

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Budget Setting and Capital Allocations Panel held online via zoom on 18 September 2023

Attendance list at end of document

The meeting started at 2.05 pm and ended at 2.55 pm

6 Welcome from the Chair

The Chair welcomed Members and Officers to the meeting and set out the purpose of the meeting to the Panel.

7 Notes from the previous meeting held on 29 June 2023

The minutes of the meeting held on 29 June 2023 were noted as a true record.

8 Declarations of interest

Minute 9. Financial Plan.

Councillor Paul Hayward, Affects Non-registerable Interest, employed as Town Clerk by Axminster Town Council.

9 Financial Plan

The Financial Plan report presented by the Director of Finance provided the Panel with an update on the 2024 – 2034 budget which comprised of two parts:

- Part A - The Medium Term Financial Plan Model (MTFP)
This provided a forecast of the cost of providing services and an estimate of the financial resources likely to be available to the Council based upon assumptions and perceived risks.
- Part B - The Financial Sustainability Model (FSM).
This provided details how the Council would balance its finances.

It was reported the annual budget shortfall assuming the previous year's shortfall was found would be as follows:

- 2024/25 - £578k
- 2025/26 - £563k
- 2026/27 - £4.5m

The Director of Finance addressed the 2026/27 shortfall advising the reason for the substantial deficit was due to the assumption that Central Government would introduce a Local Authority Funding Reform which would result in the Council losing its business rate growth and New Homes Bonus income.

The Director of Finance advised that actions and scenarios would be formulated in the next 12 months to allow Members to consider options.

The Panel noted some key areas in the MTFP calculation included:

- **Possible New Town** – the current budget has increased to £1m to be phased over four years for resource implications on delivering a possible new town in the district.
- **Recycling and Waste Contract** – Discussions on the current contract extension was changing the risk balance of the contract with a proposed switch to a cost plus 5%.
- **Pay and general inflation higher than expected** – the 2023/24 budget for staff salaries was based on an assumed 3.4%. This has increased to 6% taking into account under budgeting for two years.
- **Planning Fee increase** – The Government has announced an increase in planning fees. From 2024/25 major applications are to increase by 35% and all others by 25%. This is estimated an additional £400k income for 2024/25.
- **2nd home additional charges** – Government legislation to allow councils to charge double on 2nd homes was intended to be introduced for 2024/25. This Council has already approved the policy which has equated to additional income of £421k.

The Panel noted that the way forward was to:

- To continue with the Member Panel to consider the allocating of capital resources against competing capital scheme bids.
- The programme needs to be populated with realistic expenditure estimates and further work undertaken on Council assets costs and Asset Management Plan.
- Continued monitoring of progress on key projects through the Council's Strategic Management Team and Member Panel.
- Service reviews would be rolled out across the Council to determine priority areas.

Members comments included:

- Clarification was sought on the £320k for carbon reduction. The Director of Finance confirmed that if this was not spent it would be transferred to the Reserve Fund to help fund other schemes.
- It was suggested that additional funding to LED could be reduced.
- Concerns were raised about Local Authority bankruptcy and the consequence of high interest rates.

The Panel noted the Financial Plan report.

10 **Project Progress Summary**

The Panel received the annual project report for 2023/2024 that provided Members with an update on key projects of the Council.

A comment was made about the council's current housing stock and clarification was sought about whether it was within the Panel's remit to consider looking at upgrading the existing stock. In response the Director of Finance advised that although it was within the Housing Review Board's remit he was happy to include some housing projects in the next project report which he would discuss with the Chair. In response the Chair informed the Panel that he had recently met with the newly appointed Director of Housing, Health and Environmental Health who fully aware of the current issues.

The Panel noted the project update report.

Attendance List

Councillors present:

P Hayward (Chair)

M Hall

N Hookway

G Jung

C Nicholas

M Rixson

Councillors also present (for some or all the meeting)

I Barlow

C Brown

J Brown

Officers in attendance:

Tim Child, Assistant Director Place, Assets & Commercialisation

Simon Davey, Director of Finance

Wendy Harris, Democratic Services Officer

Councillor apologies:

P Arnott

C Fitzgerald

J Heath

S Jackson

D Ledger

J Loudoun

Chairman

Date: