



News Release

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Leader of South Hams states the facts!

Since South Hams District and West Devon Borough Councils launched their consultation on proposals to create one council, there has been a lot of speculation about levels of debt and borrowing. Last week the councils hit back with the real facts about West Devon's finances. Now the Leader of South Hams speaks out about claims that South Hams residents will be bailing out West Devon.

The Leader of South Hams District Council, Cllr John Tucker said: "To be absolutely clear, West Devon Borough Council are not in the red. We are not bailing them out. Our working relationship benefits both parties. By working with West Devon Borough Council we have and continue to, save millions of pounds in operating costs every year.

"Like us, West Devon have managed their finances well and the single council proposal is about addressing a future budget gap for both councils. It is true to say that West Devon has some borrowing, but if you look at our ongoing financial commitments, the fact of the matter is that by the end of the next financial year, South Hams District Council is likely to have the same amount of borrowing as West Devon. It is also true that West Devon have made a decision to borrow money to acquire commercial property in order to increase their income, but this activity has not yet begun.

"I implore all residents to take a look at the figures below before commenting on the proposal and not to be swayed by scaremongering."

The councils have clarified the amount of money that has been borrowed by both authorities as of August 2017 is correct as was reported:

- **West Devon Borough Council** - £2.1 million to pay for an extension and improvements to Kilworthy Park, the council's headquarters which is an asset owned by the council. The repayments for this debt have been fully budgeted for in West Devon's Budget. This is being repaid by the savings that the Council made when it closed its former Okehampton office. The Council consolidated its operations from two offices (one in Tavistock and one in Okehampton), to a slightly larger office in Tavistock. Savings were made on the running costs of the older Okehampton office and a more streamlined staffing structure was put in place.
- **South Hams District Council** - £0

However, both authorities have made a commitment to invest in leisure facilities through their contracts with Fusion Lifestyle and this was approved by both councils. Both councils will borrow additional monies to invest in the leisure centre improvements and the borrowing repayments will effectively be funded by Fusion Lifestyle. West Devon Borough Council will borrow £1.5 million and South Hams District Council will borrow £6.1 million

In addition to this West Devon Borough Council has also made a £2.6 million commitment to buy a new fleet of vehicles for waste collection, as the current fleet is nearing the end of its economic usefulness. The ongoing cost for repaying for this debt has been fully budgeted.

With these projected borrowings, it is likely that both South Hams District Council and West Devon Borough Council will have borrowing levels in the region of £6 million each by the end of the next financial year:

- **West Devon Borough Council** - £6.2 million = £2.1 m for Kilworthy Park, £2.6 m for the waste fleet and £1.5 m for leisure investment
- **South Hams District Council** - £6.1million for leisure investment

West Devon Borough Council have also made a decision at Full Council to borrow up to £25 million in principle as part of a commercial property acquisition strategy, but this borrowing has not yet taken place and no properties have been acquired.

Borrowing will only be taken if and when a property is acquired. Any purchased property becomes an asset belonging to the council. The rental income from any acquired property will be used to cover the repayment of the loan and the linked administrative and maintenance costs. The expected surplus will be used to contribute directly to locally delivered council services. This strategy is intended solely to help close the predicted future gap in West Devon's budget.

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