

**SOUTH HAMS DISTRICT COUNCIL - BUDGET PROPOSALS 2024/25**  
(This shows the changes to the existing Base Budget)

**APPENDIX A**

|  | <b>BASE<br/>2023/24</b> | <b>Yr1<br/>2024/25</b> | <b>Yr2<br/>2025/26</b> | <b>Yr3<br/>2026/27</b> |
|--|-------------------------|------------------------|------------------------|------------------------|
|  | £                       | £                      | £                      | £                      |
| <b>BUDGET PRESSURES</b>  |                         |                        |                        |                        |
| Inflation and increases on goods and services  | 450,000                 | 450,000                | 300,000                | 300,000                |
| Triennial Pension revaluation<br>(increase in Pension Employer primary rate contributions)   | 150,000                 | 150,000                | 250,000                | 250,000                |
| Salaries - provision for pay award at 4% (£456,000) for 2024/25 (total pay of £11.4m),<br>reducing to 3% in 25/26 and 26/27  | 280,000                 | 456,000                | 342,000                | 342,000                |
| Pay award 2022-23 - £1,925 per Scale Point (£630,000 is the amount over the current budget<br>provision of £185,000 for 2022-23) - This will need to be built into the Base Budget in 2023-24  | 630,000                 | 0                      | 0                      | 0                      |
| Pay award 2023-24 - Initial figures of £1,925 per Scale Point or a 3.88% increase for Scale<br>Point 44 upwards. (£550,000 is the amount over the current budget provision). This will need<br>to be built into the Base Budget in 2024-25.                                | 0                       | 550,000                | 0                      | 0                      |
| Increase in salaries - increments and pay and grading  | 200,000                 | 0                      | 0                      | 0                      |
| The Planning Improvement Plan, Executive 26.5.22, noted that the cost of the staffing<br>restructure, £98k per annum, will be funded for the first three years from the additional<br>planning income held in the planning earmarked reserve.                              | 98,000                  | 0                      | 0                      | 0                      |
| Additional inflation for the waste service - 12.2% for 2022/23 (extra £360K) plus assume 5%<br>for 2023/24 onwards (£205K)   | 565,000                 | 205,000                | 205,000                | 205,000                |
| Waste collection, recycling and cleansing service - Council 14 July 2022   | 1,250,000               | 0                      | 0                      | 0                      |
| Waste collection, recycling and cleansing service - Council 13 April 2023 - See Waste<br>Memorandum note below   | 0                       | 270,000                | 0                      | 0                      |
| Waste collection, recycling and cleansing service - additional properties  | 90,000                  | 90,000                 | 100,000                | 100,000                |
| National Living Wage and National Insurance (assumes NLW will increase from £10.42 to<br>around £11 from April 2024)   | 75,000                  | 50,000                 | 50,000                 | 50,000                 |
| Business Rates Revaluation 2023 - Increase in the Rateable Value of SHDC Assets which<br>are liable to business rates  | 75,000                  | 50,000                 | 50,000                 | 50,000                 |
| IT inflationary cost pressure - increases in prices and additional software and security   | 0                       | 150,000                | 0                      | 0                      |
| Additional Insurance costs   |                         | 130,000                |                        |                        |
| Car Parking payment collection fees (Ringo) - 59% of transactions are now made through<br>Ringo. The Council has also exceeded the annual limit of transactions with no cost and this<br>has now triggered a transaction charge.   | 0                       | 70,000                 | 0                      | 0                      |
| Ecology Consultations  | 0                       | 25,000                 | 0                      | 0                      |
| Flooding - recent events have highlighted the need to add a cost pressure for dealing with the<br>impacts of climate change, such as flooding, on our communities.   | 0                       | 50,000                 |                        |                        |
| Business continuity and cyber security   | 0                       | 75,000                 |                        |                        |
| Dartmouth Lower Ferry - increase the R & M budget  | 80,000                  | 0                      | 0                      | 0                      |
| Increased external audit fees (fees are increasing nationally)   | 75,000                  | 40,000                 | 0                      | 0                      |
| South Devon AONB Partnership - Executive report 30 November 2023   | 0                       | 20,000                 | 0                      | 0                      |
| Community Development salaries (Executive 30 November 2023)  | 0                       | 15,000                 | 0                      | 0                      |
| Head of Revenues and Benefits Executive 7th April 2022   | 45,000                  | 0                      | 0                      | 0                      |
| Housing Delivery Team Executive 26th May 2022  | 44,700                  | 0                      | 0                      | 0                      |
| <b>TOTAL BUDGET PRESSURES</b>  | <b>4,107,700</b>        | <b>2,846,000</b>       | <b>1,297,000</b>       | <b>1,297,000</b>       |
| <b>Changes to contributions to Earmarked Reserves</b>  |                         |                        |                        |                        |
| Contribution from Earmarked Reserves to fund the revenue expenditure within the Year 1<br>Delivery Plan of the Council Plan (2024/25)  | 0                       | (650,000)              | 650,000                |                        |
| New Homes Bonus Reserve - assumes an annual contribution of £704,173 for 24/25 and<br>future years from NHB to fund the revenue base budget (an increase of £204,173 from the<br>£500,000 used in 2023/24)   | 0                       | (204,173)              | 0                      | 0                      |
| Dartmouth Ferry (£147,000 contribution to the reserve in 23/24 and £177,000 in 24/25)  | 30,000                  | 30,000                 | 0                      | 0                      |
| Elections - £50,000 contribution to the reserve per annum  | 30,000                  | 10,000                 |                        |                        |
| Contribution to a Joint Local Plan Earmarked Reserve - to commence the JLP review -<br>£75,000 contribution to the reserve per annum   | 0                       | 75,000                 | 0                      | 0                      |
| Contribution from Business Rates Retention reserve to smooth the volatility in business rates<br>income from the baseline reset and the loss of a pooling gain (This would use £0.1m of the<br>BRR Reserve in 22/23 and use £400,000 from the reserve annually thereafter) | (300,000)               | 0                      | 0                      | 0                      |
| Contribution from the Planning Reserve (£98,000 per annum) for the cost of the restructure<br>within the planning service - Executive 26 May 2022 - to be funded for the first three years<br>from the additional planning income held in the planning earmarked reserve   | (98,000)                |                        |                        |                        |
| Reduce contribution to Pension Reserve to Nil from 2023/24 onwards   | (99,000)                | 0                      | 0                      | 0                      |
| Repairs and Maintenance Reserve (£105,000 annual contribution from 23/24 onwards)  | 25,000                  | 0                      | 0                      | 0                      |

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| <b>Total changes in contributions to Earmarked Reserves</b>  | <b>(412,000)</b>   | <b>(739,173)</b>   | <b>650,000</b>   | <b>0</b>         |
| <b>SAVINGS AND INCOME GENERATION IDENTIFIED</b>  | <b>BASE</b>        | <b>Yr 1</b>        | <b>Yr 2</b>      | <b>Yr 3</b>      |
|  | <b>2023/24</b>     | <b>2024/25</b>     | <b>2025/26</b>   | <b>2026/27</b>   |
| Management fee income from external contracts such as leisure  | 0                  | 0                  | (230,000)        | (200,000)        |
| IT FIT Project - software savings  | (10,000)           |                    |                  |                  |
| Establishment savings (salary savings) gained from IT and digital communications   | (50,000)           | TBC                |                  |                  |
| Employment Estates - additional rental income - Base budget of £1.117m in 2023/24  | (150,000)          | (50,000)           | (100,000)        |                  |
| Follaton House - rental income   | 0                  | (50,000)           |                  |                  |
| Extra recycling income - additional income has already been achieved in 2021-22  | (90,000)           |                    |                  |                  |
| Car parking income (from extra usage of the car parks particularly in the coastal areas) - Base budget of £3.412m in 2023/24 - New approach from 2025/26   | (250,000)          | (250,000)          | (450,000)        |                  |
| Dartmouth Lower Ferry (from extra usage of the Ferry and a review of charges for 2023) - Base budget of £1.077m in 2023/24 - Fees and charges are reviewed every 2 years   | (250,000)          | (100,000)          | (150,000)        |                  |
| Extra treasury management income - to reflect increases in bank base rate - Base budget of £800,000 in 2023/24   | (677,000)          | (800,000)          | 400,000          |                  |
| Vacancy saving target on salaries - equates to around 1.5% of salaries (total pay of £11.4m)   |                    | (170,000)          |                  |                  |
| Environmental Health fees and charges  | 0                  | (30,000)           |                  |                  |
| Extended Producer Responsibility (EPR - waste service) - potential for a new income stream. DEFRA has confirmed that it is going to defer the implementation of EPR from October 2024 to October 2025.                             | 0                  |                    | TBC              |                  |
| Charged Garden Waste service - Base budget of £575,000 in 2023/24 (See Waste Memorandum Note below)  | (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)           |                  |                  |
| <b>TOTAL SAVINGS AND INCOME GENERATION</b>   | <b>(2,422,000)</b> | <b>(1,460,000)</b> | <b>(530,000)</b> | <b>(200,000)</b> |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>WASTE MEMORANDUM showing annual expenditure and income (before inflation)</b>            | <b>BASE</b>    | <b>Yr 1</b>    | <b>Yr 2</b>    | <b>Yr 3</b>    |
|   | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
| <u>Expenditure</u>  |                |                |                |                |
| Additional Full year costs of the service   | 2,030,000      | 1,465,000      | 1,465,000      | 1,465,000      |
| Borrowing costs for Torr Depot works  | 0              | 35,000         | 35,000         | 35,000         |
| <u>Income and savings</u>   |                |                |                |                |
| Transitional funding (remainder of the £3million from the business rates retention reserve) | (1,551,620)    |                |                |                |
| In year savings   | (98,380)       | (245,000)      | (270,000)      | (270,000)      |
| Additional Income generated (Garden Waste, CWR charges, Trade waste, Bulky items etc)       | (380,000)      | (535,000)      | (660,000)      | (660,000)      |
| Additional Income from the recovery of recycling values (prices for recyclables)            | 0              | (150,000)      | (300,000)      | (300,000)      |
| Potential food waste new burdens funding  | 0              | (300,000)      | 0              | 0              |
| <b>NET COST PRESSURE ( as per report to Council in July 2023)</b>                           | <b>0</b>       | <b>270,000</b> | <b>270,000</b> | <b>270,000</b> |

**Memorandum note on Planning Fee Income**

The Government has confirmed that a 35% increase for major applications and 25% for all other applications will apply from 6th December 2023. This is expected to generate around £150,000 to £180,000 of additional planning income. In 2022-23, the Council experienced a shortfall in planning income of £350,000 (32%) against the budgeted income target of £1.08million. Therefore no additional income has been built into the base budget for 24/25.

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>Second Homes 200% council tax - Projected Income and Expenditure</b>   | <b>BASE</b>    | <b>Yr 1</b>    | <b>Yr 2</b>    | <b>Yr 3</b>    |
|   | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
| <b>Income</b>   |                |                |                |                |
| Discretion to charge up to an extra 100% extra council tax on Second Homes (timescale is that legislation has been introduced for 25-26). There was a separate report on the Council agenda of 16 February 2023 regarding this. The estimated additional yield from council tax would be £9m, of which the Council's share would be approximately £0.7m (8%). |                |                | (700,000)      | (700,000)      |
| <b>Expenditure</b>  |                |                |                |                |
| The Council is experiencing a higher level of temporary accommodation costs and there will be a need to build in a further cost pressure for this   |                | 150,000        | 150,000        | 150,000        |
| Annual budget to fund the community affordable housing offer - see 'Housing Policy' update  |                |                |                |                |

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| (financed from the funding identified from the review of the capital programme and the review of earmarked reserves - Council Minute CM30, 28 September 2023) | 100,000 | 100,000 | 100,000 | 100,000 |
|---|---------|---------|---------|---------|