income in the current year apart from leisure, general rental income and market income which are down on the original budget.
- The assumption of a 2% pay rise from 1 April 2020 and slightly higher increases for those on lower grades.
- No council tax freeze grants are available for 2020/21. A referendum would be triggered in 2020/21 if the band D council tax increase is equal to or above 2% 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. Contributions from revenue at just under £0.5 million in the current year and £2.0 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 9.

There are enough reserves in the short to medium term to balance the budget in a context of falling resources. 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 A business impact assessment has been carried out on the financial plan 2020-23 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 2017 and Treasury Management Code 2017. The commercial strategy and delegation is at appendix 8.
 - 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 and at a meeting of the Teignbridge Association of Local Councils.

The council tax support scheme proposals put forward are to amend to an income banded 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 Teignbridge relationship groups. Responses are included for member consideration as appendix 14 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 16. 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, fire and county on 7, 18 and 20 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 (part 2, article 4, section 4.4b) to approve a budget to Council each year.