

The projected overspend for the financial year 2022/23 of £1m (after taking £373k from reserves) as reported at quarter 1 to Internal O&S only emphasises the need for the MBWG to deliver tangible proposals to bring the Council's finances back on an even keel.

2. REMIT OF MBWG

At the initial meeting of the MBWG the remit of the group was discussed, and a work plan agreed: The followings 'principles' were agreed:

- Proposals from the group should in the first instance seek to minimise redundancies
- Proposals from the group should where possible align with the Council's Strategic Plan
- That any proposals should be deliverable within a reasonable timeframe, so as to minimise the Council's deficit as soon as possible.
- Proposals from the group would prioritise raising additional income over cuts to services
- As Active Torridge is to report back to Full Council in October 2022 on how services can be delivered within agreed costs envelopes; the MBWG did not debate the Council's support for Leisure.
- Given the scale of the financial challenge facing the Council, it was agreed that the work of the MBWG would continue for the duration of the current Council.

3. REPORT

The following agenda items were considered by the MBWG

- Car Parking
- Vehicular Access to the Burrows
- Member Grants
- Discretionary Business Rate Relief
- Garden Waste
- Treasury Management Policy
- Council Tax premiums

3.1 Car Parking

Car parking represents by far the biggest area of discretionary income to the Council. In the financial year 202/22 car parking income was circa £1.5m which represents approximately 10% of the Council's turnover (excluding housing benefit subsidy).

In discussions regarding potential increases to car parking charges the MBWG were guided by the following:

- Review of charges which has remained unchanged for several years
 - weekly ticket price had not been updated whilst daily ticket prices have.
 - daily short stay prices not updated whilst other prices have been updated
- To improve consistency across the Council area of operation where possible
 - e.g permit prices
- Consideration of market demand
- Recognition that usage of the Council's car parks is discretionary for the end user, and on balance is more palatable than service cuts.
- Address other issues e.g. non leisure users utilising parking at Northam Pool

The MBWG recommends to Full Council approval for the following changes to car parking charges.

- Increase cost of weekly tourist permit to £40 (from £25) effective 1st April 2023
- Increase cost of weekly ticket sales effective 1st April 2023
 - £30 in Westward Ho!, and £22.50 across the rest of the District (from £17 and £16 respectively)
- Daily short stay ticket increase to 50p for ½ hour (from 30p) effective 1st April 2023
- Daily ticket increase to £2 from £1 effective 1st April 2023
- Daily ticket hourly increase to £1.40 from £1.20 effective 1st April 2023
- Daily l/stay (exc W'ward Ho / Appeldore) effective 1st April 2023
 - 80p to £1.00 up to 1 hour
 - £1.60 to £2.00 up to 2 hours
 - £2.70 to £3.50 up to 4 hours
 - £3.70 to £5.00 All Day
 -
- Daily l/stay (W'ward Ho / Appeldore summer) effective 1st April 2024
 - £1.60 to £1.80 up to 1 hour
 - £3.20 to £3.50 up to 2 hours
 - £7.00 to £9.00 up to 4 hours
 - £12.00 to £14.00 All Day
- Northam Pool introduce charging
 - £1.00 for 3 hours effective 1st April 2023
 - £1.50 for 3 hours effective 1st April 2024
 - £2.00 for 3 hours effective 1st April 2025
 - Two hour permit for Active Torridge members
- Bonehill Car Park – new charges
 - £1 for half day effective 1st April 2023
 - £2 for full day effective 1st April 2023
 - 10 reserved bays @ £500 per annum effective 1st April 2023
- Residents permits
 - £80 to £100 per annum effective from 1st April 2023
- Windmill Lane to align with other reserved bays
 - Increase from £80 to £500 over 3 years effective from 1st April 2023

The proposal of the MBWG with regards to changes to car parking charges is projected to raise the following additional income.

2023/24	£182k
2024/25	£226k
2025/26	£234k

3.2 Vehicular Access to Northam Burrows

Currently the charge for vehicular access (cars) to Northam Burrows are

£5.00 for a day
£2.00 for an evening visit (entry after 4pm)
£15 for a weekly ticket
£50 for a season ticket

Increasing these charges by 20% to

£6.00 for a day
£2.40 for an evening visit (entry after 4pm)
£18 for a weekly ticket
£60 for a season ticket

would generate an additional £60k income per annum. Vehicular access to the Burrows is charged between 9.30am and 4.30pm 7 days a week in the summer season.

Whilst not a desirable option, as with general parking this is an area of discretionary expenditure for both our residents and visitors. Visitor numbers (and income) for the current financial year would indicate that the current pricing structure is not acting as a disincentive for visits to the Burrows.

3.3 Member Grants

Currently each member is allocated £2k per annum to distribute to charities, sports clubs and other community groups, total funding amounting to £72k. These member grants whilst valued by the recipients of them, are discretionary. The group discussed the issue at some length reflecting on both the severe financial pressures faced by the Council and the value of these grants to our communities and propose to limit the funding to £1k per elected member, a saving of £36k.

3.4 Discretionary Business Rate Relief.

The Council operates a discretionary business rates policy for various organisations such as

- Charities
- Academy Schools
- Community Amateur Sports Clubs
- Not for profit organisations
- Village Halls

Organisations in the above categories automatically received 80% business rate relief in accordance with central government regulations. Torridge discretionary rates relief can then award up to a maximum of 20% discretionary relief. Where the full 20% discretionary relief is awarded, the organisation has no business rate liability.

In 2022/23 discretionary relief was awarded to 140 organisations as detailed below

	Discretionary relief awarded	Cost to TDC
Charities	£57k	£23k
Academy Schools	£8k	£3.2k
Community Sports Clubs	£3.6k	£1.4k
Not for Profit	£10k	£4k

Village Halls	£39k	£15k
Total	£117.6k	£46.6k

The working group recommendation is that discretionary business rate relief is removed for village halls is removed with effect from the 1st April 2023, reflecting the funding the majority of village halls received via Covid support grants. In addition Parish and Town Councils who don't have restrictions to their precepts, could choose to raise additional precept income to support their local halls.

With regards to other organisations receiving discretionary business rate relief support the members working groups propose to reduce the discretionary support offered by 5% per annum. Where an organisation currently receives the full 20% discretionary relief, the transition period will be four years, which will hopefully provide time for them to adjust to the new financial environment.

It should be noted that the organisations concerned will still receive 80% relief as mandated by central government regulations.

3.5 Garden Waste

After car parking garden waste represents the next largest area of discretionary income to the Council. Community & Resources on the 25th January 2021 agreed to staged increases in Garden waste charges of £5 per annum to £50 by 2023/24.

The MBWG recommends that the charge for 2023/24 raises to £52 for 2023/24, recognising both the financial pressures faced by the Council and in particular the inflationary pressures (Fuel, Vehicles, and staffing costs) in the delivery of this service. It is estimated that this increased charge will raise an additional £25k in income.

3.6 Treasury Management Policy

The Council's current treasury management policy has three key tenants in the following order of priority.

- Security of deposit
- Liquidity
- Yield (return on investment)

With this in mind the current policy has the following restrictions

- Limit of £5m placed with one financial institution, and a limit of £3m per single deal.
- All investments to be lodged with UK based institutions with Fitch F1 rating.

In light of the financial challenges faced by the Council, the MBWG proposed a greater emphasis on realising financial returns on its investments.

It was therefore proposed that the Treasury Management Policy be amended to

- Increase counter party limit with one institution to £10m with a £5m limit per single deal
- Maintain the requirement for financial institutions to be UK registered with Fitch F1 rating.
- Allow the Council to use Peer to Peer lending to a maximum of £1m in total, with a maximum single investment of £250k. This type of lending is secured against land and property, with loan to secure assets ratios generally in the region of 60%. An analysis of the market indicates that returns of 6.5% are currently obtainable from Peer to Peer lending. The use of Peer to Peer lending may present a higher risk than investments with financial institutions, and typically the terms are longer between 1 – 5 years.

Because of the better rates available by amending the counterpart limits it is projected (based upon current levels of short term deposits – circa £15m) that an additional £150k could be realised. However the actual monetary amount the council can place on deposit varies depending upon a variety of factors

- When items within the capital program are delivered
- What overspends the Council incurs
- Administration of central government grants
- Settlement of pay award

Assuming £1m is invested in peer to peer lending this would generate an additional £40k per annum.

A separate report is included on the agenda for this meeting seeking formal adoption of the proposed changes to the Council's Treasury Management Policy.

3.7 Council Tax Premiums

Currently legislation is going through parliament which would allow Councils to charge a 100% premium on second homes and charge a 100% premium on empty homes after one year (currently properties have to be vacant for two years before attracting a premium).

The additional Council Tax income that could be raised assuming the legislation is approved by parliament is

- Second Homes £178k
- Empty properties £ 25k
- Total £203k.

The Council needs to approve the use of these additional premiums prior to April 2023 for adoption from April 2024.

In addition the adoption of these premiums would generate additional income for our preceptor partners who are also facing severe financial challenges.

Devon County	£1,745k
Devon & Cornwall Police	£ 289k
Devon & Somerset Fire	£ 105k

3.8 Summary of proposals from the Member Budget Working group

The table below summarises the additional income /reduced expenditure arising from the proposals from the member budget working group.

	2023/24 - £'000	2024/25 - £'000	2025/26 - £'000	2026/27 - £'000
Car Parking	182	226	234	234
Northam Burrows Access	60	60	60	60
Member Grants	36	36	36	36
Discretionary Rate Relief	26	35	41	46
Garden Waste	25	25	25	25
Treasury Mgmt	150	100	100	100
Council Tax Premiums				
Empty Properties		25	25	25
Second Homes		178	178	178
Subtotal	479	685	699	704

3.8 Going Forward

Clearly with the size of the financial challenge faced by the Council as outlined in the updated MTFS on the same agenda as this paper, the MBWG will continue its work for the duration of this council.

Future items for discussion will include (but not be restricted to) the following

- Rents charged to non-commercial organisations
- Maximising income from the Council's commercial estate
- Review of Waste Collection services.
- Review of non-statutory spend
- Review of the Council's capital program

4. IMPLICATIONS

Legal Implications

No specific legal implications

Financial Implications

Considered within this report

Human Resources Implications

No specific Human Resources issues

Sustainability/Biodiversity Implications

None

Equality/Diversity

Not applicable

Risk Management

The Council is currently facing very significant financial pressures, it is therefore critical that the members reflect carefully on the proposals of the Member budget working group in order that the Council can move towards a semblance of financial health.

Compliance with Policies and Strategies

This report is in compliance with the Council's Constitution

Data Protection (GDPR) Implications

Not applicable

Climate Change

Not applicable

Lead Member Comments – Cllr Hodson

“As a member of the MBWG I commend the members who attended and the officers who supported the group in their deliberations. The proposals as presented to Full Council whilst difficult reflect the financial challenges faced by the Council balanced against the desire to minimise redundancies and maintain service delivery

If members fail to support the proposals put forward, there is the very real possibility that the finances of the Council will have to be bought back into balance via cuts to our services ”.

5. CONCLUSIONS

The scale of the financial challenge facing the Council cannot be overstated and is unlikely to abate in the short to medium term. At the current projected rate of overspend the Council's Transition in Government Funding Reserve will be exhausted during 2023/24 and the Council will have to look into one or more of the following:

- Review of the Council's capital program
- Curtail non statutory spend
- Increase its borrowing
- Repurpose reserves
- Introduce vacancy freeze
- Cuts to Services

6. RECOMMENDATIONS

That Members approve the recommendations from the members budget working group

- 6.1 Approve the car parking charges detailed in 3.1.
- 6.2 Approve the increase charges for vehicular access to Northam Burrows as detailed in 3.2
- 6.3 Reduce members grants to £1k per elected members - £36k in total
- 6.4 Agree the changes to discretionary rate relief policy
 - 6.4.1 Remove discretionary rate relief for all Village Halls
 - 6.4.2 Phase out discretionary relief for all other recipients by 5% per annum
- 6.5 Increase Garden waste charge to £52 from 1st April 2023
- 6.6 Agree additional Council Tax premiums; for Empty Homes (100% premium after empty for one year), 100% premium on second homes.