

**Teignbridge District Council
Overview and Scrutiny
16 September 2024**

**Medium Term Financial Plan (MTFP) Task & Finish Group - Interim
Report 2**

Purpose of Report

To provide recommendations from the MTFP Task and Finish Group. The nature of the work of this group is that a number of reports will be produced as the work progresses.

Recommendation(s)

The Overview & Scrutiny Committee RECOMMENDS to Executive that:

1. The Council Tax Support Policy is amended to remove the 100% Council Tax exemption (1 month period) for empty, unfurnished properties. This revokes a decision made by Full Council on 15 January 2013 and concerns only the Class C discount
2. The Discretionary Non-Domestic (Business) Rate Relief Policy is amended to reflect the following changes:
 - a. £1,500 Cap (no step or phasing) to be introduced across all discretionary relief regardless of organisation type
 - b. 50% maximum award for 'Not for Profit' Organisations (£1,500 Cap would also still apply)
 - c. Maximum two years awards at any one time. After that organisations must re-apply and then depending on circumstances relief can be re-awarded on a one or two year basis if eligible
 - d. The policy will be strengthened to make it clear that Teignbridge District Council view Discretionary Rate Relief as a short-term assistance to allow the organisation to establish itself and achieve financial stability and are not minded to use discretionary rate relief as a financial top-up for organisations that are not otherwise financially viable.
3. Councillors Community Fund to continue at £1,000 per annum per member with a minimum grant level of £150 to improve the benefits received by the applicant and to ensure that Council resources are used more efficiently
4. All Service managers to present options for Fees and charges for their area of control to generate an additional 10% income (5% over the assumed MTFP level) from 1 April 2025 together with the implications. In addition, the following charges will be implemented in all Teignbridge Council Car-Parks where the fees currently apply:

- i. Coach parking to be increased to a flat rate of £10 from £4 (Up to 4 hours) /£6 (All day transferable). All tickets will be transferable between Teignbridge Car-Parks that have Coach Parking spaces
 - ii. Sunday Parking to be increased to £2 from £1.20 (+67%) in all Car-Parks where that rate applies. In the resorts, this is only during the low season of 1 November – 31 March as at other times of the year, charges apply Monday to Sunday
- 5. Approval of Council tax increases at the maximum allowed, currently £5.70 (2.99%) in 2024/25.

Financial Implications:

The recommendations should realise:

- 1. Savings of approximately £23,000 per annum.
- 2. a. saving estimated at £14,000 per annum (based on current caseload)
b. additional saving over the cap estimated at approximately £400
- 3. No direct savings are envisaged, but having a minimum value of £150 will help organisations by applying for a more beneficial sum, and achieve more efficient use of council resources
- 4. As a ball-park figure, should it be possible to increase fees to this level and maintain levels of uptake, a sum of up to £0.5million could be generated.
 - i. This proposal relates to 6 car-parks and 18 marked spaces (plus Dawlish Warren) and the increase relates to improving consistency with other Districts rather than to generate a material sum
 - ii. Increased net income of approximately £73,000 (assuming no drop off) could be achieved based on 2022/23 usage figures but it is not possible to calculate an accurate forecast as customer behaviour cannot be predicted
- 5. This level of increase realised £290,000 in 2024/25 so the equivalent sum for 2025/26 could be approximately £300,000

Report Author

Cllr Bill Thorne, Chair of the Task and Finish Group and Kay Fice, Scrutiny Officer

Executive Member

Cllr Richard Keeling

Leader of the Council, and Executive Member for Corporate Resources

Appendices

- A) Terms of Reference agreed for the Task Group
- B) Workstream Table with Time-frames

Background Papers

- Historical Fees & Charges analysis over the past 5 years
- Councillor Community Fund analysis of 2023/24 award category and values
- Reports on Business Rates Relief including comparisons with Other Local authorities in terms of size and spend and the financial

- implications for specific organisations affected by the proposals and the 'not for profit' organisations scoring of relief criteria
- Summary reports received from CMT members regarding opportunities for new or maximising income from Fees & Charges in their service areas

1. Introduction/Background

The task and finish group was created by Overview & Scrutiny Committees 1 & 2 on the 26 September 2023 and was tasked with the following work:

- To review the TDC Medium Term Financial Strategy and Teignbridge District Council Financial Plan.
- To make recommendations for consideration by the Executive following an Overview of the 2024/2025 Council Budget Proposals.
- To make recommendations for consideration by the Executive in time to inform the preparation of the 2025/2026 Council Budget

The following members are on the group (August 2024);

- Cllr Phil Bullivant
- Cllr Sally Morgan
- Cllr Charles Nuttall
- Cllr John Parrott (Vice-Chair)
- Cllr John Radford
- Cllr Suzanne Sanders
- Cllr Robert Steemson
- Cllr Bill Thorne (Chair)

Cllr Alex Hall has recently joined the group but has not attended any meetings yet

They are supported by Kay Fice (Scrutiny Officer), Martin Flitcroft (Section 151 Chief Financial Officer) and other officers and members of the Senior Leadership Team.

2. Work of the group

The group have met on an ongoing basis to continue the work outlined in the Interim Report 1 considered by both Overview & Scrutiny Committees in December 2023.

The Workstream Table (Appendix B) has been reviewed following consideration of new ideas and the group are moving them forward as indicated.

From the Workstream Table, the Workstream line New ii) Council Tax Support & Business Rates, Community Fund Workstream P and Fees and Charges Workstream E are the main subjects of the recommendations to this report.

Colleagues from the Council Tax Team attended a meeting in January 2024 to brief group members on their subject area. Reports were subsequently presented to the meeting on 14 May identifying potential areas of savings that could be achieved from the financial year 2025/26 should the proposals be supported and result in the necessary policy changes.

Areas considered in this Report:

A. Council Tax Support (Workstream New ii)

1. Restrict Working Age Council Tax Reduction Scheme (WACTR) to Band D

The estimated saving for this proposal for TDC would be approximately £3,000, however, the indicative costs to make the necessary changes to the software is £30,000 - £40,000 so this is not viable. **Agreed unanimously not to progress this option**

2. Remove the 100% exemption (1 month period) for empty, unfurnished properties

The estimated saving for this proposal for TDC would be approximately £23,000 (8% share). This discount has a heavy administrative burden so there would be additional savings in staff time. It is likely that we will receive complaints following removal of the exemption, but based on anecdotal evidence from the one or two neighbouring authorities who have done the same this is temporary until taxpayers become familiar with new approach. There is a risk to Teignbridge due to our high reliance on the private sector to meet housing demand should this (and other legislative changes) influence landlords to reduce their rental portfolio. **Agreed unanimously to progress this option**

3. Remove the 50% discount (max 12 month period) for uninhabitable properties

During 2023/2024, a total of approximately £4,500 (8% share) for TDC was allocated. Although the group were minded to support this option, particularly as it has a relatively high administration burden for Council staff and owners, it was interlinked with the New Homes Bonus (NHB) so considered that it would be better to delay this proposal. **Agreed unanimously to defer this option until 2026/27 to tie in with the NHB ceasing**

B. Business Rates relief (Workstream New ii)

The Working Group has considered informative briefing notes and presentations relating to the complex area of Business Rate Relief. It focussed on the power held by local authorities to grant Discretionary Rate Relief to organisations that meet certain criteria. This allows additional Rate Relief of up to 20% to be granted in addition to the 80% Mandatory Charity Relief. 'Not for profit' organisations may be awarded up to 100%. For context, 163 organisations receive financial support through this policy and the value currently ranges between £58 and £10,180.

The organisations affected include charitable organisations and registered amateur sports clubs, not-for profit groups pursuing charitable interests e.g. education, social welfare or the arts, certain community based establishments in designated rural settlements e.g. general stores.

Following consideration of the information provided it was decided to recommend that a financial cap be introduced across all discretionary relief given for all organisation types. This would be applied in full from 1 April 2025.

In addition to the £1,500 cap, it is proposed to limit the maximum discretionary award to 50% for 'Not for Profit' Organisations. The allocation criteria will be amended to reflect this.

It is proposed to strengthen the policy document to make it clear that Discretionary Rate Relief is intended as short term assistance to allow the organisation to establish itself and achieve financial stability and not as a means of financial support for organisations who are not otherwise financially viable.

The policy will stipulate that an application is for a maximum of two years. After that time, organisations will need to re-apply and, if eligible, support may be re-awarded for a period of one or two years.

The appropriate one-year formal notice period has been given to all current recipients of this relief so any changes can be implemented following the necessary decision making processes of the council, updates to the Policy and relevant communication. To implement the changes to be effective from 1 April 2025 will require approval in sufficient time to allow further notifications to affected recipients and also to apply and test the required system changes.

It should be noted that there is due to be a Rateable Value Review in 2026 and with the recent change in Government, it is likely that there will be a complete review of the Business Rates system.

C. Councillors Community Fund Budget £47,000 per annum. (Workstream P)

The group considered whether savings on this budget should be proposed but due to some strong views in support of retaining it for the benefit of projects in the councillors ward it was agreed as a first step to introduce a minimum award value of £150. This decision was based on an analysis of the 2023/24 awards made from this fund where the minimum value was £40 and the maximum £1,000. Of the 212 awards made in total, 64 were under £150 which involves a disproportionate amount of time for both the organisation and the Council with regard to the application, administration, processing and monitoring which detracts from the benefits received from very small grants.

D. Other areas of work

Other areas of work are ongoing with those identified with a 6 – 12 month timescale being addressed. The Workstream Table will become the driver for the areas of review and will be supplemented as appropriate when other ideas are brought forward by the group. It may be that some areas will be more appropriately addressed by other Task & Finish Groups but where they could have an impact on the financial position of the Council feedback from this group will be offered.

Examples of areas of work that are currently in train or recent ideas that could be included in a future report(s):

- Analysis of Fees & Charges in the context of developing a 3 year strategy (including major income sources e.g. car-parking)
- Review of Statutory and Discretionary activities

- Exploration of other savings ideas (in addition to Modern 25 Agenda)
- Reviewing service arrangements with Towns and Parish Councils
- Benchmarking costs of services analysis
- Review pension scheme arrangements
- Review of the Capital Budget (follow up to session held on 22 August 2024)

Feedback will be given to the Asset Review Task & Finish Group (subject to it being agreed as part of the work planning) including making it clear that this group would like them to consider best value particularly in terms of finance to enhance capital receipts, thereby reducing the impact of borrowing costs on the revenue budget as that was one of the areas covered in discussions.

E. Fees and Charges (Workstream e incorporating d & f)

The group had considered information relating to Fees and Charges including that available as part of budget setting, feedback from the Corporate Management Team, 5 year data showing percentage increases etc. At the meeting held on 22 August 2024, members of the group reflected on all of the information gathered to date from individual enquiries and officers responses, charging and pricing sensitivities and the impact on demand and the risks around achieving the Modern 25 savings list in full. It was decided that they would recommend that all service managers aim to achieve a 10% increase in income by increasing Fees & Charges across their area of control by appropriate amounts (instead of the 5% required to meet the assumptions in the MTFP) and for them to report back on the implications if there were any areas where this was not possible e.g. Statutory Fees

In addition, members of the group suggested that for Coach parking spaces - instead of charging £4 for up to 4 hours and £6 for all day (transferrable between Teignbridge Council Car-Parks with coach spaces) it should be increased to £10 to be more in line with other District Councils and that Sunday Car-Parking charges (where applied) should be raised to £2 (currently £1.20). As with most increases in charges, it is not possible to accurately predict customer behaviour as some current users may choose to use alternative options e.g. on-street parking which is operated by Devon County Council and currently free on a Sunday.

F. Workstream reference a)

In line with the recommendation made for the 2024/25 Budget, it is recommended that Council tax increases at the maximum allowed for 2025/26. It is currently £5.70 (2.99%) in 2024/25

3. Recommendations of the group

The Overview & Scrutiny Committee RECOMMENDS to Executive that:

1. The Council Tax Support Policy is amended to remove the 100% Council Tax exemption (1 month period) for empty, unfurnished properties. This revokes a decision made by Full Council on 15 January 2013 and concerns only the Class C discount

2. The Discretionary Non-Domestic (Business) Rate Relief Policy is amended to reflect the following changes:
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 - d. The policy will be strengthened to make it clear that Teignbridge District Council view Discretionary Rate Relief as a short-term assistance to allow the organisation to establish itself and achieve financial stability and are not minded to use discretionary rate relief as a financial top-up for organisations that are not otherwise financially viable.
3. Councillors Community Fund to continue at £1,000 per annum per member with a minimum grant level of £150 to improve the benefits received by the applicant and to ensure that Council resources are used more efficiently
4. All Service managers to present options for Fees and charges for their area of control to generate an additional 10% income (5% over the assumed MTFP level) from 1 April 2025 together with the implications. In addition, the following charges will be implemented in all Teignbridge Council Car-Parks where the fees currently apply:
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 - ii. Sunday Parking to be increased to £2 from £1.20 (+67%) in all Car-Parks where that rate applies. In the resorts, this is only during the low season of 1 November – 31 March as at other times of the year, charges apply Monday to Sunday
5. Approval of Council tax increases at the maximum allowed currently £5.70 (2.99%) in 2024/25

Conclusion

That the recommendations are put forward to the Executive for their consideration.

The work of the group will continue to explore further the areas identified in the Workstream document (Appendix B) and highlighted earlier in this report as the group seek to identify ways to close the budget gap.

Further reports will be presented to Overview and Scrutiny Committee as appropriate.

Appendix A)

Task and Finish Group (T&FG) – MTFP Terms of Reference (TOR)

Name of T&F Group

Task & Finish Group – Medium Term Financial Plan (September 2023)

Decision making body to whom it will report

Overview & Scrutiny 1 & 2

Scope

Proposal form timescale indicated 3-6 months but it is likely to have a number of strands and needs to influence both the 2024/25 and 2025/26 Budget

Aims of the review

- To review the TDC Medium Term Financial Strategy and Teignbridge District Council Financial Plan, incorporating external advice as appropriate.
- To make recommendations for consideration by the Executive following an Overview of the 2024/2025 Council Budget Proposals.
- To make recommendations for consideration by the Executive in time to inform the preparation of the 2025/2026 Council Budget

Group Membership

Membership of Group

Cllr Phil Bullivant
Cllr Richard Buscombe (until May 2024)
Cllr Sally Morgan
Cllr Charles Nuttall (from July 2024)
Cllr David Palethorpe (until 31 October 2023)
Cllr Paul Parker (from June 2024 until August 2024)
Cllr John Parrott (Vice-Chair)
Cllr John Radford
Cllr Suzanne Sanders
Cllr Robert Steemson
Cllr Bill Thorne (Chair)
Cllr Peter Williams (from 30 November 2023 until May 2024)

Cllr Alex Hall joined the group in August 2024 but has not attended any meetings

Lead Officer(s)

Martin Flitcroft (S151 officer) plus other members of SLT as appropriate

Possible lines of enquiry the T&FG could explore:

Background Documents

TDC Budget 2023/24, 2024/2025
TDC Financial Plan
Capital Programme
Statutory Services Key Development Plans/Needs
TDC Commercial Strategy
TDC Annual Governance Statement
TDC Assets and Estates Strategy and Policies
CIPFA Guidance
Grant Thornton Audit Opinion
Financial Benchmarking Data from Local Government Inform
Departmental Budgets

Draft review plan (not in priority order)

- 1. To review and consider all revenue and capital budgets across all departments of the Council.**
- 2. To review and consider the savings being delivered through the M25 project.**
- 3. To review all statutory services that the Council has a duty to deliver and the level of effectiveness and efficiency with which they are being delivered**
- 4. To review all discretionary services and projects and the effectiveness of the services and projects being delivered**
- 5. To review and consider in the light of a projected (Aug2023) budget gap of circa £4m in the financial year 2025/2026 how the council will resolve the issue.**
- 6. To review how during the financial year 2024/2025 the Council approach to finding savings of £1.3m in 2024/25.**
- 7. To review and consider the Council strategy and policies on all fees and charges**
- 8. To review the council strategy corporate aims and objectives to ensure that the strategy is financially viable.**

Other Task & Finish Groups

To contribute to the work of other Task & Finish Groups by providing financial advice e.g.

- To review and consider the Council policies on the management of assets and estates that operates on a commercial basis, including asset disposal**
- To review and consider the Council strategy and policies on assets and estates that operates for community benefit and all associated fees and charges**

Time limit for work and to whom report should be submitted

Specific details to be determined. There are likely to be a series of recommendations at different stages. Interim report 1 to O&S1&2 12 December 2023. Interim Report 2 to Overview & Scrutiny 16 September 2024

Meeting dates

To be discussed/agreed at the first meeting. At least monthly.

Possible witnesses/consultees/interested parties

Suggested Consultees (not an exhaustive list):-

TDC Officers -151 Officer to provide briefings to members
TDC Departments Budget Holders
Local Government Finance Specialist (expert witness)
TDC Council Leader and Executive Members
TDC Group Leaders
TDC Council Members

Resources

The T&FG is responsible for producing the final report for O&S consideration which will be presented by the chair

- Council Officers – Scrutiny Officer
- Council Officers – e.g. Service managers, finance support

SLT/CMT Officer comments if any

The work of the group will help to inform budget decisions as part of the annual budget setting process

Point of contact

Email Democratic Services team email address: [Democratic Services](#)

Colour coded lines can be considered together.

Ref	Workstream	Suggested Time-frame for developing savings plans			Notes
(d	Exploring commercial investment opportunities including charging policy	July - Sept			Email sent to Corporate Management Team 15 May 24. Analysis of responses will assist review of these areas
(e	Maximising income from existing fees and charges. MTFP assumes 5% increase p.a.	July - Sept			
(f	Exploring new opportunities for setting fees and charges	July - Sept			
p	Councillors' community fund budget	July - Sept			Review July meeting
NEW i)	Review of Statutory/Discretionary	April – June			Being considered
NEW ii)	Council Tax Support + Business rates	May - June			Recommendations to be included in Report 2 to O&S
g	Reviewing the savings options from the Ignite work		Review every 6 MONTHS		Refer to Modern 25 List
h	Investing in our IT provision to deliver more automation and efficiencies		Oct – Dec	12 TO 24 MONTHS	Refer to Modern 25 List
j	Reviewing support for third sector grants and support				Hold until after Assets review

Ref	Workstream	Suggested Time-frame for developing savings plans			Notes
k	Identifying other voluntary grants and future support				Hold until after Assets review
m & o	Periodic review of the capital programme and alignment to strategic priorities (including T100) Determining adequate borrowing limits including headroom for the capital programme through approval of the appropriate treasury management indicators e.g. maximum spend borrowing limits in future		Oct - March		After review of corporate plan. Report due end of the Summer. Meeting 22 August to consider capital
n	Agreement to provide a revenue contribution to capital – currently £500k per annum		Oct - Nov		Could consider again
t	Considering new funding models to deliver services e.g. Leisure Centres to a Trust				Longer term – say 2-5 years
NEW iii)	Identify potential service areas that may be of interest to Town and Parish councils e.g. Grounds Maintenance		July - November		Linked with Assets Group and Service managers

Record of completed actions

Ref	Workstream	Suggested Time-frame for developing savings plans			Notes
a	Approval of Council tax increases at the maximum allowed – historically £5 or 1.99% (now increased to £5.54 (2.99%) for 2023/24)	OCT-DEC 23			Built into 2024/25 Budget
i	Review our policy for earmarked reserves and funding budget gaps	OCT-DEC 23			Built into 2024/25 Budget
l	Reviewing quick wins and budgets no longer required	OCT-DEC 23			Built into 2024/25 Budget

q	Further payments to reduce the pension fund deficit	OCT-DEC 23			Built into 2024/25 Budget
r	Minimum level of general reserves – currently suggested at £2.3 million	OCT-DEC 23			Built into 2024/25 Budget
s	Limit use of earmarked reserves to bridge budget gaps	OCT-DEC 23			Built into 2024/25 Budget

Record of actions being delivered by different Task & Finish Groups

Ref	Workstream	Suggested Time-frame for developing savings plans			Notes
b	Agreement of our asset strategy and determining best use of our assets – disposal/transfer/re-use and re-model				Linked with Estates Group
c	Pursuit of maximum/best value asset disposal proceeds				Linked with Estates Group

O&S PROPOSALS:

1. To review and consider all revenue and capital budgets across all departments of the Council.
2. To review and consider the savings being delivered through the M25 project.
3. To review all statutory services that the Council has a duty to deliver and the level of effectiveness and efficiency with which they are being delivered
4. To review all discretionary services and projects and the effectiveness of the services and projects being delivered
5. To review and consider in the light of a projected (Aug2023) budget gap of circa £4m in the financial year 2025/2026 how the council will resolve the issue.
6. ~~To review how during the financial year 2024/2025 the Council approach to finding savings of £1.3m in 2024/25.~~
7. To review and consider the Council strategy and policies on all fees and charges
8. To review and consider the Council policies on the management of assets and estates that operates on a commercial basis, including asset disposal.
9. To review and consider the Council strategy and policies on assets and estates that operates for community benefit and all associated fees and charges
10. To review the council strategy corporate aims and objectives to ensure that the strategy is financially viable

IMPORTANT TO NOTE: All initiatives must have regard to Modern 25 savings proposals to avoid duplication of effort and risk of 'double-counting' savings