

# South Hams Budget Advisory Committee



<b>Title:</b>	<b>Agenda</b>																										
<b>Date:</b>	<b>Thursday, 19th January, 2023</b>																										
<b>Time:</b>	<b>2.00 pm</b>																										
<b>Venue:</b>	<b>Council Chamber - Follaton House</b>																										
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b></p> <p style="text-align: center;"><b>Vice Chairman</b></p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Abbott</td> <td style="width: 33%;">Cllr O'Callaghan</td> </tr> <tr> <td>Cllr Austen</td> <td>Cllr Pannell</td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Pennington</td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pringle</td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Reeve</td> </tr> <tr> <td>Cllr Chown</td> <td>Cllr Rose</td> </tr> <tr> <td>Cllr Foss</td> <td>Cllr Rowe</td> </tr> <tr> <td>Cllr Hodgson</td> <td>Cllr Smerdon</td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Spencer</td> </tr> <tr> <td>Cllr Jones</td> <td>Cllr Sweett</td> </tr> <tr> <td>Cllr Kemp</td> <td>Cllr Taylor</td> </tr> <tr> <td>Cllr Long</td> <td>Cllr Thomas</td> </tr> <tr> <td>Cllr McKay</td> <td></td> </tr> </table>	Cllr Abbott	Cllr O'Callaghan	Cllr Austen	Cllr Pannell	Cllr Birch	Cllr Pennington	Cllr Brazil	Cllr Pringle	Cllr Brown	Cllr Reeve	Cllr Chown	Cllr Rose	Cllr Foss	Cllr Rowe	Cllr Hodgson	Cllr Smerdon	Cllr Jackson	Cllr Spencer	Cllr Jones	Cllr Sweett	Cllr Kemp	Cllr Taylor	Cllr Long	Cllr Thomas	Cllr McKay	
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<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																										
<b>Committee administrator:</b>	Democratic Services																										

**1. Appointment of Chairman**

**2. Urgent Business**

Brought forward at the discretion of the Chairman;

**3. Division of Agenda**

to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;

**4. Declarations of Interest**

In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;

**5. Draft Revenue and Capital Budget Proposals for 2023/24**

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# Agenda Item 5

Report to: **Budget Advisory Committee**

Date: **19 January 2023**

Title: **Draft Revenue and Capital Budget Proposals for 2023/24**

Portfolio Area: **Cllr J Pearce – Budget Setting Process**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance**

Contact: Email: [lisa.buckle@swdevon.gov.uk](mailto:lisa.buckle@swdevon.gov.uk)

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## **Recommendations:**

- 1. That the views of the Budget Advisory Committee are sought on the content of the Draft Revenue and Capital Budget Proposals for 2023/24.**

**Views are sought in particular on:-**

- i) The proposed increase in Council Tax for 2023/24 of £5 (Band D of £185.42 for 2023/24 – an increase of less than 10 pence per week or £5 per year – equates to a 2.77% increase);**
- ii) The financial pressures shown in Appendix A of £4,107,700;**
- iii) The net contributions to/(from) Earmarked Reserves of £(412,000) as shown in Appendix D, including the proposed use of £500,000 of New Homes Bonus funding to fund the 2023/24 Revenue Budget as set out in 3.23 of the report and £400,000 from the Business Rates Retention Earmarked Reserve as set out in 3.17 of the report;**
- iv) The savings/additional income of £2,422,000 as shown in Appendix A; and**

- v) **The recommendation of the s151 Officer to agree to take up the 'stepped pension contribution rates' being offered by the actuaries of the Devon Pension Fund, following the results of the Triennial Pension Revaluation (as per 3.24).**
  - vi) **The proposed Capital Programme Proposals for 2023/24 of £2,035,000 and the proposed financing of the Capital Programme as set out in Appendix E.**
  - vii) **That Unearmarked Reserves should continue to have a minimum level of £1.5million (as set in the Medium Term Financial Strategy in September 2022), but an operating level of a minimum of £2million.**
- 2. To note that, as part of the February 2023 Council report, a further formal Council resolution will be voted on by Members, regarding taking a formal resolution on charging second homeowners a 100% premium on council tax when the Levelling Up and Regeneration Bill becomes law.**

## **1. Executive summary**

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling three year timeframe to 2025/26. The Council adopted a three year timeframe for its MTFS in 2021, as this dovetailed to the timescales of the Corporate Strategy, 'Better Lives for All'. This timeframe has been emulated with the 2022 MTFS as it gives a good balance between long term financial planning and having realistic assumptions to be able to work with. This is in light of the current volatility within local government financial planning, due to the lack of certainty from continued one-year financial settlements. The previous one year financial settlements announced by the Government have aimed to address short-term pressures rather than focus on long term sustainability.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding. Between 2009/10 and 2020/21, the Council's Core Government funding has reduced by £4 million. The Council now receives minimal Revenue Support Grant (main Government Grant) of £138,000.
- 1.3 The Council has continued to work in partnership with West Devon Borough Council which has allowed South Hams to achieve annual savings of £3.9 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.4 It is important to note that the Medium Term Financial Strategy (MTFS) sets out the budget strategy for the Council for the next three years, with

regular reviews (at least annually) and updates when items are further known or are announced by the Government.

- 1.5 This is the starting point for developing a meaningful three year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions. The management of risk and promoting financial resilience is a key principle of our budget strategy and this has helped facilitate our response. Key to the authority's financial resilience are our reserves, which are at a prudent level.
- 1.6 The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2025/26.
- 1.7 The key assumptions within the Budget Proposals are as below. Each of these is described in more detail in Section 3.
- The business rates baseline reset will be deferred until 2025/26 (with no negative Revenue Support Grant in 2023/24)
  - There will be a phasing in of negative Revenue Support Grant as part of the business rates baseline reset (predicted to be in 2025/26 at the earliest) with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. The modelling assumes negative RSG of £450,000 in 2025/26. Some of the negative RSG could be offset by growth.
  - A Council Tax increase of £5 has been modelled in Appendix B.
  - One more year of NHB has been announced for 2023/24
  - A business rates pooling gain of £300,000 has been modelled for 2023/24
  - A council tax surplus of £332,000 for 23/24 has been assumed, with a council tax collection rate of 98% (98.34% was achieved in 2021/22)
  - A 3% pay increase has been modelled from 2023/24 onwards (3% equates to £280,000 on total pay of £9.5m, prior to the waste service being brought back in-house. The waste service is shown separately.)
- 1.8 The report sets out proposals for the Council to achieve a balanced budget for 2023/24, as shown in Appendix B. The Council is currently forecasting a £299,562 budget gap by the following year, 2024/25. The cumulative aggregated Budget Gap by 2025/26 is £1.23million, if no action has been taken in each individual year to close the budget gap annually.

<b>Budget Gaps</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Total Aggregated Budget Gap £</b>
'New' Budget Gap each year	0	299,562	632,045	931,607

*Cumulative Budget Gap	0	299,562	931,607	1,231,169
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\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 1.9 Below shows the summary of proposed changes to the Budget report for 2023/24, following the announcement of the Draft Local Government Finance Settlement. Proposals for a balanced budget are shown below:

	£
<b><i>Budget gap for 23/24 reported in the Executive report in December 2022</i></b>	<b>195,616</b>
<b>Additional cost pressures identified (£265,000)</b>	
Waste collection, recycling and cleansing service – additional properties (extra properties for 23/24)	90,000
Business Rates Revaluation 2023 – increase in the Rateable Value of SHDC assets which are liable to business rates (industrial units, car parks etc.)	75,000
Actuarial Pension Revaluation – increase the cost pressure from £100,000 to £150,000 following the results of the pension actuarial revaluation – see 3.24	50,000
Increase the inflation provision on goods and services – this is all related to energy price increases	50,000
<b>Changes to contributions to/from Earmarked Reserves</b>	
Increase the contribution to the Elections Reserve (District Elections in May 2023)	30,000
Reduce the contribution from the Business Rates Retention Reserve (to fund the Base Budget in 23/24) from £0.5m to £0.4m – see 3.17	100,000
<b>Changes arising out of the announcement of the Local Government Finance Settlement (£439,723 net gain)</b>	
Funding from Funding Guarantee (3% increase in Core Spending Power) – a new Grant for 23/24	(747,929)
Reduction of New Services Grant from £182,000 to £74,907	107,093
Withdrawal of Lower Tier Services Grant from £100,000 to Nil	100,000
Reduction in the predicted amount of Rural Services Delivery Amount from £437,000 to £428,206	8,794
Homelessness Prevention Grant has been increased from £170,000 to £180,000	(10,000)
Decrease the predicted income from Business Rates from £2,550,000 to £2,447,681	102,319
<b>Reduction in cost pressures</b>	
National Insurance and National Living Wage – cost pressure has reduced from £150,000 to £75,000	(75,000)
<b>Changes to income/ financing of the Revenue Budget identified</b>	
Increase in the Taxbase for 23/24 from 39,539.70 to 39,949.00	(75,893)

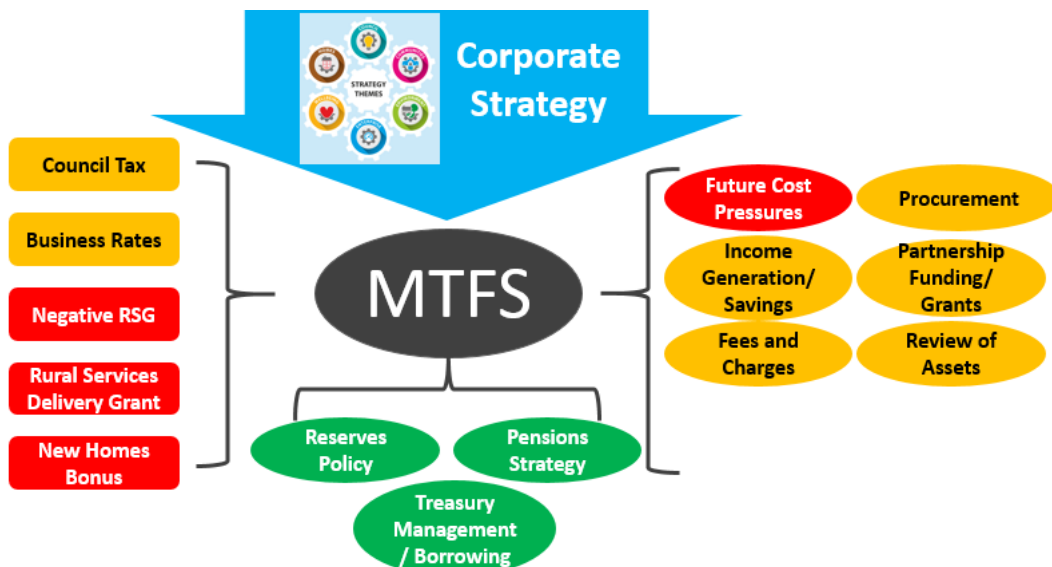
**Revised Budget gap for 2023/24 as set out in this report (as at January 2023) - (A balanced budget position is presented for Members' consideration)**

**Nil  
(Balanced Budget)**

**2 COMPONENTS OF THE MEDIUM TERM FINANCIAL STRATEGY**

2.1 The Diagram below sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFs where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

**2022/23 Net Budget £10.46 million**



2.2 The key assumptions within the Budget Proposals are set out in Section 3.

**OVERALL POSITION – BUDGET GAP**

2.3 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.

2.4 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **Appendix B** illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £10.46 million in 2022/23.

- 2.5 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if the Council Tax is increased by £5 per annum (shown in Appendix B).
- 2.6 The report sets out proposals for the Council to achieve a balanced budget for 2023/24, as shown in Appendix B. The Council is currently forecasting a £299,562 budget gap by the following year, 2024/25. The cumulative aggregated Budget Gap by 2025/26 is £1.23million, if no action has been taken in each individual year to close the budget gap annually.

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*Cumulative Budget Gap	0	299,562	931,607	1,231,169

\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 2.7 The Council will continue to assess various options for closing the budget gap for 2024/25 onwards, and in the longer term, to achieve long term financial sustainability and further reports will be presented to Members.

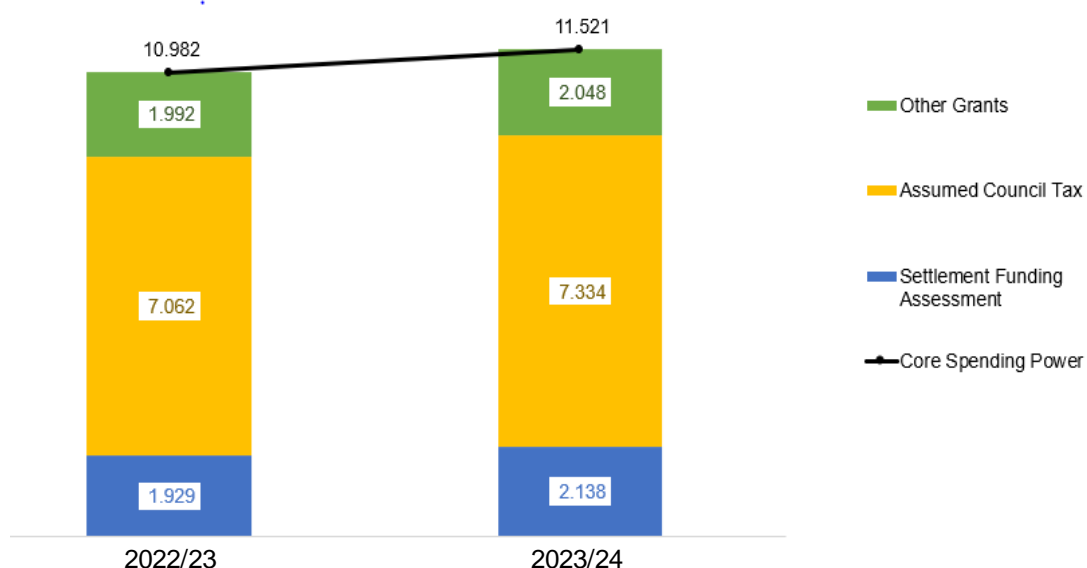
### **3 LOCAL GOVERNMENT FINANCE SETTLEMENT FOR 2023/24**

- 3.1 On 19<sup>th</sup> December, the Government published for statutory consultation, the provisional local government finance settlement for 2023/24. This followed a policy statement published on 12 December, covering 2023/24 and 2024/25, which are the remaining years of the Spending Review 2021 period. This in turn was just after the Autumn Statement on 17 November, which set the overall level of available resources.
- 3.2 The provisional settlement is once again a holding position, designed for stability and certainty for planning purposes for 2023/24. The broad approach is based on a uniform roll-over of the core elements of the settlement. Finance reform has been deferred to at least 2025/26 and possibly later.
- 3.3 Detailed numbers are only available for 2023/24 in the Finance Settlement and there remains significant uncertainties for 2024/25, particularly for District Councils. These include the future of the New Homes Bonus Scheme, which is now simply a one-year retrospective payment. There will be a future Government consultation on the New Homes Bonus scheme.

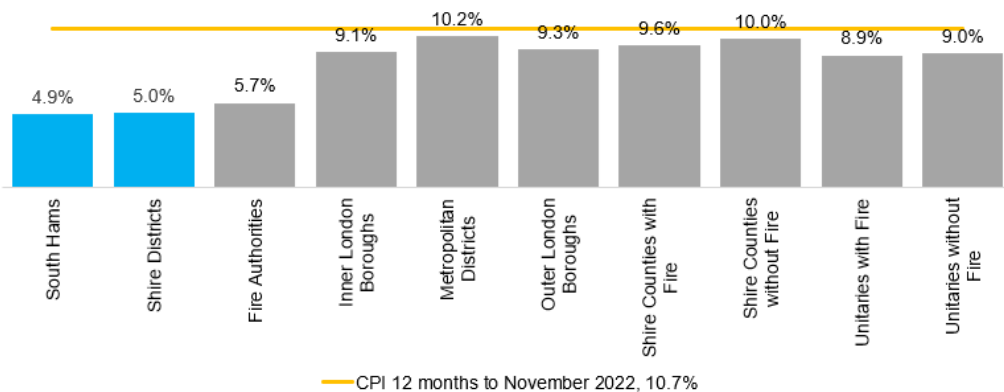


3.4 The 'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax, as below. The Council now receives no main Government grant (Revenue Support Grant).

3.5 **Core Spending Power for South Hams (which is a measure of how much extra funding a Council has received for next year) increased by 4.9% for 2023/24.** Core Spending Power is the term the Government use to say how much money Councils have to run their services.



The table below shows the change in Core Spending Power by Authority Type. Shire Districts on average received an increase in Core Spending Power of 5%. This compares to 10.2% for Metropolitan Districts.



### Council Tax

- 3.6 The Council Tax Referendum limits for District Councils for 2023/24 is the higher of 2.99% or £5. At the Council meeting on 15 December 2022, it was resolved that the strategic intention be set to raise Council Tax by £5 for a Band D property for 2023/24 (rather than the maximum allowed of 2.99% which equates to an annual increase of £5.39).

A Band D council tax for the District Council of £185.42 in 2023/24 is shown in Appendix B (an increase of £5 for the year (less than 10 pence per week) which equates to a 2.77% increase. The Council's share of the council tax for 2023/24, will be set at the Council meeting on 16th February 2023. (A 1% increase in council tax generates £71,000 of extra council tax income).

Council Tax legislation sets out that Council Tax is partly a form of general taxation on a property and partly a tax on the people living in a property. Council Tax funds essential services in an area and the cost of public services is spread across all tax payers in the same way, regardless of which services they use or receive. Council Tax is a form of general taxation rather than a service charge.

- 3.7 The table below shows how an average Band D council bill is made up for South Hams District Council for 2022/23, compared to 2021/22. Of an average Band D Council Tax within the District of £2,155.30, an amount of £180.42 is the element of a council tax bill set by South Hams District Council. Therefore 8pence of every £1 paid (8%) in council tax is received by South Hams District Council to pay for our services. The rest of the council tax bill is set by Devon County Council, the Fire, the Police and Town and Parish Councils to fund the services they provide. In 2022/23, the council tax for an average Band D property in South Hams increased by £64.75 per annum (3.1% as shown below).

Precepting Authority	Band D 2021/22	Band D 2022/23	£ Increase	% Increase

South Hams District Council	£175.42	£180.42	£5.00	2.85%
Devon County Council Precept	£1,342.44	£1,372.59	£30.15	2.99%
Adult Social Care Precept *	£168.84	£183.87	£15.03	
Devon & Cornwall Police & Crime Commissioner	£236.56	£246.56	£10.00	4.23%
Devon & Somerset Fire & Rescue	£90.00	£91.79	£1.79	1.99%
Average Parishes/Towns	£77.29	£80.07	£2.78	3.60%
<b>TOTAL</b>	<b>£2,090.55</b>	<b>£2,155.30</b>	<b>£64.75</b>	<b>3.10%</b>

Town and Parish Precepts for 2022/23 are shown in Appendix F. The largest Parish Precepts are Totnes (£186.57), Dartmouth (£182.95) and Ivybridge (£134.91), with the smallest Precept being Woodleigh (£4.94) for a Band D property.

- 3.8 The District Council is responsible for collecting all the Council Tax debt of approximately £83m as South Hams DC is the Billing Authority. After keeping 8% of the council tax collected to run the Council's services, the rest is paid over to Devon County Council, the Police, the Fire and Town and Parish Councils. The collection rate for Council Tax for South Hams was 98.34% for 2021/22. This was 2.44% higher than the national average of 95.9%.
- 3.9 A council tax collection rate of 98% has been assumed for 2023/24.
- 3.10 It has been assumed that the number of properties within the District will increase by 500 per annum from 2023/24 onwards.
- 3.11 No council tax referendum principles will apply to Town and Parish Councils for 2023/24 onwards.

### **Business Rates and Negative Revenue Support Grant (RSG)**

- 3.12 The Business Rates Reset will be delayed to 2025/26 at the earliest.
- 3.13 Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period (the current spending review runs to 2024/25). 2025/26 now looks like it is shaping up to be a very significant financial year for local government, incorporating a new spending review, the 2021 Census and funding reforms.

- 3.14 This means the Council wouldn't have to forego some of its business rates income (£450,000) by paying some of it back to Government in the form of 'negative government grant' in 2023/24 or 2024/25. Negative RSG is effectively the Council's further predicted funding cuts. The modelling assumes negative RSG of £450,000 in 2025/26. Some of the negative RSG could be offset by growth.
- 3.15 Estimates have been made of the business rates baseline funding levels for 2023/24 onwards and the relative deductions for negative RSG. For example in 2023/24, the £2.448m is the amount the Council is projected to retain from its business rates income collected of around £24 million (this equates to around 10p in every £1 collected of business rates).
- 3.16 The 2021/22 collection rate for South Hams for business rates was 98.13%. This was 2.63% higher than the national average of 95.5% for 2021/22.
- 3.17 It is recommended to take £400,000 funding from the business rates retention reserve in 23/24 to fund the base budget, with a further £400,000 in 24/25 and 25/26. The previous budget report for 2023/24 included a proposal to take £500,000 from this reserve in 23/24 to fund the base budget. It is recommended that this is reduced down to £400,000 now that the details of the Local Government Finance Settlement have been announced, in order to reduce the reliance on taking funding from reserves to fund the base budget for 2023/24.

This budget modelling would reduce the business rates retention reserve by £1.2m over the next 3 years to smooth the impact of the business rates baseline reset and the future loss of pooling gains. In addition, an amount of £3m has been approved to be utilised from the business rates retention reserve, to cover the transitional cost of the waste service coming back in-house in October 2022 onwards. This reserve is predicted to have more business rates income being set aside into the reserve in 23/24, due to the way that business rates income flows through the collection fund over a period of years.

<b>Business Rates Income</b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>
			<b>Potential Baseline Reset</b>
Business Rates Income	2.448	2.450	2.50
Less: Negative Revenue Support Grant (RSG)			(0.45)
Anticipated Pooling Gain	0.300	-	-
Funding proposed to be taken from the Business Rates Retention Reserve to smooth the volatility in business rates income	0.400	0.400	0.400
<b>Total Business Rates Income</b>	<b>3.148</b>	<b>2.85</b>	<b>2.45</b>

3.18 **Business Rates Revaluation** – There will be a business rates revaluation from 1 April 2023, based on the rental market as at 1 April 2021. The purpose of a business rates revaluation is to update rateable values and therefore, business rates bills, to reflect changes. Transitional arrangements will be in place to support businesses to adjust to their new bills. The results of the Revaluation exercise have been finalised by the Valuation Office and the Council will have higher business rates bills for some of its operational assets such as industrial units, car parks and Follaton House. A cost pressure of £75,000 has been included within these budget proposals (for example the rateable value of Follaton House has increased from £305,000 RV to £375,000 RV).

#### **Devon Business Rates Pool**

3.19 Council in December 2022 approved that South Hams District Council will continue to be part of a Devonwide Business Rates Pool for 2023/24. A business rates pooling gain of £300,000 has been modelled for 2023/24.

#### **Rural Services Delivery Grant**

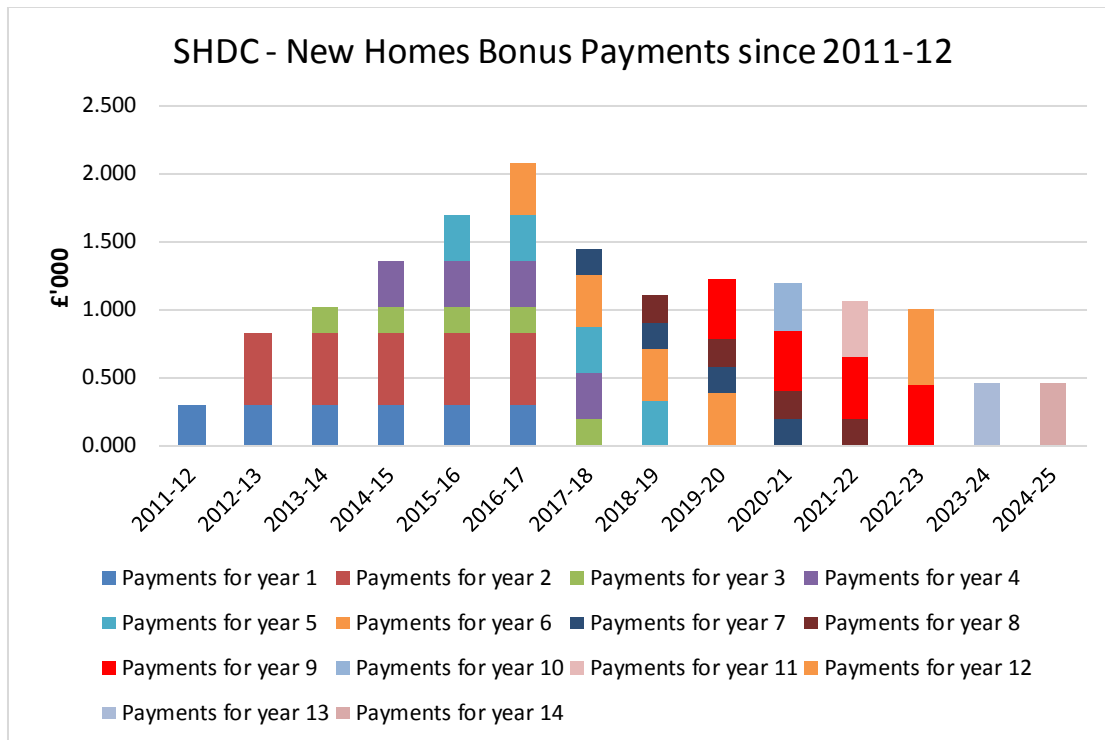
3.20 Rural Services Delivery Grant will continue for 2023/24 at previous levels (£85m nationally – SHDC share of £437,000).

#### **New Homes Bonus (NHB)**

3.21 NHB has been 'rolled over' for another year, with no legacy payments being paid. The Council's provisional allocation is **£456,012 for 2023-24** (higher than the amount estimated in the previous budget report of £421,000). There is due to be a consultation on the future of the NHB scheme. A decision on whether NHB will continue into 2024-25 will be made before next year's finance settlement.

3.22 There is a net property increase of 454 properties in the 23/24 NHB calculation. When the baseline (0.4%) is deducted of 186 properties (0.4% of 46,551 overall Band D equivalent properties), this means that NHB is payable at 80% of £1,965 (national average Band D council Tax) x 268 additional Band D properties over the baseline. So for the first 186 extra properties, SHDC receives no NHB. ( $268 \times £1965.71 \times 80\% = £421,000$ )

3.23 The budget report assumes that £500,000 of NHB funding is used in 2023/24 to fund the base budget. This would be £456,012 from the 23/24 allocation and £43,988 from the NHB Earmarked Reserve.



**3.24 Triennial Pension Revaluation** - Every three years, there is a valuation of the Pension Fund (administered by Devon County Council) to assess the Fund’s liability to meet future benefit payments, and whether there are enough assets to meet those liabilities. The valuation as at 31 March 2022 has been undertaken by Barnett Waddingham, a firm of actuaries. They have assessed that as at 31 March 2022, the Devon Pension Fund had discounted liabilities of £5.405 billion, with assets of £5.316 billion to meet the liabilities. This means the Fund has 98% of the assets it needs to meet the accrued pension liabilities. This percentage is known as the funding level, which is now 98%.

The result is an improvement from the last Valuation in 2019 when the Fund had a 91% funding level. The improvement is largely a result of investment returns, deficit contributions paid in by employers and revised demographic assumptions. The increased funding level is good news, demonstrating good progress towards a 100% funding level.

The results for the South Hams proportion of the Devon Pension Fund are shown below. The funding level of the SHDC Pension Fund is now **107.2%**.

**Pension Revaluation Position for South Hams District Council**

	<b>At 31 March 2019</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Assets	97,607	111,957
Liabilities	96,570	104,450
<b>Surplus</b>	<b>1,037</b>	<b>7,507</b>
<b>Funding level</b>	<b>101.1%</b>	<b>107.2%</b>

However the primary pension contribution rates are being increased by the actuaries across the Devon Fund. The Council currently pays a primary rate (employer's pension contribution rate) of 16.8% and this is being increased to 19.6% for the next 3 years.

In light of the Council's funding level of 107.2%, the s151 Officer has requested that a 'stepped contribution' rate is introduced over a 3 year period for the Council. This has been offered by the actuaries as being the stepped rates below:-

'Stepped rates for the primary rate'

*Proposed rate 2023/24 – 17.8%*

*Proposed rate 2024/25 – 19.3%*

*Proposed rate 2025/26 – 20.8%*

It is recommended by the s151 Officer that the Council accepts the offer of the stepped contribution rates from the actuaries. This would give a cashflow benefit of around £0.25m over the next two years and a cash benefit of over £100,000.

### **Other assumptions within the Medium Term Financial Strategy (MTFS)**

- 3.25 The last pay award offer for 2022/23 has recently been agreed. The pay award is an increase of £1,925 on all NJC pay points 1 and above with effect from 1 April 2022 and an extra day of annual leave entitlement with effect from 1 April 2023. All employees on a NJC pay spine receive a minimum 4.04% pay increase, with a minimum of £10.50 hourly rate of pay. (The estimate of the National Living Wage, set at two-thirds of medium earnings for those aged 21 and over in 2024 is £10.95). For example, for Level 8, this would equate to a pay increase of around 9%.
- 3.26 The amount agreed for 2022/23 (as set out above) is higher than the amount that was previously provided for of a 2% provision.
- 3.27 The budget report includes a total provision for the 2022/23 pay award of £630,000 in 23/24. This is the amount that will be needed for the £1,925 pay award, which is over and above the 2% that was provided for in the 22/23 budget. This needs to be built into the 23/24 budget as a 'catch up' for the pay award for 22/23, as the 22/23 budget has already been set.
- 3.28 The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.29 The Consumer Price Index (CPI) has reached 10.7% (November 2022 CPI), which is a 40 year high. A significant part can be attributed directly to gas/electricity price inflation.

- 3.30 An extra £450,000 cost pressure for inflation on goods and services has been included within the cost pressures in Appendix A. For electricity alone, a 280% increase has been factored in equating to over £200,000 additional cost.
- 3.31 Interest rates are increasing and the Bank Base rate is currently 3.5% (a 0.5% increase was announced by the Bank of England on 15 December 2022). It is predicted that the Council's treasury management income will increase to £800,000 in 2023/24 and an extra £677,000 has been built into the MTFs for 2023/24 (the existing base budget is £123,000).

### Better Lives for all – The Council's 20 year vision

- 3.32 Better Lives for All sets out our 20-year vision for South Hams and its communities. It forms the strategy for both the Council as an organisation and the South Hams as a place. The six areas of focus are supported by detailed annual delivery plans.

<https://www.southhams.gov.uk/better-lives-for-all>

**Achieving our Vision**

To support us in achieving our vision, we have aligned our actions to a number of themes.

Each theme will be led by an Executive Member and supported by a senior officer.

In the following pages, we set out our Thematic Delivery Plans for each area.

 <p><b>Adapting &amp; mitigating</b> climate change and increasing biodiversity</p> <p>An environment where people and nature thrive together</p>	 <p><b>Improving</b> homes</p> <p>Better homes enabling better lives for all</p>	 <p><b>Protecting, conserving &amp; enhancing</b> our built and natural environment</p> <p>Planning for our future, celebrating our past</p>
 <p><b>Stimulating</b> a thriving economy</p> <p>A district that attracts high quality employment opportunities and space for business to grow</p>	 <p><b>Strengthening</b> community wellbeing</p> <p>Strong and prosperous communities where residents live healthy lives and are empowered to make a positive impact</p>	 <p><b>Delivering</b> quality Council services</p> <p>Delivering quality services to our residents and communities</p>



### **Climate Change**

- 3.33 The Council's annual delivery plan on 'Adapting and mitigating climate change and increasing biodiversity' sets out the Council's action plan for addressing climate change and the carbon/biodiversity impact.

### **OTHER BUDGET ITEMS**

- 3.34 Waste and Recycling service – There was a separate report on the December Executive agenda on the waste and recycling service update.
- 3.35 The Levelling Up and Regeneration Bill is making its way through Parliament. The Government is aiming for Royal Assent in Spring 2023. There is a proposal within the bill to allow Billing Authorities the discretion to charge second home owners a council tax premium of 100% (so a second home dwelling would pay double the council tax charge). The Bill requires Billing Authorities to have a minimum period of 12 months between making its first determination and the financial year in which it takes effect.
- 3.36 Billing Authorities may be able to charge the premium to second home owners in 2024-25, but the timing will be very tight if Authorities only get the powers in Spring 2023. A Member decision would need to be taken on this as part of the future budget setting process. Modelling shows that extra council tax income of £730,000 could be generated.
- 3.37 **At Council on 15 December 2022, a motion was passed by Council, which resolved that:**  
'This Council will adopt a 100% Council Tax premium on second homes as soon as legislation allows'.
- 3.38 The Budget Advisory Committee is asked to note that as part of the February 2023 Council report, a formal Council resolution will be voted on by Members, regarding taking a formal resolution on charging second homeowners a 100% premium on council tax when the Levelling Up and Regeneration Bill becomes law.

### **4. Treasury Management and Borrowing Strategy**

- 4.1 The Council has previously taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million in 2019 and it is not proposed to change this limit at present.
- 4.2 In 2021/22 the long term borrowing of the Council decreased from £14,380,000 (20/21) to £14,284,000. Short term borrowing increased from £94,000 to £96,000 due to the maturity profile of borrowing. No further external borrowing took place during 2021/22.

### **5 FEES AND CHARGES**

- 5.1 As part of the budget process, fees and charges will be reviewed. A delegation is in place to enable service managers to increase fees and charges by inflation where these are not material changes or increases.
- 5.2 During the 2021/22 Budget setting process (Development Management Committee and Overview and Scrutiny Committee on 14<sup>th</sup> January 2021), Members approved the following:  
'delegated authority be given to the relevant Head of Practice, in consultation with the relevant lead Executive Member, to adjust Fees and Charges within their service area by inflation at suitable periodic intervals, with reports being presented to the Executive as appropriate'. The Head of Finance will co-ordinate this work with the relevant Heads of Service leads and the relevant Executive Members.

## **6 FINANCIAL SUSTAINABILITY AND TIMESCALES**

- 6.1 The Council will continue to assess various options for closing the budget gap for 2024/25 onwards, and in the longer term, to achieve long term financial sustainability and further options will be presented to Members in further budget reports. This will consider ways to reduce the Council's operating costs and generating further income and savings.
- 6.2 Making the best use of our resources and setting a balanced budget annually is within the 'Delivering Quality Services' Delivery Plan of the Council's long term strategic vision, 'Better Lives for All'.

## **7 Earmarked and Unearmarked Reserves Policy**

- 7.1 Unearmarked Reserves total £2.056 million as at 31 March 2022 (the Balance Sheet date). This position is after £280,000 has been transferred from Unearmarked Reserves to a Financial Stability Earmarked Reserve (Council 10 February 2022). This is a new reserve set up in 2021/22 as part of the 2022/23 Budget process to be available for any future financial pressures from local government funding reforms and any other budget pressures.
- 7.2 Earmarked Reserves total £20.059 million as at 31 March 2022. A full list of Reserves is shown in Appendix C. The proposed contributions to/from Earmarked Reserves are shown in Appendix D.
- 7.3 Earmarked Reserves includes £4.260m held in the Business Rates s31 Compensation Grant Reserve. This is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 and 2021/22 (this funding is in the S31 Compensation Grant Reserve). The funding in this reserve will reverse back out again in the 2022/23 Accounts, to fund the deficit on the Collection Fund. Therefore, this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.

- 7.4 Reserve levels will be kept under constant review and will be reviewed throughout the budget setting process to consider commitments against Earmarked Reserves, their unallocated balance and the contributions to/from Earmarked Reserves for 2023/24 and future years also.
- 7.5 At Council on 10th February 2022, Members set a minimum balance for Unearmarked Reserves of £1.5million, with an operating level of a minimum of £2million. This was based on a risk assessment basis and a sensitivity analysis. Therefore, the current level of £2.056million is still above these levels previously set.
- 7.6 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 Officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances (this was recommended at £1.5million being the minimum level in February 2022, with an operating level of £2million). Section 25 of the Local Government Act 2003 requires the Section 151 officer to report on the adequacy of the Council's financial resources on an annual basis.
- 7.7 The provision of an appropriate level of balances is a fundamental part of prudent financial management, enabling the Council to build up funds to meet known and potential financial commitments.
- 7.8 As highlighted above there is a high degree of uncertainty about future levels of funding for local government. However, the Section 151 Officer is keeping a close watch on developments and planning for this longer-term uncertainty. For example, the Council has a Financial Stability earmarked reserve to help secure financial stability for the longer term (see 7.1).

## **8 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING**

- 8.1 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.
- 8.2 Capital projects will be scored on the following criteria:
- 1 - Health and Safety compliance
  - 2 - Essential to keep operational assets open
  - 3 - Fit with the Council's Delivery Plans for 'Better Lives for All'
  - 4 - To rationalise service delivery or service improvement
  - 5 - To generate income, capital value or to reduce revenue costs
- 8.3 It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.
- 8.4 The capital bids are set out in Appendix E alongside ways the Capital Programme could be financed. The Capital Bids currently total £2,035,000. Business cases are attached in Appendices E1 to E5.

- 8.5 **Regeneration and Investment Strategy** – The Council has approved a Regeneration and Investment Strategy (Minute Reference CM 75/21, Council 31/3/2022). To date, Investment Properties have a value of £18.61 million in aggregate as at 31.3.2022.
- 8.6 Purchases made within the strategy are capital expenditure. An income projection of £667,000 from the net ancillary income from investments in Investment property has been included within the 2022/23 Base Budget onwards.
- 8.7 The Council's Asset Base is £102.7 million as at 31 March 2022. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

**9 FINANCIAL SUSTAINABILITY AND TIMESCALES**

- 9.1 The MTFs is the starting point for developing a meaningful three year strategy that sets out the strategic intention for different strands of funding available to the Council (Executive 15 September 2022).
- 9.2 The Council's budget is essentially fixed in cash terms and its ability to raise income is limited as there are national controls in place around council tax and business rates.
- 9.3 The Council will continue to assess various options for closing the budget gap for 2024/25 onwards, and in the longer term, to achieve long term financial sustainability and further reports will be presented to Members.
- 9.4 Making the best use of our resources and setting a balanced budget annually is within the 'Delivering Quality Services' Delivery Plan of the Council's long term strategic vision, 'Better Lives for All'.
- 9.5 Officers will continue to work with the Executive and the results of this will be incorporated into future Budget reports. This will consider ways to reduce the Council's operating costs and generating further income and savings.
- 9.6 An all Member Budget Workshop took place on Thursday 10th November.
- 9.7 The table below shows the budget timetable for the 2023/24 Budget process.

19 January 2023	An advisory Committee comprising of all Non-Executive Members, to consider the 2023/24 Revenue and Capital Budget Proposals and make recommendations to the Executive on the Budget Proposals
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26th January 2023	Executive – To recommend Final Budget Proposals to Council for 2023/24
<b>13th February 2023 (9am)</b>	<b>Date which Council Procedure Rule 16 applies</b>
16th February 2023	Full Council – To approve Final Budget Proposals for 2023/24 and set the SHDC share of the Council Tax
22 February 2023	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2023/24 (This is SHDC share plus all other precepting authorities share).

**Note 1-** Council Procedure Rule 16 states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Monday 13th February 2023.

## 10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Executive is responsible for recommending to Council the budgetary framework. It is the role of the Overview and Scrutiny Committee to scrutinise the Budget proposals being proposed by the Council on an annual basis. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of the Budget report is evidence of whether the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>

Financial implications to include reference to value for money		<p>The report sets out proposals for the Council to achieve a balanced budget for 2023/24, as shown in Appendix B. The Council is currently forecasting a £299,562 budget gap by the following year, 2024/25. The cumulative aggregated Budget Gap by 2025/26 is £1.23million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>As part of Grant Thornton's external audit of the Statement of Accounts for 2021/2022, they will assess the arrangements the Council has in place for:-</p> <ul style="list-style-type: none"> <li>• Improving economy, efficiency and effectiveness</li> <li>• Financial Sustainability</li> <li>• Governance</li> </ul> <p>The outcome of Grant Thornton's work in this area will be reported to Members at the Audit Committee meeting in March 2023.</p>
Risk		Each of the budget options taken forward by Members will consider the risks of the option.
Supporting Corporate Strategy		The majority of activities set out in the Council's delivery plans can be delivered through refocusing and reprioritisation of existing resources however, in order to realise the ambition set out in the strategy, some of the activities will require additional resources.
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and the potential for this to have significant financial implications for the Council was highlighted.</p> <p>A Climate Change Action Plan was presented to Council in December 2019. Following this report, a strategy is being implemented as to how the Council can finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.</p>

		<p>The Council has Earmarked £400,000 in a Climate Change Earmarked Reserve as part of the 2020/21 Budget, with a further £200,000 being agreed as part of the 2021/22 Budget Process.</p> <p>Further detail is set out in the Council's 'Better Lives for All' Thematic Delivery Plan.</p>
<b>Comprehensive Impact Assessment Implications</b>		
Consultation and Engagement Strategy		External consultation and engagement has not been undertaken with regard to this report.
Equality and Diversity		Equality Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

### **Supporting Information**

#### **Appendices:**

Appendix A – Budget pressures and savings

Appendix B – Modelling of the Budget Position

Appendix C - Schedule of Reserves

Appendix D – Contribution to/from Reserves

Appendix E – Outline initial proposals for the Capital Programme for 2023/24

Appendix F – Town and Parish Precepts for 2022/23

#### **Background Papers:**

None

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**SOUTH HAMS DISTRICT COUNCIL - BUDGET PROPOSALS 2023/24**  
(This shows the changes to the existing Base Budget)

**APPENDIX A**

	<b>BASE 2022/23</b>	<b>Yr1 2023/24</b>	<b>Yr2 2024/25</b>	<b>Yr3 2025/26</b>
	£	£	£	£
<b>BUDGET PRESSURES</b>				
Inflation and increases on goods and services	110,000	450,000	250,000	110,000
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)		150,000	150,000	250,000
Salaries - provision for pay award at 3% (£280,000) from 2023/24 onwards, total pay of £9.5m	185,000	280,000	280,000	280,000
Pay award 2022-23 - £1,925 per Scale Point (£630,000 is the amount over the current budget provision of £185,000 for 2022-23) - This will need to be built into the Base Budget in 2023-24	0	630,000	0	0
Increase in salaries - increments and pay and grading	0	200,000	0	0
The Planning Improvement Plan, Executive 26.5.22, noted that the cost of the staffing restructure, £98k per annum, will be funded for the first three years from the additional planning income held in the planning earmarked reserve.	164,000	98,000	0	0
Better Lives for All strategy - Council 23 September 2021 - £110,000 cost pressures for 22/23 and 23/24	110,000	0	(110,000)	
Waste collection, recycling and cleansing contract inflation (estimate of around 3%)	130,000			
Additional inflation for the waste service - 12.2% for 2022/23 (extra £360K) plus assume 5% for 2023/24 onwards (£205K)	0	565,000	205,000	205,000
Waste collection, recycling and cleansing service - Council 14 July 2022	0	1,250,000	0	0
Waste collection, recycling and cleansing service - additional properties	0	90,000	90,000	100,000
National Living Wage and National Insurance	140,000	75,000	75,000	75,000
Business Rates Revaluation 2023 - Increase in the Rateable Value of SHDC Assets which are liable to business rates	0	75,000	50,000	50,000
Dartmouth Lower Ferry - increase the R & M budget	0	80,000	0	0
Increased external audit fees (fees are increasing nationally)		75,000	0	0
Head of Revenues and Benefits Executive 7th April 2022	0	45,000	0	0
Housing Delivery Team Executive 26th May 2022	0	44,700	0	0
IT Support contracts	75,000			
Reduce the income budget for treasury management investment income	80,000			
Rough sleeper outreach worker (SHDC share of the cost is 60%), to be funded from Government Homelessness grant	24,000			
Community composting groups	10,000			
Salcombe Harbour recharges to the Council for staff time	16,600			
<b>TOTAL BUDGET PRESSURES</b>	<b>1,044,600</b>	<b>4,107,700</b>	<b>990,000</b>	<b>1,070,000</b>
<b>Changes to contributions to Earmarked Reserves</b>				
Reduce the contribution from the New Homes Bonus Reserve to fund the Revenue Base Budget (assumes a contribution of £0.5m in 22/23 and 23/24 onwards)	246,000	0	0	0
Dartmouth Ferry - increase annual contribution to reserve		30,000	30,000	0
Elections - increase the contribution to the Elections Reserve		30,000		
Contribution from Business Rates Retention reserve to smooth the volatility in business rates income from the baseline reset and the loss of a pooling gain (This would use £0.1m of the Reserve in 22/23, £0.4m in 23/24 and £0.4m in both 24/25 and 25/26)	(100,000)	(300,000)	0	0
Contribution from the Planning Reserve for the cost of the restructure within the planning service - Executive 26 May 2022 - to be funded for the first three years from the additional planning income held in the planning earmarked reserve		(98,000)		
Reduce contribution to Pension Reserve	0	(99,000)	0	0
Contribution to Joint Local Plan Earmarked Reserve	25,000	0	0	0
Contribution from Homelessness Reserve (to fund rough sleeper outreach worker)	(24,000)	0	0	0
Repairs and Maintenance Reserve - increase annual contribution in 2023-24	0	25,000	0	0
<b>Total changes in contributions to Earmarked Reserves</b>	<b>147,000</b>	<b>(412,000)</b>	<b>30,000</b>	

**SOUTH HAMS DISTRICT COUNCIL - BUDGET PROPOSALS 2023/24**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

**SAVINGS AND INCOME GENERATION IDENTIFIED**

	<b>BASE 2022/23</b>	<b>Yr 1 2023/24</b>	<b>Yr 2 2024/25</b>	<b>Yr 3 2025/26</b>
Management fee income from external contracts such as leisure	0	0	(230,000)	(200,000)
IT FIT Project - software savings	(70,000)	(10,000)		
Establishment savings (salary savings) gained from IT and digital communications	(20,000)	(50,000)		
Employment Estates - additional rental income	(80,000)	(150,000)		
Extra recycling income - additional income has already been achieved in 2021-22	(70,000)	(90,000)		
Extra planning income (to fund four planning specialists and two legal specialists) - Planning Improvement plan - Executive 14.10.21	(164,000)			
Car parking income (from extra usage of the car parks particularly in the coastal areas)		(250,000)		
Dartmouth Lower Ferry (from extra usage of the Ferry and a review of charges for 2023)		(250,000)		
Extra treasury management income - to reflect increases in bank base rate		(677,000)		
Charged Garden Waste service		(575,000)		
Savings on Trade Waste tipping fees and extra income on recycling sacks, due to more trade waste being recycled. Extra income from Controlled Waste Regulations (CWR) properties . These savings were already achieved in 2021-22.		(190,000)		
Funding from Homelessness prevention government grant (this funds housing posts - funding to be reflected within the base budget)		(180,000)	(10,000)	
Discretion to charge up to an extra 100% extra council tax on Second Homes (timescale is that legislation maybe introduced for 24-25 but it also could be delayed to 25-26). See 3.37 of the covering report.			(730,000)	
<b>TOTAL SAVINGS AND INCOME GENERATION</b>	<b>(404,000)</b>	<b>(2,422,000)</b>	<b>(970,000)</b>	<b>(200,000)</b>

Line	<b>Appendix B - Assumes Council Tax is increased by £5 each year</b>	<b>BASE</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>
No.	Modelling for the financial years 2023/24 onwards	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
1	Base budget brought forward	9,676,767	10,464,367	11,738,067	11,488,505
2	Budget pressures (as per Appendix A)	1,044,600	4,107,700	990,000	970,000
3	Savings already identified (as per Appendix A)	(404,000)	(2,422,000)	(970,000)	(200,000)
4	Changes in contributions to Earmarked Reserves (App A)	147,000	(412,000)	30,000	0
5	<b>Projected Net Expenditure:</b>	<b>10,464,367</b>	<b>11,738,067</b>	<b>11,788,067</b>	<b>12,258,505</b>
	<b>Funded By:-</b> (See Note 1 below regarding New Homes Bonus funding)				
6	<b>Council Tax income</b> - Modelling a £5 increase in 2023/24 onwards	7,061,585	7,407,344	7,702,299	8,002,254
7	Collection Fund Surplus	181,000	332,000	200,000	200,000
8	Localised Business Rates (estimate of business rates resources received in the year)	2,274,139	2,447,681	2,450,000	2,500,000
9	Negative Revenue Support Grant (RSG) Adjustment - Change to Baseline Need from 25/26 onwards	0	0	0	(450,000)
10	Revenue Support Grant	0	138,000	146,000	146,000
11	Business Rates Pooling Gain	300,000	300,000	0	0
12	Rural Services Delivery Grant	428,206	428,206	428,206	428,206
13	Funding from Funding Guarantee (3% increase in Core Spending Power) - this is a new grant for 23/24 onwards. Assume discontinued when the Fair Funding Review is implemented in 25-26.	0	747,929	700,000	0
14	Less grants rolled into the Funding Guarantee amount	0	(138,000)	(138,000)	0
15	Transitional funding - assume the introduction of the business rates baseline reset and the Fair Funding Review will translate into some transitional funding being available to Councils				800,000
16	Lower Tier Services Grant	86,501	0	0	0
17	Services Grant	132,936	74,907	0	0
18	<b>Total Projected Funding Sources</b>	<b>10,464,367</b>	<b>11,738,067</b>	<b>11,488,505</b>	<b>11,626,460</b>
	<b>Budget Gap per year</b>				
19	(Projected Expenditure line 5 - Projected Funding line 18)	<b>0</b>	<b>0</b>	<b>299,562</b>	<b>632,045</b>
	<b>Actual Predicted Cumulative Budget Gap</b>	<b>0</b>	<b>0</b>	<b>299,562</b>	<b>931,607</b>
	<b>Aggregated Budget Gap</b> (if no action is taken in each individual year to close the budget gap annually)	<b>0</b>	<b>0</b>	<b>299,562</b>	<b>1,231,169</b>
	Modelling Assumptions:				
	Council Tax (Band D) (Modelling a £5 increase per year)	180.42	185.42	190.42	195.42
	Council Tax Base (Assumes an increase in Band D Equivalent properties of 500 per annum)	39,139.70	39,949.00	40,449.00	40,949.00

**Note 1 - New Homes Bonus Funding**

The modelling for 2023/24 onwards includes a contribution of £500,000 from New Homes Bonus to fund the Base Budget. Although the NHB scheme is due to be replaced after 2023/24, it is assumed that a successor scheme will be implemented that will also be based on housing growth.

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX C
EARMARKED RESERVES	Cost Centre	Opening balance	Additions to Reserve	Predicted Spend	Closing balance	Comments
		01.04.2022 £000s	2022/23 £000s	2022/23 £000s	31.03.2023 £000s	
<b>Specific Reserves - General Fund</b>						
Affordable Housing (Capital)	S0822	(544)		544	0	Actual spend relates mainly to Capital Programme expenditure including St Ann's Chapel
Affordable Housing (Revenue)		0	(408)	60	(348)	This is a new reserve set up as part of the 2022/23 Budget process and has been created from a one off contribution from the New Homes Bonus funding in 2022/23. Predicted spend in 2022/23 relates to the Step on Deposit Scheme pilot (Council Feb 2022).
Beach Safety	S0839	(14)			(14)	
Capital Programme	S0820	(249)	(182)	431	0	Predicted spend relates to Capital Programme commitments and a transfer of £80k to the Repairs & Maintenance earmarked reserve in respect of Follaton House roof refurbishment and replacement lift
Community Composting	S0933	(200)		200	0	Council 10/02/22 approved a one off amount of £200k to be transferred into a Community Composting Earmarked Reserve in 2021/22.
Community Parks and Open Spaces	S0826	(46)	(17)	9	(54)	
COVID-19	S0815	(209)		175	(34)	This reserve was set up in 2020/21 to protect against future COVID losses. In 2022/23 £174,632 will be used to fund the shortfall in the leisure management fee income (Executive 3/3/22).
Dartmouth Ferry Repairs & Renewals	S0830	(530)	(117)		(647)	
District Elections	S0838	(20)	(10)		(30)	
Economic Initiatives	S0831	(23)			(23)	
Economic Regeneration (Business Rates pilot gain 2018/19)	S0858	(24)			(24)	
Emergency Climate Change Projects	S0852	(553)		233	(320)	The set up of this reserve was approved by Executive on 6/2/2020 E74/19, funded originally by a £400k contribution from the New Homes Bonus Reserve. Predicted spend for 2022/23 includes the Climate Change & Biodiversity Locality Fund and 'Better Lives for All' commitments.
Environmental Health Initiatives	S0857	(20)			(20)	
Financial Stability	S0868	(280)			(280)	This is a new reserve set up in 2021/22. Council 10/02/22 approved for £280k to be transferred from unearmarked reserves to a Financial Stability Earmarked Reserve, to be available for any future financial pressures from future local government funding reforms and any other budget pressures.
Grounds Maintenance	S0901	(149)		92	(57)	A new reserve set up in 2020/21 to hold the Grounds Maintenance in year surpluses to be reinvested back into the service (Executive 18/6/20). Commitments in 2022/23 relate to equipment purchases.
Homelessness Prevention	S0851	(234)		195	(39)	This reserve has been created following underspends on Homelessness Prevention Costs. The main commitment in 2022/23 relates to the Housing staffing costs (£151k) - Executive 26/5/22
Housing Capital Projects	S0854	(408)			(408)	
ICT Development	S0836	(89)	(50)	107	(32)	Predicted spend in 2022/23 includes Future IT project and hardware commitments
Joint Local Plan		0	(25)	24	(1)	
Land and Development	S0829	(72)	(7)	15	(64)	
Leisure Services	S0858	(41)		1	(40)	
Maintenance Fund	S0927	(78)		46	(32)	This is a new reserve set up in 2021/22 to hold service charge income.
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(66)	(29)		(95)	This reserve was set up in 2019/20 to manage the ongoing maintenance costs of the Council's Investment Property. The contributions to the reserve equate to 10% of the rental income
Marine Infrastructure	S0828	(184)	(58)	210	(32)	£200k has been committed for match funding for the Fish Quay funding bid - Council May 2022
Members Sustainable Community Locality	S0846	(49)			(49)	This reserve holds the unspent balances.
New Homes Bonus	S0804	(1,917)	(1,008)	1,969	(956)	The NHB allocation for 22/23 is £1,008m. Projected spend in 2022/23 relates to £500k contribution to the base revenue budget, £100k contribution to the Capital Programme and £407,557 contribution to the Affordable Housing Earmarked Reserve. In addition there are commitments from previous years for the Capital Programme budget. The remaining balance includes £235,016 unallocated from the 2020/21 New Homes Bonus and £122,274 from the 2021/22 New Homes Bonus with its future use to be decided when more details are known about the Spending Review for 2022/23 onwards and a replacement scheme for NHB.
On-Street Parking	S0834	(44)			(44)	
Pay & Display Equipment Renewals	S0833	(186)	(21)	32	(175)	This reserve provides for the periodic replacement of Pay & Display machines.
Pension Fund Strain Payments	S0810	(208)	(99)		(307)	This reserve is used to fund pension strain costs
Planning Policy & Major Developments	S0840	(531)	(50)	98	(483)	This reserve is for all planning matters and is also required to meet appeal costs. The predicted spend for 2022/23 relates to the Planning restructure. The cost of the first three years of this restructure is to be met from additional planning income in the Planning earmarked reserve (Executive 26/5/22)
Play Area Renewals	S0867	0	(128)		(128)	This is a new reserve to be set up to hold the anticipated underspend on Play Parks to be used for replacement play area equipment (Executive 22/10/20)
Recovery and Renewal Plan	S0864	(500)		158	(342)	This is a new reserve set up as part of the 2021/22 Budget to support the costs of the Recovery and Renewal Plan. Projected spend in 2022/23 relates to 'Better Lives for All' commitments.
Repairs & Maintenance	S0827	(374)	(173)	21	(526)	The additions to the reserve in 2022/23 mainly relate to the budgeted annual contribution (£80k) and a contribution from the Capital Programme earmarked reserve (£80k) towards the Follaton House roof refurbishment and replacement lift. £390k of this reserve balance is earmarked for Follaton House roof refurbishment and replacement lift.

Revenue Grants	S0821	(1,725)		292	(1,433)	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. £120,000 of this reserve has been earmarked to fund the Council's share (60%) of a 2 year fixed term senior role to drive customer service and operational efficiency (Executive 15/9/22 - Waste & Recycling Services Update). An estimated £30k has been included for 2022/23 - six months of this 2 year senior role. In addition a commitment of £73k relates to the funding of three housing posts which were made permanent in the 2020/21 budget process and are funded from the Flexible Homelessness Support Grant
Section 106 Deposits	S0842	(38)			(38)	This reserve comprises of deposits with no repayment conditions - created as a result of IFRS
Section 106 Monitoring	S0929	(158)		20	(138)	This reserve funds the cost of an officer to oversee the administration of S106 deposits and how they are spent
Section 106 Technical Support	S0862	(14)		14	0	To meet the salary costs of a S106 technical support officer.
Support Services Trading	S0856	(75)		39	(36)	This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme. The 2022/23 commitment relates to the purchase of Audio Visual equipment.
Sustainable Waste Management	S0837	(1,065)	(25)	400	(690)	This reserve was created for one-off waste management costs. This reserve contains the additional income from increased recycling credits and dry recycling income and it also holds the value of the 2021/22 contractual performance deductions. This will contribute to the anticipated set up costs of bringing the service back in house in October 2022 and capital outlay (some of which will be spent in 2023/24).
Tree Maintenance	S0934	(60)		30	(30)	A new reserve set up in 2021/22 to hold in year surpluses generated to reinvest back into the Tree maintenance service.
Vehicles & Plant Renewals	S0832	(276)	(550)	550	(276)	Earmarked for the Fleet Replacement Programme. An annual contribution of £550k is made to this reserve.
<b>Sub Total excluding the Business Rates Reserves</b>		<b>(11,253)</b>	<b>(2,957)</b>	<b>5,965</b>	<b>(8,245)</b>	
Business Rates Retention	S0824	(4,546)		2,206	(2,340)	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income. In 2022/23 £100,000 has been earmarked to smooth the volatility in business rates. At Council on 14 July 2022, Members approved the use of £3million of this reserve, to fund the additional costs during the transitional phase of bringing the waste service back in house.
S.31 Compensation Grant (Business Rates)	S0866	(4,260)	(674)	3,472	(1,462)	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 and 2021/22 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received will not be discharged against the Collection Fund deficit until the following year, 2022/23 and partly 2023/24. This reserve is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.
<b>TOTAL EARMARKED RESERVES</b>		<b>(20,059)</b>	<b>(3,631)</b>	<b>11,643</b>	<b>(12,047)</b>	
<b>TOTAL UNEARMARKED RESERVES (General Fund Balance)</b>		<b>(2,056)</b>	<b>46</b>		<b>(2,010)</b>	This Unearmarked Reserve has a minimum balance of £1.5million and an operating level of £2 million (set by Members as part of the budget process). The predicted deficit for 2022/23 of £46,000 has been debited to this reserve.
<b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>		<b>(22,115)</b>	<b>(3,585)</b>	<b>11,643</b>	<b>(14,057)</b>	

## ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Budget 2022/23			Estimate 2023/24		Estimate 2024/25	
To £	(From) £		To £	(From) £	To £	(From) £
181,600		Capital Programme	181,600		181,600	
16,900		Community Parks & Open Spaces	16,900		16,900	
10,000		District Elections	40,000		40,000	
117,000		Ferry major repairs & renewals	147,000		177,000	
	(500,000)	New Homes Bonus (assumes a replacement scheme in 24/25 onwards)		(500,000)		(500,000)
	(72,700)	Flexible Homelessness Gov Grant		(72,700)		(72,700)
	(100,000)	Business Rates Retention Reserve		(400,000)		(400,000)
20,800		Pay & Display Equipment	20,800		20,800	
99,000		Pension Fund Strain Payments	0		0	
80,000		Repairs and maintenance	105,000		105,000	
550,000		Vehicles & Plant Renewals and additions	550,000		550,000	
7,000		Land and Development Reserve	7,000		7,000	
50,000		IT Development Reserve	50,000		50,000	
25,000		Sustainable Waste Management	25,000		25,000	
50,000		Planning Policy and Major Developments	50,000		50,000	
		Planning Policy and Major Developments ( to fund salary costs)		(98,000)		(98,000)
25,000		Joint Local Plan (to part fund salaries of the JLP team)	25,000		25,000	
2,000		Interest from Reserves	2,000		2,000	
1,234,300	(672,700)	<b>TOTALS</b>	1,220,300	(1,070,700)	1,250,300	(1,070,700)
<b>561,600</b>		<b>GRAND TOTAL</b>	<b>149,600</b>		<b>179,600</b>	

The change in contributions to Earmarked Reserves is the difference between £561,600 in 22/23 and £149,600 in 23/24, being a change of £412,000, as shown in Appendix A.

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Capital Bids for 2023/24					
Priority Criteria					
Statutory Obligations	1	Compliance, H&S, DDA			
	2	Essential to keep Operational Assets open			
Strategic Plan	3	Fit with the Council's Delivery Plans for 'Better Lives for all'			
Good Asset Management	4	Rationalise service delivery or service improvement			
	5	Generate income, capital value or reduce revenue costs			
Service	Site	Project	Lead officer	Capital Bids for 2023/24 £'000	Priority code
Assets		Kingsbridge Skate Park (replacement of existing skate park) - match fund contributions from the Lottery, local crowdfunding, Kingsbridge TC and S106 funding (See Business Case Appendix E1)	RS	30	2,3,4
Grounds Maintenance		Purchase of new bio shredder - Existing bioshredder has come to the end of its useful life and needs significant repairs. Provides support to community groups. (See Business Case Appendix E2)	DC	65	1,2,3,4,5
Assets		Undertaking decarbonisation studies of our principle assets and operational buildings so as to understand measures that can be implemented to reduce carbon emissions (Scope 2) from our buildings. The surveys will set out the measures needed, the costs of implementation and the ongoing operating and maintenance costs. This would enable us to apply for future Government capital grants to enable the works. (See Business Case Appendix E3)	LW	75	1, 3, 4, 5
Assets		Follaton House (Old House Ground Floor Area) - to ensure Follaton House is fit for purpose, meeting the needs of the organisation and in order to continue to provide good quality rental accommodation to our tenants, changes are required to the Old House Ground Floor Area (See Business Case Appendix E4)	LW	90	1,2,3,4,5
IT		IT automation software - to be utilised by multiple service areas to automate tasks. (See Business Case Appendix E5)	JD	25	3,4,5
Commercial Services		Waste Fleet Replacement/addition (already approved as part of Council Minute 41/18, Council 6.12.2018) - Included here for completeness	SM	550	1,2,3,4
Private Sector Renewals (inc Disabled Facility Grants) - funded by Government Grant funding from the Better Care Fund. This funding is passported from Devon County Council to South Hams DC to administer the scheme.		Annual Grant allocation from the Better Care Fund	IL	1,200	1, 3
<b>Total</b>				<b>2,035</b>	

TO BE FINANCED BY:-		
Allocation from the Capital Programme Earmarked Reserve (allocation for 2023/24 of £181,600) and the remainder of £103,400 from NHB funding (from previous years' allocations).	285	
Revenue contribution from the Vehicles and Plant Earmarked Reserve (see Appendix D)	550	
Better Care funding (Government grant scheme) for private sector renewals and disabled facility grants. This funding is passported from Devon County Council to South Hams DC to administer the scheme.	1,200	
<b>Total financing for the Capital Programme</b>	<b>2,035</b>	

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# Appendix E1

## South Hams District Council Business Case Outline

*The Business Case is used to obtain management commitment and approval for investment in business change including projects and programmes, through rationale for the investment. The Business Case provides a framework for planning and management of the business change. The ongoing viability of a project or programme will be monitored against the Business Case.*

[Insert Project/Programme title here]			
<b>Senior Responsible Officer:</b>	Rob Sekula	<b>Project Sponsor ELT Member:</b>	Chris Brook
<b>Date Updated:</b>	09/12/2022	<b>Version:</b>	2.0
<b>Programme/Project Description:</b>	Kingsbridge skatepark replacement		
<b>Reviewers:</b>			
<b>Author(s):</b>	Rob Sekula, Principal Natural Resources and Greenspaces Officer		

### Guidance

An outline business case is a document setting out the initial justification for investment of resources (people, time and money) into a project or change being considered. This outline business case is to be completed at the initial idea stage of any project.

Once approval has been given to the outline case, solution design work will begin and the project will undertake a more detailed Business case setting out full implementation and business running costs, the benefits of implementation and an assessment of how implementation would be managed and the associated change risks and issues.

Capital projects will be scored on the following criteria:

- Health and Safety compliance
- Essential to keep operational assets open
- Fit with the Council's Delivery Plans for 'Better Lives for All
- To rationalise service delivery or service improvement
- To generate income, capital value or to reduce revenue costs

It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.



## **1. Project Summary – Project objectives and what it aims to achieve.**

Replacement of the Kingsbridge skatepark within the Quay carpark.

## **2. Why we need the Project – Background and problem/opportunity to be addressed.**

The existing skatepark is no longer fit for purpose. The ramps and surfacing are of limited interest and quality. The site does not support meaningful wheeled sports development in Kingsbridge. A modern facility is required to meet the needs of the community.

## **3. Project Scope – State what's IN and OUT of Scope.**

The project encompasses removal of the existing skatepark ramps, and replacement with a sprayed concrete facility. The project will include some works to the adjacent trees and bank, to enhance the sense of place and maximise the usability of the site.

Based on previous carparking surveys showing unused capacity, 9 spaces are proposed for removal to accommodate a more appropriate footprint for the skatepark facility.

## **4. Benefits – Brief indication of any potential financial and non-financial.**

A sprayed concrete facility is relatively maintenance free. It is not considered that the facility would be any more/less expensive to run than the existing skatepark (albeit the existing skatepark is currently closed for the winter months due to tree debris, an issue we would seek to address through the project – see section 6).

The non-financial benefits are significant to Kingsbridge. A successful skatepark will be utilised by a range of wheeled sports of varied ages, both genders, socio-economic background, and of all abilities. Users vary from highly competitive to 'alternative' and everything in between. Commonly users are those that do not favour more organised or team types of sport.

Skateparks are free to use, and offer an accessible, affordable and town centre facility to users.

Outcomes relate to more regular participation in sport and physical activity, including improved health and wellbeing, with plenty of social interaction. In particular the nature of a good skatepark is that it fosters community cohesion, particularly across the age groups – an experienced young skater will be just as happy to teach an older beginner as vice versa.

One of the key barriers to participation is appropriate facility provision. A well designed skatepark will be welcoming, appeal to many, and will accordingly be well used with self-policing reducing potential for Anti-Social Behaviour (ASB tending to be from non-skaters and associated with a disused and neglected facility).



A well designed skatepark can regenerate an area, acting as a draw to locals and visitors and creating an inclusive public space within the urban environment. (Conversely, a fenced, aged or poorly designed and disused skatepark does the opposite).

## 5. Links and Dependencies – To other projects currently live.

Working with SHDC officers, the 'Kingsbridge Skatepark Community' group are leading the project locally, having undertaken consultation and recently started fundraising. They have fostered relationships with the Town Council (including securing a £50,000 contribution from the Town Council towards this project) and have been discussing aspirations with local businesses, Fusion, the police, SHDC Members. The group have set up a Crowdfunder page to raise funds towards the project (<https://www.crowdfunder.co.uk/p/kingsbridgeskatepark> ).

SHDC has tendered a Kingsbridge Skatepark replacement project, and appointed a preferred contractor. The contractor is now working with Kingsbridge Skatepark Community on building up a strong evidence base as will be required to support a subsequent bid to the Lottery. They have hosted lessons at the Kingsbridge college and attended lunchtime skate sessions, consulting and collecting ideas from young people, not just about design, but trying to understand what young people think are the barriers to them using facilities like this, and how a space can be made to appeal to them.

SHDC officers will continue to work with the contractor and the Kingsbridge Skatepark Community to build up the evidence of need, design consultation, before applying for planning permission and applying for match funding from the Lottery.

## 6. Risks – Note of any significant potential risks.

The project will require some tree works to make the site appropriate, due to significant leaf and seed fall at present on the skatepark. Preliminary conversations with the Tree Officer have indicated an appropriate scope of work, noting that some trees are inappropriate in their current location (e.g. large Black poplar) and that there is scope for appropriate tree management which would lessen the impact of trees on the skatepark footprint.

Design options are also being investigated to seek to catch leaf/seed fall from trees which must remain. It is important that a design solution is found to reduce likelihood of debris on the skatepark.

The project will ultimately require both planning permission, and a substantial amount of match funding before it can be delivered.

## 7. Project Resources – What people will the project need?

SHDC officer time is already being spent on developing and delivering this project. The SHDC officer is being greatly assisted by local effort from the Kingsbridge Skatepark Community and the contractor who are drawing upon their local contacts to work the project up from the community. The Kingsbridge Skatepark Community have also commenced local fundraising including via Crowdfunder and will take the leading role in driving the project forward alongside the contractor.



**8. Explain how the project meets the five criteria listed below.**

<p>Health and Safety compliance</p>	<p>The new skatepark will be designed taking account of appropriate guidance and British Standards. Any such facility is subject to a Post Installation Inspection Report, and ongoing routine and annual safety inspections.</p> <p>The police have and will be consulted throughout the design process with a view to making a facility that is welcoming (trees being part of this discussion).</p>
<p>Essential to keep operational assets open</p>	<p>The existing skatepark is currently closed for safety purposes over the winter months. It is subject to considerable debris from the trees above, namely leaves, acorns, twigs. It is proposed to review the trees at the site, and preliminary advice has been obtained from the Tree Officer, and discussed with the Town Council and local representatives. The new facility would be available for use year-round.</p> <p>The existing skatepark has a deteriorating tarmac surface, and the features at the park are limited in offering. It neither delivers for wheeled sports enthusiast nor does it have the appeal to bring new participants into the sport.</p>
<p>Fit with the Council's Delivery Plans for 'Better Lives for All'</p>	<p>The project delivers against 'Strengthening community wellbeing' by investing and creating a community space, providing a free to access facility which supports active lifestyle choices, while fostering community cohesion across the age groups.</p>
<p>To rationalise service delivery or service improvement</p>	<p>The successful delivery of this project would mark a significant service improvement in terms of the wheeled sports offering to Kingsbridge and surrounds delivering on the benefits referenced in section 4 above.</p>
<p>To generate income, capital value or to reduce revenue costs</p>	<p>Sprayed concrete facilities are often touted as 'maintenance free' with no fixings such as railings or ramp plates.</p> <p>Ongoing costs would relate to inspection, removal of litter, sweeping (which would predominantly be undertaken locally/by users)</p>



## Capital costs and revenue implications

In the table below, please detail the capital budget requirement over the next three financial years as well as any revenue implications (maintenance, repairs, etc...)

Financial year	Capital cost	Revenue implications
2023/24	£30,000	Officer time, ongoing inspection and maintenance
2024/25		
2025/26		
<b>Total cost</b>	<b>£30,000</b>	

Please detail in the box below how this project will be financed:

Financial Year	Capital grants/ contributions	S106	Reserves	Capital receipts	No funding source identified
2023/24	<p>£150,000 – application to be submitted after the planning process to Lottery Reaching Communities/ Sport England (with other various small funding applications)</p> <p>£3,000 local fundraising, and currently £21,000 pledged towards a £30,000 target on the Crowdfunder platform towards the project.</p> <p>£50,000 secured from Kingsbridge Town Council</p>	£25,437	£30,000 New Homes Bonus funding		
2024/25					
2025/26					

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# Appendix E2

## South Hams District Council

### Business Case Outline

*The Business Case is used to obtain management commitment and approval for investment in business change including projects and programmes, through rationale for the investment. The Business Case provides a framework for planning and management of the business change. The ongoing viability of a project or programme will be monitored against the Business Case.*

Purchase of Bio shredder for Grounds Maintenance			
<b>Senior Responsible Officer:</b>	Dale Cropper	<b>Project Sponsor ELT Member:</b>	Steve Mullineaux
<b>Date Updated:</b>	(21/10/2022)	<b>Version:</b>	1.0
<b>Programme/Project Description:</b>	Purchasing of a new bio shredder to support the community composting groups, and the longer-term strategy for improving biodiversity across South Hams		
<b>Reviewers:</b>			
<b>Author(s):</b>	Dale Cropper – Operations Manager		

## Guidance

An outline business case is a document setting out the initial justification for investment of resources (people, time and money) into a project or change being considered. This outline business case is to be completed at the initial idea stage of any project.

Once approval has been given to the outline case, solution design work will begin and the project will undertake a more detailed Business case setting out full implementation and business running costs, the benefits of implementation and an assessment of how implementation would be managed and the associated change risks and issues.

Capital projects will be scored on the following criteria:

- Health and Safety compliance
- Essential to keep operational assets open
- Fit with the Council's Delivery Plans for 'Better Lives for All'
- To rationalise service delivery or service improvement
- To generate income, capital value or to reduce revenue costs

It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.



## **1. Project Summary – Project objectives and what it aims to achieve.**

Currently we use a bio shredder to support 6 local community composting groups. The existing bio shredder is coming to the end of its life and needs significant repairs. By purchasing a new unit, we can ensure that we can continue to service these community groups and their composting needs. As well as this, it will also support reduction in the amount of green waste generated on sites being tipped, which costs around £50 a tonne. Instead, we will be able to reuse this material for mulch and potentially composting, ensuring a greener outcome.

## **2. Why we need the Project – Background and problem/opportunity to be addressed.**

The bio shredder grinds, mulches, and mixes biodegradable products from grass mowing, roots, tree lopping's and soil, and reduces the volume of material to allow it to be reloaded or applied elsewhere.

Without this purchase, we would be unable to continue with providing this support to community groups and will see increased green waste tipping costs. Once the full biodiversity strategy has been rolled out, it will also support delivery of this through being able to reduce green waste tipping costs.

## **3. Project Scope – State what's IN and OUT of Scope.**

Purchase of a new unit is the only in scope requirement.

## **4. Benefits – Brief indication of any potential financial and non-financial.**

- Reduction in green waste tipping costs
- Reduction in green waste volumes to be processed
- Continuing support provided to community composting groups
- An in-house solution to removal of green waste from sites.

## **5. Links and Dependencies – To other projects currently live.**

Link to the Waste Community Composting Project and the Biodiversity Report.

## **6. Risks – Note of any significant potential risks.**

The existing unit is at the end of its life and any breakdown could mean that we are both unable to support local composting groups but also that we will see substantial increases in green waste volumes and tipping costs as we are unable to process our green waste.

## **7. Project Resources – What people will the project need?**

Funding of £65,000 for the purchase  
Support from Dale Cropper and Scott Rogers in procuring a new unit.



**8. Explain how the project meets the five criteria listed below.**

Health and Safety compliance	Will reduce any risk of workplace injury by having a unit that is fit for purpose.
Essential to keep operational assets open	Without a new unit we will be unable to maintain current operations.
Fit with the Council's Delivery Plans for 'Better Lives for All'	Supports <b>Quality Council Services</b> - ensuring that we make the best use of the budget available, to ensure value for money. Will support the <b>Climate and Biodiversity targets</b> - ensuring that Climate Change and Biodiversity are priorities for all Council services, creating an environment where people and nature thrive together.
To rationalise service delivery or service improvement	Will ensure green waste tipping volumes and costs are kept to minimal standards.
To generate income, capital value or to reduce revenue costs	Will allow us to offer this service to towns and parishes and more community groups to generate income.

**Capital costs and revenue implications**

In the table below, please detail the capital budget requirement over the next three financial years as well as any revenue implications (maintenance, repairs, etc...)

Financial year	Capital cost	Revenue implications
2023/24	£65,000	
<b>Total cost</b>	<b>£65,000</b>	

Please detail in the box below how this project will be financed:

Financial Year	Capital grants/ contributions	S106	Reserves	Capital receipts	No funding source identified
2023/24			£65K New Homes Bonus funding		

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# Appendix E3

## South Hams District Council

### Business Case Outline

*The Business Case is used to obtain management commitment and approval for investment in business change including projects and programmes, through rationale for the investment. The Business Case provides a framework for planning and management of the business change. The ongoing viability of a project or programme will be monitored against the Business Case.*

De-carbonisation Plans			
<b>Senior Responsible Officer:</b>	Gavin Priest	<b>Project Sponsor ELT Member:</b>	Laura Wotton
<b>Date Updated:</b>	18/12/22	<b>Version:</b>	2.1
<b>Programme/Project Description:</b>	Decarbonisation Surveys – South Hams District Council Assets		
<b>Reviewers:</b>			
<b>Author(s):</b>	Assets team		

## Guidance

An outline business case is a document setting out the initial justification for investment of resources (people, time and money) into a project or change being considered. This outline business case is to be completed at the initial idea stage of any project.

Once approval has been given to the outline case, solution design work will begin and the project will undertake a more detailed Business case setting out full implementation and business running costs, the benefits of implementation and an assessment of how implementation would be managed and the associated change risks and issues.

Capital projects will be scored on the following criteria:

- Health and Safety compliance
- Essential to keep operational assets open
- Fit with the Council's Delivery Plans for 'Better Lives for All
- To rationalise service delivery or service improvement
- To generate income, capital value or to reduce revenue costs

It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.



## 1. Project Summary – Project objectives and what it aims to achieve.

To commission and oversee, surveys that will establish the energy usage and energy losses of our buildings and recommend measures that could be implemented in a phased approach that will reduce both.

The commission will set out; specific recommendations, what impact they will have in reducing carbon and running costs, and how much they will cost to install. Examples may include the installation of alternative heating systems or improved insulation. An assessment of Return on Investment will also be made.

The commission will include:

- Follaton House
- Waste Transfer Depots
- Property Services Depot
- Commercial Properties
- Industrial Units & Industrial Estates

N.B. Leisure Centres within South Hams and operated by Fusion are already being covered by a separate decarbonisation programme.

## 2. Why we need the Project – Background and problem/opportunity to be addressed.

Aligned to our Corporate Strategy, we are committed to getting the Council to carbon neutral by 2030, including our Scope 1 & 2 emissions. Emissions from our buildings represent a significant part of our scope 2 emissions and need to be reduced by implementing improvement measures.

These measures are building specific and require detailed investigation and modelling work to ensure the correct measures are identified. The cost of implementation and operating costs of the measures needs to be understood.

The increase in the cost of gas and electricity, provides the economic backdrop and imperative to reduce gas and electricity usage, whilst providing the opportunity to investigate alternative renewable energy sources where feasible.

## 3. Project Scope – State what's IN and OUT of Scope.

**IN:** Surveys of the buildings, interrogation of existing utility usage, baseline consumption measures, improvement options with ROI's, priority implementation works.

**OUT:** Undertaking of improvement works.



#### 4. Benefits – Brief indication of any potential financial and non-financial.

Reduction in carbon emissions, reduction in utility bills, meeting our corporate strategy

#### 5. Links and Dependencies – To other projects currently live.

*State any links and dependencies with other projects and organisations.*

Leisure Centre Decarbonisation Project.

#### 6. Risks – Note of any significant potential risks.

No risks to undertaking the surveys other than the need to resource the project from within Assets.

#### 7. Project Resources – What people will the project need?

Gavin Priest – Principal Building & Facilities Officer  
External Consultant

#### 8. Explain how the project meets the five criteria listed below.

Health and Safety compliance	N/A
Essential to keep operational assets open	Yes, due to improved running costs
Fit with the Council's Delivery Plans for 'Better Lives for All'	Yes
To rationalise service delivery or service improvement	Yes, improved working environment for building users.
To generate income, capital value or to reduce revenue costs	Yes - reduced costs, reduced carbon emissions, increased tenant opportunities.

### Capital costs and revenue implications

In the table below, please detail the capital budget requirement over the next three financial years as well as any revenue implications (maintenance, repairs, etc...)

Financial year	Capital cost	Revenue implications
2023/24	£75k (survey work only)	
<b>Total cost</b>	<b>£75k</b>	



Please detail in the box below how this project will be financed:

<b>Financial Year</b>	<b>Capital grants/ contributions</b>	<b>S106</b>	<b>Reserves</b>	<b>Capital receipts</b>	<b>No funding source identified</b>
2023/24			£75K Capital Programme Earmarked Reserve		
2024/25					
2025/26					





# Appendix E4

## South Hams District Council

### Business Case Outline

*The Business Case is used to obtain management commitment and approval for investment in business change including projects and programmes, through rationale for the investment. The Business Case provides a framework for planning and management of the business change. The ongoing viability of a project or programme will be monitored against the Business Case.*

Assets HQ Improvements			
<b>Senior Responsible Officer:</b>	Gavin Priest	<b>Project Sponsor ELT Member:</b>	Laura Wotton
<b>Date Updated:</b>	20/12/22	<b>Version:</b>	2.0
<b>Programme/Project Description:</b>	Follaton House (Old House Ground Floor Area)		
<b>Reviewers:</b>			
<b>Author(s):</b>	Assets team		

## Guidance

An outline business case is a document setting out the initial justification for investment of resources (people, time and money) into a project or change being considered. This outline business case is to be completed at the initial idea stage of any project.

Once approval has been given to the outline case, solution design work will begin and the project will undertake a more detailed Business case setting out full implementation and business running costs, the benefits of implementation and an assessment of how implementation would be managed and the associated change risks and issues.

Capital projects will be scored on the following criteria:

- Health and Safety compliance
- Essential to keep operational assets open
- Fit with the Council's Delivery Plans for 'Better Lives for All
- To rationalise service delivery or service improvement
- To generate income, capital value or to reduce revenue costs

It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.



## 1. Project Summary – Project objectives and what it aims to achieve.

In order to ensure our headquarter building, Follaton House is fit for purpose, meets the needs of the organisation and continues to provide good quality rental accommodation to our tenants, changes are required in communal areas and meeting rooms in the Old House Ground Floor Area.

Work has already been completed to SHDC's office agile area and the Council Chamber at Follaton House but a continuing programme of repairs are required, mainly in the Old House (Grade 2\*) as follows:

Follaton House (Old House Ground Floor Area):

- Old House Ground Floor Area £40k
- Main Lobby (former reception) – estimated costs £35k
- Site Signage – estimated £15k

## 2. Why we need the Project – Background and problem/opportunity to be addressed.

Aligned to our Corporate Strategy, we are committed to maximising Council assets and providing quality customer services.

## 3. Project Scope – State what's IN and OUT of Scope.

**IN:**

- Old House Ground Floor Area £40k
- Main Lobby (former reception) – estimated costs £35k
- Site Signage – estimated £15k

**OUT:** Old House Roof repairs, car park resurfacing, boiler upgrades, EV and PV upgrades

## 4. Benefits – Brief indication of any potential financial and non-financial.

Quality accommodation which meets the need of the organisation, our staff, customers and tenants.

## 5. Links and Dependencies – To other projects currently live.

None



## 6. Risks – Note of any significant potential risks.

No risks to undertaking the works other than the need to resource the project from within Assets.

## 7. Project Resources – What people will the project need?

Gavin Priest – Principal Building & Facilities Officer  
Property Services  
External Contractors

## 8. Explain how the project meets the five criteria listed below.

Health and Safety compliance	Yes, by providing a fit for purpose environment to latest regulations
Essential to keep operational assets open	Yes
Fit with the Council's Delivery Plans for 'Better Lives for All'	Yes
To rationalise service delivery or service improvement	Yes
To generate income, capital value or to reduce revenue costs	Yes (3rd party occupation of buildings and limited voids). Attraction of additional tenants, services.

## Capital costs and revenue implications

In the table below, please detail the capital budget requirement over the next three financial years as well as any revenue implications (maintenance, repairs, etc...)

Financial year	Capital cost	Revenue implications
2023/24	£90K	
<b>Total cost</b>	<b>£90k</b>	

Please detail in the box below how this project will be financed:

Financial Year	Capital grants/ contributions	S106	Reserves	Capital receipts	No funding source identified
2023/24			£90K Capital Programme Earmarked Reserve		

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# Appendix E5

## South Hams District Council Business Case Outline

*The Business Case is used to obtain management commitment and approval for investment in business change including projects and programmes, through rationale for the investment. The Business Case provides a framework for planning and management of the business change. The ongoing viability of a project or programme will be monitored against the Business Case.*

Future IT and Customer Services development			
<b>Senior Responsible Officer:</b>	Steve Mullineaux	<b>Project Sponsor ELT Member:</b>	Jim Davis
<b>Date Updated:</b>	20/10/2022	<b>Version:</b>	2.0
<b>Programme/Project Description:</b>	Provision of software robots to automate admin processes		
<b>Reviewers:</b>			
<b>Author(s):</b>	Jim Davis: Head of Customer Service Improvement		

### Guidance

An outline business case is a document setting out the initial justification for investment of resources (people, time and money) into a project or change being considered. This outline business case is to be completed at the initial idea stage of any project.

Once approval has been given to the outline case, solution design work will begin and the project will undertake a more detailed Business case setting out full implementation and business running costs, the benefits of implementation and an assessment of how implementation would be managed and the associated change risks and issues.

Capital projects will be scored on the following criteria:

- Health and Safety compliance
- Essential to keep operational assets open
- Fit with the Council's Delivery Plans for 'Better Lives for All
- To rationalise service delivery or service improvement
- To generate income, capital value or to reduce revenue costs

It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'.



## **1. Project Summary – Project objectives and what it aims to achieve.**

There are two parts of the application. Provision of software robots to be utilised by multiple service areas to automate tasks. These will be actively utilised to speed up tasks at point of use (CST, for example, allowing quicker return to phone calls), and passively utilised to automate admin tasks (moving data from customer submissions into back office systems).

Licensing of a secure payments system to speed up CST call/wrap time.

## **2. Why we need the Project – Background and problem/opportunity to be addressed.**

One approach to improvement is the use of capital to replace labour and effort to increase productivity per unit of time. Software robots achieve this aim not by improving or changing processes but by moving work from higher cost employees to automation software that can work 24/7. We have had limited success with this in the past but they were bought to solve a singular problem rather than being multi-functional, and focused on solving entire problems rather than reducing effort and use in a mixed environment. They provide benefits in three main ways; automating data entry and repetitive tasks, reduce licensing costs as 1 login can return information for 20+ CST staff rather than a license for each staff member, live support for CST when entering information on multiple systems. The software can be tasked to perform the same tasks as a normal API integration without needed IT support or maintenance by interacting purely through the front end of different systems. The software can be tasked 24 hours a day to complete work in any applicable system.

This project delivers a best in class solution to speed up phone calls and ensure swifter payments.

## **3. Project Scope – State what's IN and OUT of Scope.**

Assessment of software automation from multiple suppliers.

## **4. Benefits – Brief indication of any potential financial and non-financial.**

Quicker call and wrap times with additional customer support as customers can receive live support throughout the process rather than being handed off to another line. 0.2-0.3FTE time saving in CST (4-5mins on wrap waiting for payment to complete currently).

Software automation, when coupled with intelligent processes, has the potential to save around 5 FTEs across the authority if applied to all relevant based on existing processes. Redesigning processes to enable further automation would deliver further benefits. Eliminating the need for direct API integration would reduce IT workload in delivering integration and ongoing support.



## 5. Links and Dependencies – To other projects currently live.

Linked to Future IT program and integrates well with Liberty Create. Will add a significant additional benefit to the Revenues optimisation project and the EH & Licensing project currently being scope and being delivered Q4 22/23

## 6. Risks – Note of any significant potential risks.

Expected time savings may not materialise, but the range of possible applications make this unlikely. IT software automation may be spread across a large number of roles so driving cashable savings.

## 7. Project Resources – What people will the project need?

Business Development Team, IT infrastructure and applications support, CST Team Leaders

## 8. Explain how the project meets the five criteria listed below.

Health and Safety compliance	Reduce risk of data breaches and risk of error by individual officers. Repetitive tasks reduced, enabling staff to focus on what matters.
Essential to keep operational assets open	
Fit with the Council's Delivery Plans for 'Better Lives for All'	Improving Council Services
To rationalise service delivery or service improvement	Reduces CST effort and automates tasks delivered by Case Managers currently. By removing basic tasks it delivers significant capacity improvements and focus on value adding work.
To generate income, capital value or to reduce revenue costs	Automation actions will have ongoing staff savings that increase as more actions are undertaken. High uptake would enable additional savings and more automation can be purchased as required.

## Capital costs and revenue implications

In the table below, please detail the capital budget requirement over the next three financial years as well as any revenue implications (maintenance, repairs, etc...)

Financial year	Capital cost	Revenue implications
2023/24	£25,000	
2024/25		
2025/26		
<b>Total cost</b>	<b>£25,000</b>	



Please detail in the box below how this project will be financed:

<b>Financial Year</b>	<b>Capital grants/ contributions</b>	<b>S106</b>	<b>Reserves</b>	<b>Capital receipts</b>	<b>No funding source identified</b>
2023/24			£25,000 New Homes Bonus funding		
2024/25					
2025/26					



## COMPARISON OF PARISH/TOWN PRECEPTS IN 2021/22 AND 2022/23

Parish/Town	2021/22	2022/23	Increase/	Increase/	2021/22	2022/23	Increase/	Increase/
	Parish	Parish	(Decrease)	(Decrease)		Parish	Parish	(Decrease)
	Precept	Precept	in Precept	in Precept	Band D	Band D	in Band D	in Band D
	£	£	£	%	Council Tax	Council Tax	Council Tax	Council Tax
					£	£	£	%
Ashprington	10,186	10,186	0	0%	40.57	39.91	(0.66)	(2%)
Aveton Gifford	25,500	27,000	1,500	6%	66.10	69.89	3.79	6%
Berry Pomeroy	12,467	17,956	5,489	44%	30.58	42.90	12.32	40%
Bickleigh	87,775	98,500	10,725	12%	66.83	73.66	6.83	10%
Bigbury	18,500	19,795	1,295	7%	44.24	47.25	3.01	7%
Blackawton	16,500	17,500	1,000	6%	42.96	42.86	(0.10)	0%
Brixton	34,000	36,245	2,245	7%	40.76	38.28	(2.48)	(6%)
Buckfastleigh West	5,683	5,938	255	4%	49.70	51.85	2.15	4%
Buckland-Tout-Saints	4,841	5,170	329	7%	44.34	45.96	1.62	4%
Charleton	8,700	9,000	300	3%	31.33	32.00	0.67	2%
Chivelstone	5,750	5,750	0	0%	30.88	30.63	(0.25)	(1%)
Churchstow	10,780	11,427	647	6%	45.16	46.51	1.35	3%
Cornwood	21,015	27,320	6,305	30%	51.36	65.84	14.48	28%
Cornworthy	7,500	7,500	0	0%	40.18	39.82	(0.36)	(1%)
Dartington	30,200	30,850	650	2%	37.50	37.49	(0.01)	0%
Dartmouth	490,000	490,000	0	0%	183.53	182.95	(0.58)	0%
Dean Prior	4,500	5,250	750	17%	57.73	67.02	9.29	16%
Diptford	13,100	14,100	1,000	8%	50.19	51.75	1.56	3%
Dittisham	12,000	12,000	0	0%	35.76	34.87	(0.89)	(2%)
East Allington	19,000	20,000	1,000	5%	60.22	62.51	2.29	4%
East Portlemouth	7,900	8,058	158	2%	44.61	45.03	0.42	1%
Ermington	19,440	18,274	(1,166)	(6%)	51.14	47.00	(4.14)	(8%)
Frogmore & Sherford	8,500	9,000	500	6%	38.12	39.68	1.56	4%
Halwell & Moreleigh	9,400	10,000	600	6%	43.72	45.95	2.23	5%
Harberton	18,930	18,930	0	0%	36.69	36.09	(0.60)	(2%)
Harford	990	990	0	0%	27.18	26.86	(0.32)	(1%)
Holbeton	14,375	15,381	1,006	7%	46.67	48.59	1.92	4%
Holne	6,735	7,006	271	4%	50.59	52.10	1.51	3%
Ivybridge	502,412	530,215	27,803	6%	131.13	134.91	3.78	3%
Kingsbridge	175,000	193,920	18,920	11%	82.08	88.21	6.13	7%
Kingston	10,450	10,600	150	1%	52.05	52.62	0.57	1%
Kingswear	43,207	46,443	3,236	7%	56.39	59.90	3.51	6%
Littlehempston	3,457	3,543	86	2%	33.26	33.34	0.08	0%
Loddiswell	34,232	37,655	3,423	10%	74.36	80.26	5.90	8%
Malborough	31,780	34,958	3,178	10%	66.17	68.46	2.29	3%
Marldon	26,154	45,650	19,496	75%	30.22	52.12	21.90	72%
Modbury	47,000	50,765	3,765	8%	60.26	63.27	3.01	5%
Newton & Noss	66,806	73,650	6,844	10%	57.88	62.59	4.71	8%
North Huish	4,000	4,000	0	0%	18.83	18.81	(0.02)	0%
Rattery	7,000	8,000	1,000	14%	33.20	37.23	4.03	12%
Ringmore	6,350	7,500	1,150	18%	52.27	59.23	6.96	13%
Salcombe	92,550	77,050	(15,500)	(17%)	48.74	40.22	(8.52)	(17%)
Shaugh Prior	12,852	13,366	514	4%	44.66	45.65	0.99	2%
Slapton	14,713	23,044	8,331	57%	55.45	86.10	30.65	55%
South Brent	76,750	83,625	6,875	9%	78.41	85.20	6.79	9%
South Huish	17,698	20,353	2,655	15%	40.37	45.73	5.36	13%
South Milton	4,557	6,836	2,279	50%	18.37	27.47	9.10	50%
South Pool	6,120	6,650	530	9%	52.24	54.32	2.08	4%
Sparkwell	11,873	12,242	369	3%	25.11	25.63	0.52	2%
Staverton	19,025	20,434	1,409	7%	54.00	57.09	3.09	6%
Stoke Fleming	22,261	24,410	2,149	10%	37.50	39.95	2.45	7%
Stoke Gabriel	35,000	49,000	14,000	40%	48.16	64.01	15.85	33%
Stokenham	44,650	43,680	(970)	(2%)	41.81	40.17	(1.64)	(4%)
Strete	13,130	14,000	870	7%	45.78	46.35	0.57	1%
Thurlestone	30,000	33,000	3,000	10%	39.80	42.30	2.50	6%
Totnes	545,986	545,986	0	0%	189.13	186.57	(2.56)	(1%)
Ugborough	26,570	28,300	1,730	7%	30.86	31.46	0.60	2%

COMPARISON OF PARISH/TOWN PRECEPTS IN 2021/22 AND 2022/23

Parish/Town	2021/22	2022/23	Increase/	Increase/	2021/22	2022/23	Increase/	Increase/
	Parish	Parish	(Decrease)	(Decrease)		Parish	Parish	(Decrease)
	Precept	Precept	in Precept	in Precept	Band D	Band D	in Band D	in Band D
	£	£	£	%	Council Tax	Council Tax	Council Tax	Council Tax
					£	£	£	%
Wembury	33,000	50,444	17,444	53%	22.67	34.34	11.67	51%
West Alvington	16,888	21,110	4,222	25%	63.48	79.28	15.80	25%
Woodleigh	528	554	26	5%	4.92	4.94	0.02	0%
Yealmpton	54,000	54,000	0	0%	57.26	56.65	(0.61)	(1%)
<b>Total</b>	<b>2,960,266</b>	<b>3,134,109</b>	<b>173,843</b>	<b>6%</b>				