

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

APPENDIX B

	BASE 2023/24	Yr1 2024/25	Yr2 2025/26	Yr3 2026/27
	£	£	£	£
BUDGET PRESSURES				
Inflation and increases on goods and services	450,000	450,000	300,000	300,000
Triennial Pension revaluation (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), 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 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 Point 44 upwards. (£550,000 is the amount over the current budget provision). This will need 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 restructure, £98k per annum, will be funded for the first three years from the additional 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% 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 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 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 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 Ringo. The Council has also exceeded the annual limit of transactions with no cost and this 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 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

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Housing Delivery Team Executive 26th May 2022	44,700	0	0	0
TOTAL BUDGET PRESSURES	4,107,700	2,846,000	1,297,000	1,297,000
Changes to contributions to Earmarked Reserves				
Contribution from Earmarked Reserves to fund the revenue expenditure within the Year 1 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 future years from NHB to fund the revenue base budget (an increase of £204,173 from the £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 - £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 income from the baseline reset and the loss of a pooling gain (This would use £0.4m of the BRR Reserve in 23/24 and use £300,000 annually thereafter)	(300,000)	100,000	0	0
Contribution from the Planning Reserve (£98,000 per annum) for the cost of the restructure within the planning service - Executive 26 May 2022	(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
Total changes in contributions to Earmarked Reserves	(412,000)	(639,173)	650,000	0

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
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	

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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)		
TOTAL SAVINGS AND INCOME GENERATION	(2,422,000)	(1,460,000)	(530,000)	(200,000)

WASTE MEMORANDUM showing annual expenditure and income (before inflation)	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
<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
NET COST PRESSURE (as per report to Council in July 2023)	0	270,000	270,000	270,000

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 budget for 24/25.

	BASE 2023/24	Yr 1 2024/25	Yr 2 2025/26	Yr 3 2026/27
Second Homes 200% council tax - Projected Income and Expenditure				
Income				
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)
Expenditure				
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

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Annual budget to fund the community affordable housing offer - see 'Housing Policy' update (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
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