

TEIGNBRIDGE DISTRICT COUNCIL

COUNCIL

CHAIRMAN: Cllr Graham Price

DATE: 21 February 2017

REPORT OF: LESLEY TUCKER – CHIEF FINANCE OFFICER
CLLR STUART BARKER- PORTFOLIO HOLDER
CORPORATE RESOURCES

SUBJECT: BUDGET AND COUNCIL TAX 2017/18

PART I

RECOMMENDATIONS

- a That the Teignbridge band D council tax for 2017/18 is increased by 3.22% or £5 to £160.17 per annum
- b That general reserves are maintained at 10% of the net revenue budget for 2017/18 or just over £1.6 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 That the summary revenue budget for 2017/18 is £16.3 million as shown at appendix 4. In particular the revenue budget includes:
 - The statutory increase in national living wage for 2017/18 and 1% nationally agreed increase for all other staff from 1 April 2017
 - The results of the provisional actuarial valuation of the Teignbridge part of the Devon pension fund for the next three years
 - Significant revenue contributions to fund capital at £1.5 million in 2017/18 but reducing thereafter
 - Temporary use of earmarked reserves to fund the shortfall in new homes bonus
 - The revised business plan for Strata as summarised in appendix 16
 - Rural aid continuing at £40,000 plus the ongoing £25,000 Dartmoor Grant Fund for Teignbridge villages in the Dartmoor National Park

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- e** That fees and charges are approved as shown summarised at appendix 6. This includes an increase in parking income of £100,000
- f** 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
 - The Forde House self-financing accommodation project as discussed at Executive on 3 January 2017
 - The revised business plan for Strata as summarised in appendix 16

Indicative figures are shown for three major town centre and employment site investment projects 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.
- g** That the prudential indicators are noted and the prudential limits approved all as set out in appendix 10
- h** That the updated treasury management strategy statement and authorised lending list as set out in appendix 11 is approved
- i** 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 2017/18
- j** That the treasury management mid year review for 2016/17 as taken to Executive on 6 December and shown in appendix 12 is noted
- k** 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 2017/18 to 2019/20. 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.

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- 1.2 The final financial plan proposals 2017/18 to 2019/20 as per agenda item 8 Overview and Scrutiny 6 February 2017 (pages 1 to 38) and agenda item 9 Executive 9 February 2017 (pages 1 to 38) 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.
- 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 has been delayed. It is unlikely that there will be major changes as we are part of the four year funding deal. Any resulting shortfall or additional funding will be taken from or added to earmarked reserves.
- 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. The Strata Joint Executive Committee minutes from 16 January 2017 are at appendix 16.
- 1.3.3 Appendices are as follows:
- Appendix 1 budget timetable 2017/18 which shows the detailed timing for preparing the budget from November 2016 to February 2017
 - Appendix 2 approved council tax base 2017/18
 - Appendix 3 council tax calculator 2017/18 which shows the effects of different council tax increases with the recommended 3.22% highlighted
 - Appendix 4 revenue budget summary 2016/17 onwards
 - Appendix 5 revenue budget detail including service summary and glossary
 - Appendix 6 fees and charges summary 2017/18 – 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
 - Appendix 12 treasury management 2016/17 mid year review
 - Appendix 13 consultation report
 - Appendix 14 draft minute of the Executive meeting held on 9 February 2017 relating to the final financial plan proposals 2017/18 to 2019/20
 - Appendix 15 council tax resolutions 2017/18
 - Appendix 16 Strata Joint Executive Committee minutes 16 January 2017

2. FINANCIAL PLAN

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

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2.1 A financial background for 2017/18 of:

- Teignbridge is on the four year government settlement from 2016/17. 100% rates retention is due by 2020 but with the transfer in of some funding obligations. Revenue support grant goes down to be nil for Teignbridge in 2019/20 and new homes bonus reduced significantly in the provisional settlement. This has been managed on an initial basis by using contributions from the business rates retention reserve.
- 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 second year of Business Efficiency Service Transition 2020 review following business challenge in earlier years.
- Following extensive consultation we have our new 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 improve but has been weaker more recently with some uncertainty about future demand, inflation and the outcome of the European Union negotiations. Teignbridge has only minor variations to income in the current year apart from planning income which is down on the original budget. However this income is expected to pick up again next year.
- The requirement to implement the increase in the national living wage and national pay award for all other staff both from 1 April 2017. Also to include the results of the provisional actuarial valuation of the Teignbridge part of the Devon pension fund effective for the three years from 1 April 2017
- No council tax freeze grants are offered over the period 2016/17 to 2019/20. A referendum would be triggered in 2017/18 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. Significant contributions from revenue at just over £2.2 million and £1.5 million in the current and next year are enabled by new homes bonus receipts but these are assumed to reduce in later years.

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2.4 The chief finance officer is designated under section 151 of the Local Government Act 1972. She endorses the recommendations made in this report and discharges her 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 2017-20 and this is shown at appendix 9.

2.6 Recommended updated prudential indicators are shown at appendix 10 with an updated treasury management statement, authorised lending list and minimum revenue provision statement at appendix 11. These 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 Treasury Management Code 2011.

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. County, fire and police were consulted about the changes to the council tax support scheme approved by Council on 9 January 2017.

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 3, 16 and 17 February respectively and members will be advised accordingly.

Lesley Tucker
Chief Finance Officer

Cllr Stuart Barker
Portfolio Holder Corporate
Resources

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| 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 |