

South Hams Council



Title:	Agenda																																													
Date:	Thursday, 30th April, 2020																																													
Time:	2.00 pm																																													
Venue:	Via Skype																																													
Full Members:	<p style="text-align: center;">Chairman Cllr Rowe Vice Chairman Cllr Foss</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Abbott</td> <td style="width: 33%;">Cllr May</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Austen</td> <td>Cllr McKay</td> <td></td> </tr> <tr> <td>Cllr Baldry</td> <td>Cllr O'Callaghan</td> <td></td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr Pannell</td> <td></td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pennington</td> <td></td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pringle</td> <td></td> </tr> <tr> <td>Cllr Chown</td> <td>Cllr Reeve</td> <td></td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Rose</td> <td></td> </tr> <tr> <td>Cllr Hodgson</td> <td>Cllr Smerdon</td> <td></td> </tr> <tr> <td>Cllr Holway</td> <td>Cllr Spencer</td> <td></td> </tr> <tr> <td>Cllr Hopwood</td> <td>Cllr Sweett</td> <td></td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Taylor</td> <td></td> </tr> <tr> <td>Cllr Kemp</td> <td>Cllr Thomas</td> <td></td> </tr> <tr> <td>Cllr Long</td> <td></td> <td></td> </tr> </table>	Cllr Abbott	Cllr May		Cllr Austen	Cllr McKay		Cllr Baldry	Cllr O'Callaghan		Cllr Bastone	Cllr Pannell		Cllr Birch	Cllr Pearce		Cllr Brazil	Cllr Pennington		Cllr Brown	Cllr Pringle		Cllr Chown	Cllr Reeve		Cllr Hawkins	Cllr Rose		Cllr Hodgson	Cllr Smerdon		Cllr Holway	Cllr Spencer		Cllr Hopwood	Cllr Sweett		Cllr Jackson	Cllr Taylor		Cllr Kemp	Cllr Thomas		Cllr Long		
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																																													
Committee administrator:	Democratic.Services@swdevon.gov.uk																																													

1. Urgent Business

the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under 'Business Brought forward by the Chairman');

2. Exempt Information

to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;

3. Declarations of Interest

Members are invited to declare any personal; or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;

4. Business Brought Forward by the Chairman

to consider business (if any) brought forward by the Chairman;

5. 2020/21 Capital Strategy, 2020/21 Treasury Management Strategy and 2020/21 Investment Strategy	1 - 58
6. Recommendations arising from the Informal Executive meeting held on 19 March 2020	59 - 64
7. Release of Community Housing Grant: Community Housing Project	65 - 70
8. Pay Policy Statement and Pay and Reward Strategy 2020/21	71 - 92
9. Annual Review of the Council Constitution	93 - 122
10. Grant Thornton External Audit Plan	123 - 142
11. Shared Services Methodology for 2019/20	143 - 152
12. Budget Book for 2020/21	153 - 174
13. 2020/21 Internal Audit Plan	175 - 182

14. Reports of Bodies

to receive and as may be necessary approve the minutes and recommendations of the under-mentioned Bodies:

* Indicates minutes containing recommendations to Council.

- | | |
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| (a) Salcombe Harbour Board - 27 January 2020 | 183 - 188 |
| (b) Audit Committee - 6 February 2020 | 189 - 192 |
| (c) Development Management Committee - 12 February 2020 | 193 - 206 |

15. Exclusion of Public and Press

to consider the following resolution to exclude the public and press:-

“That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business in order to avoid the likely disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act

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| 16. Use of Emergency Powers | 207 - 216 |
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Report to: **Council**

Date: **30 April 2020**

Title: **2020/21 Capital Strategy, 2020/21 Treasury Management Strategy and 2020/21 Investment Strategy**

Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Full Council

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance (S151 Officer)**
Alex Walker **Finance Business Partner**

Contact: **01803 861413 lisa.buckle@swdevon.gov.uk**
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Recommendations:

- 1. That the Council approves the 2020/21:**
 - (a) Capital Strategy (as attached at Appendix A);**
 - (b) Treasury Management Strategy (as attached at Appendix B); and**
 - (c) Investment Strategy (as attached at Appendix C);**
- 2. That delegated authority be given to the Section 151 Officer, in consultation with the Leader of the Council and the lead Executive Member for Finance, to make minor amendments to these Strategies if required throughout the 2020/21 Financial Year.**

1. Executive summary

- 1.1 This report seeks approval of the proposed Capital Strategy, Investment Strategy and Treasury Management for 2020/21, together with their associated prudential indicators.

- 1.2 Revised reporting is required since the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans and greater reporting requirements surrounding any commercial activity undertaken.
- 1.3 The current guidance for a Council's level of borrowing is the Prudential Code (2017) and as "proper practice" must be adhered to. The following extracts from the Code summarise the Code's approach to level of borrowing (self-regulating) and the governance that should apply.

"the local authority shall ensure that all its capital and investment plans are affordable, prudent and sustainable.

'A local authority shall determine and keep under review how much money it can afford to borrow.'

"the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local discretion"

Capital Strategy - As from 2019/20, all local authorities are required to prepare an additional Capital Strategy report. The Capital Strategy for 2020/21 is attached in Appendix A.

In 3.5.3, the Capital Financing Requirement, the measure of the Council's underlying need to borrow for the capital programme, has been projected to be £34.4 million for 2020/21. Within the limits and estimates set out within the Strategies in this report, there is headroom for renewable energy projects, the Dartmouth Health and Wellbeing Hub and the Community Housing projects.

5.3 of the Capital Strategy sets out that the Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle.

The due diligence work is currently in progress.

Investment Strategy - The guidance includes a new requirement for Councils to prepare an Investment Strategy since 2019/20. Councils are required to prepare indicators that enable Members and the public to assess the Council's investments and

the decisions taken. The new indicator measures net commercial income as a percentage of net service expenditure and total investment exposure.

Treasury Management Strategy - Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

- 1.4 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout all three of the Strategies presented for approval.

2. Outcomes/outputs

- 2.1 The budget for investment income has been increased by £20,000 from 2019/20 and has been set at £203,000 in 2020/21. The recent reduction of the Bank of England Base Rate to 0.1% on 19th March 2020, will mean that the Council is unlikely to achieve this budgeted income in 2020/21 and this will be reported in the next Budget Monitoring report for 2020/21.
- 2.2 External treasury management training (by Link Services) was arranged for all Members in March 2020 to ensure Members have up to date skills to continue to make capital and treasury management decisions.

3. Options available and consideration of risk

- 3.1 It is a statutory requirement for the Council to annually approve its Capital Strategy, Treasury Management Strategy and Investment Strategy. This was originally scheduled to be an agenda item on both the Audit Committee meeting and the Council meeting on 26th March 2020. These meetings were cancelled due to the COVID19 pandemic and the Strategies have been presented to Council for approval at this meeting.

4. Proposed Way Forward

- 4.1 It is recommended for the Council to approve the Capital Strategy (Appendix A), Treasury Management Strategy (Appendix B) and Investment Strategy (Appendix C) for 2020/21.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The elements set out in paragraph 2 cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.</p> <p>It is within the Terms of Reference of the Audit Committee to receive regular reports on the treasury management function.</p> <p>It is within the Terms of Reference of the Executive to receive regular monitoring reports on the Council's Capital Programme and Capital Plans.</p>
Financial implications to include reference to value for money	Y	<p>Good financial management and administration underpins the entire treasury management strategy. The budget for investment income for 2020/21 has been set at £203,000.</p> <p>The recent reduction of the Bank of England Base Rate to 0.1% on 19th March 2020 will mean that the Council is unlikely to achieve this budgeted income in 2020/21 and this will be reported in the next Budget Monitoring report for 2020/21.</p>
Risk	Y	<p>The security risk is the risk of failure of a counterparty. The liquidity risk is that there are liquidity constraints that affect the interest rate performance. The yield risk is regarding the volatility of interest rates/inflation. The Council produces an Annual Capital Strategy, Investment Strategy and Treasury Management Strategy in accordance with CIPFA guidelines.</p> <p>The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements. Investment interest income is reported quarterly to SLT and the Executive as part of budget reports.</p>

Supporting Corporate Strategy		The treasury management function supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		Recently the Council has prioritised tackling Climate Change by moving a motion to declare a Climate Change Emergency and targeting proactive measures to meet these challenges. As a result of this, in December 2019 the Council approved (Minute C53/19) a revised Commercial Investment Strategy in order to enable the Council to invest (and to borrow to invest) in renewable energy.
<i>Comprehensive Impact Assessment Implications</i>		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Capital Strategy 2020/21

Appendix B – Treasury Management 2020/21

Appendix C – Investment Strategy 2020/21

Background Papers:

Council: 21 March 2019 - Capital Strategy 2019/20, Investment Strategy 2019/20, Treasury Management Strategy 2019/20 (C67/18)

Council: 19 December 2019 - Updated Investment Strategy 2019/20 and Capital Strategy (C53/19 – Appendix B and Appendix C)

Audit Committee: 7 November 2019 - Treasury Management Mid Year Review 2019/20 (A24/19)

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APPENDIX A

Capital Strategy 2020/21

1 Introduction

1.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- A high level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how associated risk is managed
- The implications for future sustainability

2 Capital Expenditure and Financing

2.1 Capital expenditure is where the Council spends money on assets, e.g. property/ vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, e.g. assets costing below £10,000 are not capitalised and are charged to revenue in the year.

2.2 The Council has incurred £6.04 million capital expenditure in 2019/20 to date and may incur further capital expenditure by the end of the year. The Council has approved a Capital Programme for 2020/21 of £3.7 million all of which relates to general fund services. The Council capital expenditure is summarised below:

Capital expenditure £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Services	8,286	4,728	8,482	2,340	2,356
Community Housing	0	0	5,400	3,100	0
Commercial activities/ non-financial investments*	0	5,119	15,370	0	0
Total	8,286	9,847	29,252	5,440	2,356

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

- 2.3** On 21st March 2019 the Council approved funding of £8.5m from a combination of internal borrowing and external borrowing (from the Public Works Loan Board) for Community Housing capital expenditure (Minute E.83/18 and C74/18). The four community housing schemes are expected to deliver 55 residential units. Borrowing costs will be reimbursed through property sales upon completion of the developments comprising a mix of open market units, discount purchase affordable housing and affordable rented. The capital expenditure of £8.5m has been included in the capital expenditure estimates above (£5.4m in 2020/21 and £3.1m in 2021/22).
- 2.4** In September 2018 (Minute C30/18) the Council approved an updated Commercial Property Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Council (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.
- 2.5** In December 2019, the Council revised its Commercial Investment Strategy, Capital Strategy and Investment Strategy to enable the Council to invest (and to borrow to invest) in renewable energy. This was approved by Council on 19th December 2019 (Minute C53/19). At the Informal Executive in September 2019 it was resolved to carry out financial, legal and technical due diligence on the business case for investment in a Solar Farm. Capital expenditure has been included in the capital expenditure estimates above to reflect the purchase of shares in a Special Purpose Vehicle (SPV), so as to own, operate or invest in renewable energy. Due diligence work is currently in progress and will be reported back to the Informal Executive in due course.
- 2.6** The main General Fund capital project to which the Council is currently committed to is the Leisure Investment of £6.3m which has already happened. The leisure contract sets out for the Council to be reimbursed by the leisure contractor for the borrowing of the Leisure Investment and the income has already been factored into the Medium Term Financial Strategy. The Council is currently in discussions with the leisure provider with regards to the impact of the COVID-19 pandemic on the leisure industry.
- 2.7** In September 2019, Council approved an overall Borrowing Limit (for all Council Services) of £75 million.

2.8 Governance

2.8.1 The Head of Finance Practice invites bids for capital funding from all service managers annually on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids are ranked against a prescribed priority criteria which is set out in the bid process. Submitted capital bids are assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, Disability Discrimination Act etc.) and other capital works required to ensure the existing Council property assets remain open. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives. The final capital programme is then presented to Executive and to Council in February each year.

2.9 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above capital expenditure is as follows:

Financing of capital expenditure £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Expenditure	8,286	9,847	29,252	5,440	2,356
Financed by:					
External sources (Capital grants, NHB, S106)	1,067	2,380	1,285	1,100	1,100
Own resources (Capital receipts, Earmarked reserves)	1,574	2,337	4,557	1,240	1,256
Net financing need for the year (This is the prudential borrowing required)	5,645	5,130	23,410	3,100	0

- 2.10** Debt is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Replacement of debt finance £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
MRP	0	34	344	845	847
Use of capital receipts	0	0	0	0	5,700

3 Treasury Management

- 3.1** Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.
- 3.2** The Council is typically more cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.3** As at 31 March 2019, the Council had external borrowing of £5.49 million.
- 3.4** The Council currently has £47.3 million in treasury investments, earning an average interest rate of 1.7%. This will be much reduced in 2020/21 with the bank base rate falling to 0.1% in March 2020 – the lowest ever level. Treasury investments are expected to fall to approximately £27 million by 31 March 2020.

3.5 Borrowing Strategy

- 3.5.1** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future.
- 3.5.2** These objectives are often conflicting, and the Council therefore will seek to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.
- 3.5.3** Projected levels of the Council's total outstanding debt which comprises borrowing is shown below, compared with the capital financing requirement.

£'000	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
Debt at 31 March	5,490	14,566	34,015	36,686	27,754
Capital Financing Requirement	6,291	11,387	34,453	36,708	30,161

4 Investment Strategy

- 4.1** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.2** The Council's policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
- 4.3** Money that will be held for longer terms is invested more widely including in collective investment schemes (pooled funds whose underlying assets are company shares, bonds, property etc.). Examples of which are the CCLA Local Authorities' Property Fund and the CCLA Diversified Income Fund in which the Council is invested to balance the risk of loss against the risk of receiving returns below inflation.
- 4.4** Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.
- 4.5** Further details on treasury investments can be found in the treasury management strategy (Appendix B).
- 4.6 Governance**
- 4.6.1** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director for Strategic Finance (S151 Officer) and finance staff (where appropriate), who must act in line with the treasury management strategy approved by Council.
- 4.6.2** Semi-annual reports on treasury management activity are presented to the Audit Committee which is responsible for scrutinising treasury management decisions.

5 Investments for Service Purposes

- 5.1** The Council has a £50,000 investment in the South West Mutual Bank which takes the form of shareholding in the bank, with the purpose of encouraging local economic growth.
- 5.2** A report was approved by Members in February 2020 for the setting up of a Housing Company in the form of a Community Benefit Society (CBS). This has charitable status and would be capable of holding the affordable housing developed by the community housing programme (see 2.3).
- 5.3** The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle.

5.4 Governance

- 5.4.1** Decisions on service investments are made by the relevant service manager in consultation with the Corporate Director for Strategic Finance (Section 151 Officer) and must meet pre-approved criteria and limits. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6 Commercial Investment Strategy

- 6.1** In July 2019 (Minute C26/19) the Council approved a Commercial Investment Strategy which replaced the Council's Commercial Property Acquisition Strategy, approved in September 2018. This strategy covers both commercial development on Council-owned land and commercial acquisitions and has multiple objectives:

- to support regeneration and the economic activity of the District
- to enhance economic benefit and create business rates growth
- to assist with the financial sustainability of the Council as an ancillary benefit
- to help continue deliver and/or improve frontline services in line with the Council's adopted strategy and objectives.
- security and liquidity

- 6.2** Recently the Council has prioritised tackling Climate Change by moving a motion to declare a Climate Change Emergency and targeting proactive measures to meet these challenges. As a result of this, in December 2019 the Council approved (Minute C53/19) a revised Commercial Investment Strategy in order to enable the Council to invest (and to borrow to invest) in renewable energy.

6.3 The opportunity for the Council to invest, off market, in shovel ready renewable energy generation assets (large-scale solar) will deliver multiple benefits of:

- attractive investor return
- directly linked to tackling climate change targets and the Council's low carbon agenda
- providing a "hedge" against forward energy price rises
- the opportunity to generate enhanced financial returns in the future from "bolt on" energy storage.

6.4 Each acquisition or development opportunity will be assessed on its fit with meeting the objectives stated above and should deliver one or more of the following outcomes (benefits):

- Job creation or safeguarding
- Health & Wellbeing
- Town centre regeneration
- Tourism / increased footfall / Business rate growth
- Improved asset utilisation
- A minimum yield of 2% is targeted. However, in some circumstances, e.g. where community benefits are likely to be achieved, a lower return may be acceptable
- Climate Change Mitigation

6.5 This Strategy will be achieved by acquisitions and developments within the South Hams District. This will include the focussed acquisition of existing commercial property assets and the development of new properties which are to be let to third parties. This strategy will also consider investments in the renewable energy sector which will not be constrained geographically.

6.6 Details of the Council's commercial investment strategy can be found in the report approved by Full Council on 19th December 2019 - minute Reference CM53/19.

<http://mg.swdevon.lan/ieListDocuments.aspx?CId=151&MId=1334&Ver=4>

6.7 Risk Management and Due Diligence

6.7.1 The Council accepts there is a higher risk on commercial investment than with treasury investments. Financial risk will be weighed up against social and economic benefits of the investment. The principal risk exposures include variances resulting in a disruption or fall in income streams, fall in capital value which is either site-specific or due to general market conditions, deterioration in the credit quality of the tenant.

6.7.2 The Council assesses the risk of loss before entering into and whilst holding property investments/property opportunities by carrying out appropriate due diligence checks and implementing mitigation measures in managing risk:

- The tenants need to be of good financial standing (this is assessed using Dun & Bradstreet credit rating reports and annual accounts). The number of tenants e.g. sole tenant or multi tenanted will be assessed.
- The property condition such as date of construction and any imminent or significant refurbishment or modernisation requirements (forecast capital expenditure).
- How the property investment, financial or non-specified investment meets the Council's multiple objectives as set out in the Council's strategy e.g. liquidity, renewable energy, economic regeneration, business growth.
- The lease must meet certain standards, such as being in a commercial popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future. Any break clauses will be assessed along with the number of unexpired years, bank guarantees and rent reviews.
- The location will be within the South Hams District Council's boundary as set out in the Commercial Investment Strategy (apart from renewable energy investment which may have a wider geographic spread). The population of the catchment area, the economic vibrancy and known or anticipated market demand as well as proximity to travel infrastructure and other similar properties will be assessed.
- Rental income paid by the tenant must exceed the cost of repaying the borrowed money from the Public Works Loan Board (which is itself funded by the Government). The surplus is then an ancillary benefit which supports the Council's budget position and enables the Council to continue to provide services for local people.
- The gross and net yield are assessed against the Council's criteria.
- The prevailing interest rates for borrowing at the time.
- Debt proportionality considerations.
- The life and condition of the property is assessed by a valuer and the borrowing is taken out over the life of the asset. The amount of management and maintenance charges are assessed as well as the ease of in-house management. 10% of all rental income (or an amount as deemed prudent) is put into a Maintenance and Management Reserve to cover any longer-term maintenance issues.
- The potential for property growth in terms of both revenue and capital growth will be assessed.

- The risks are determined by the property sector e.g. office, retail, industrial, associated with specific properties and the mix of sectors within the Council's portfolio.
- Details of acquisition costs e.g. stamp duty land tax, legal costs
- The documented exit strategy for a purchase/new build.
- The legal and technical due diligence checks will also identify any specific problems such as anomalies in the title deed, restrictive use classes, indemnities, local competition, construction or refurbishment requirements.
- The Council engages the use of external advisors to assist in undertaking elements of the due diligence checks such as technical, legal, accounting, property and taxation advice.
- The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

6.7.3 Risk of loss shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below. In accordance with Para 23-25 of Statutory Guidance on Local Government Investments, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):

- Rental value by property
- Rental value by tenant
- Sector split by purchase price
- Purchase price
- Rental income profile
- Tenant lease length
- Gross Yield
- Management, Maintenance and Risk Mitigation Reserve (MMRM)
- Current value
- In the case of a Special Purpose Vehicle (SPV), relevant criteria shall be reported depending on the nature of the SPV.

6.8 Governance

- 6.8.1** Acquisitions must conform to the adopted Commercial Investment Strategy. Any deviation from the agreed Strategy will require Council approval.
- 6.8.2** The Council's Senior Leadership Team will initially consider each proposal (development or acquisition of property or renewables) as an initial step and recommend that the proposal proceeds in principle.
- 6.8.3** When any decision to proceed with a development or acquisition is being considered, local Ward Members (where applicable) will be briefed at the earliest opportunity and be able to share their views with Executive Members and be consulted before the final decision is made.
- 6.8.4** Executive Members, along with the Head of Paid Service and S151 officer, will consider each and every proposal on its own merits and specifically how each proposal meets the Council's multiple objectives and desired outcomes.
- 6.8.5** Executive Members will consider debt proportionality (the amount borrowed to date against the net service expenditure ratio) on a case by case basis for each acquisition as part of the decision making process, with information provided to them and the S151 officer, the Head of Paid Service and the Leader of the Council. Investment indicators are set out within the Council's Treasury Management Strategy.
- 6.8.6** The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below forecast, or if energy prices are below that forecasted in the case of a solar farm. The Council also sets aside 10% annually of all rental income and income from energy prices into a Maintenance, Management and Risk Mitigation (MMRM) Reserve. This is part of the Council's contingency arrangements.
- 6.8.7** Officers, working with their specialist advisors in the market will sift opportunities and only present to Executive Members, opportunities that closely meet the Strategy. They will then lead the Executive Members into debate over specific benefits and risks of each opportunity before the Executive Members make a decision. In this way, risk will be transparent through the process.
- 6.8.8** Projects and their outcomes will be kept under constant review by officers and reported to Executive and Audit Committee.

Development on Council Owned Land

- 6.8.9** The Council will delegate the authority and decision making function relating to 'Development on Council Owned Land' to the Executive, assuming that the proposed expenditure complies with the Council approved total borrowing limits.
- 6.8.10** This delegation is to include the granting of associated leases in excess of 15 years as and when required, as recommended by the Assets CoP Lead, on a project by project basis.
- 6.8.11** Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.
- 6.8.12** Specialists will be commissioned to act on behalf of the Council to source suitable development and tenant opportunities and manage the due diligence process.
- 6.8.13** Officers will provide Members of the Executive with a set of data and an indicative cash flow for each project under investigation. These will aid decision making on whether to proceed or not.

Commercial Investment Acquisitions within the South Hams or renewables out of area

- 6.8.14** The Council will delegate the authority and decision making function relating to 'Commercial Investment Acquisitions in the South Hams' or renewables out of area to the Head of Paid Service and Section 151 Officer, in consultation with Members of the Executive, assuming that the proposed expenditure complies with the Council approved total borrowing limits.
- 6.8.15** In the event of three or more Executive Members expressing their opposition to the proposal, then the matter will proceed no further.
- 6.8.16** Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.
- 6.8.17** Assuming the bid remains as per that authorised at the time of sign off, the final sign off prior to exchange and payment of deposit (typically 10%) is made by the S151 officer and Head of Paid Service in consultation with the Leader of the Council. If anything material has changed, the Executive Members will need to vote again in order to proceed.
- 6.8.18** This process of delegated authority is required because there is often very little time (a number of days) to secure a bid on a property, especially if it is off market. Off market bids avoid price inflation caused by competing bidders.

6.8.19 The Executive Members have been made aware that they will be required to process and respond to information similar to that in Appendix B in a very quick timeframe (minimum two working days) so as to provide their decision. They may also be asked to attend meetings on similarly short notice. These meetings may be held virtually to expedite decision making.

6.8.20 When South Hams District Council acquire a Commercial Investment in line with this strategy, a report will be presented (for noting purposes) to the subsequent meeting of the Executive.

6.9 Debt Proportionality

6.9.1 The commercial property strategy considers the risks of investment and the Council engaged Treasury Management advisors to analyse the level of debt proportionality to the Council's finances (e.g. levels of reserves, asset base and level of interest costs as a percentage of income).

6.9.2 Commercial property acquisitions expand the Council's balance sheet and interest costs will form a higher percentage of locally derived income. It would absorb a high level of reserves if there are shortfalls in or disruption to the income stream required to meet the additional expenditure.

6.9.3 Sensitivity analysis on the level of debt interest against the Council's level of reserves is considered as part of the Medium Term Financial Strategy and as part of the budget proposals each year. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

6.9.4 In order that commercial investments remain proportionate to the size of the Council, borrowing for the Commercial Investment Strategy is subject to an overall limit (for all Council services) of £75 million.

6.9.5 The Council set an upper limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million. Interest payments at 3% would equate to 18.4% of available reserves (Appendix F to the Budget Proposals report for 2020/21 – Council 13th February 2020).

6.10 Liquidity

6.10.1 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will spread its liquidity profile across its portfolio and also have a spread of the sector in which the Council invests. The Council also documents potential exit strategies as part of its due diligence checks.

6.10.2 Liquidity will be a factor in determining the amount of rent set aside in the Maintenance Management and Risk Mitigation Reserve for each investment. This will be reviewed with the same frequency as the risk reporting procedure set out in the Council's Commercial Investment Strategy.

7 Asset Management

7.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.

7.2 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.

7.3 The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans to third parties for capital expenditure and investments also generate capital receipts.

7.4 The Council estimates to receive £452,000 capital receipts in the coming financial year as follows:

Capital Receipts £'000	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Asset sales	551	351	452	0	5,700
Loans repaid	0	0	0	0	0
TOTAL	551	351	452	0	5,700

8 Liabilities

8.1 In addition to the current debt of £14.5m detailed above, the Council is committed to making future payments to cover its pension liability. This is in the form of employer pension contribution rates (the primary rate). The Council's secondary rate will be zero from 2020/21. The Pensions Reserve for the net defined benefit liability was £48.5m at 31 March 2019.

8.2 Governance

8.2.1 Decisions on incurring new discretionary liabilities are taken by Head of Practice in consultation with the Corporate Director for Strategic Finance (Section 151 Officer).

8.2.2 The risk of liabilities crystallising and requiring payment is monitored as part of the budget monitoring and reported to the Executive quarterly.

9 Revenue Budget Implications

- 9.1** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Proportion of financing costs to net revenue stream

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs (£)	(210,218)	(27,840)	1,074,067	1,591,647	1,402,192
Proportion of net revenue stream	(2.3)%	(0.3)%	11.4%	16.2%	14.6%

- 9.2** Further details on the revenue implications of capital expenditure are included in the Revenue Budget.

9.3 Sustainability

- 9.3.1** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future.
- 9.3.2** The Corporate Director of Strategic Finance (S151 Officer) is satisfied that the proposed capital programme is prudent, affordable and sustainable and it is fully integrated with the Council's 2020/21 Medium Term Financial Strategy, Treasury Management Strategy and Investment Strategy and other strategic plans. The Capital Strategy is compiled in line with the requirements of the 2017 CIPFA Prudential Code and 2017 Treasury Management Code. The risks associated with the Commercial Property Strategy are covered within the Investment Strategy.
- 9.3.3** The delivery of the individual capital schemes on the plan is directly linked to the original approval of the capital project supported by each project having a project lead who is responsible for the delivery of the project (appropriate skills, contracting, planning etc.) and the subsequent achievement of the objectives of that project.

- 9.3.4** Members, via the Executive meetings, receive quarterly budget monitoring reports on the Council's Capital Programme. Through these updates, which are driven by the requirement of financial reporting, Members can review and challenge the delivery of projects and any changes to both the timing and expenditure of the capital project.
- 9.3.5** If subsequent to the capital project being completed there are variations to the income expected to be generated from that asset, this will be reported as a variance in the quarterly budget monitoring reporting and if ongoing will be included in the following year's revenue budget proposals.
- 9.3.6** The Council's Senior Leadership Team has oversight for the delivery of and challenge to the Capital Strategy and Capital Programme.

9.4 Affordability

- 9.4.1** Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital programme. This is either demonstrated by a report on the project being presented to Executive/Council for approval supported by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme, or by delegated procedures set out within the commercial property strategy (containing this information).
- 9.4.2** All projects need to have a clear funding source. If external funding such as an external grant is to be used, there needs to be a clear funding commitment.
- 9.4.3** Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing costs of the operation and funding of that capital spend.
- 9.4.4** Where borrowing is to be used the affordability is of greater importance and the affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing (MRP). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The rules around the governance of this borrowing are outlined in the Prudential Code (as summarised above).
- 9.4.5** At no stage should the asset value be lower than the value of outstanding debt unless there is a clear plan to mitigate that shortfall or to sell that asset.

9.5 Risks

- 9.5.1** The risks associated with a significant Capital Programme and a significant level of borrowing can be mitigated through all capital projects being supported by a business case, having adequate project management and/or project boards, suitable skills for the delivery of the project, tax planning, cash flow, clear operational plan for the use of the asset, security and due diligence on loans and purchases, use of external advice where appropriate, project contingencies, full tender process and regular and transparent reporting to Members.
- 9.5.2** There are clear links from the capital strategy to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at the Audit Committee and Council. For any new borrowing, and this is a greater risk as the value of borrowing increases, this does increase the Council's overall liabilities that will need to be repaid in the future.
- 9.5.3** In addition, this increases the Council's level of fixed interest and repayment costs that it will incur each year. In 2020/21 the borrowing liability is estimated at a maximum of £34m with ongoing financing costs of the borrowing of approx. £1.3m. This is a clear risk that all Members need to be aware of.
- 9.5.4** However this risk for assets is mitigated by a robust business case and a MRP that will repay the borrowing costs over a (prudent) asset life. Any variations from this are set out in the MRP Policy (section 2.5 of the Treasury Management Strategy). Any variation in expected income is an issue, however given the wide range of operational assets and different income streams this helps to mitigate this risk.
- 9.5.5** As outlined above in the position statement, investment properties have a different type and level of risk. Risk arises from both variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.). The Council has established a clear strategy, criteria and a governance route for these purchases which has included member training, second opinion on asset values, due diligence, site visits, surveys etc.
- 9.5.6** There are risks (and rewards) associated with the purchase of these type of assets, therefore all Members need to have sight of and understand the risks and rewards inherent in these commercial investments (development opportunities).

10 Knowledge and Skills

- 10.1** The Council employs professionally qualified and experienced staff in senior positions with responsibility for recommending capital expenditure, borrowing and investment decisions to Members.
- 10.2** There is a separate report on the 30th April 2020 Council agenda regarding the appointment to the post of Chief Executive (Head of Paid Service).
- 10.3** The Corporate Director of Strategic Finance (S.151 Officer) is a Chartered Accountant (ICAEW) with 16 years of experience of being a S151 Officer (Chief Finance Officer). In addition, the Corporate Director for Strategic Finance holds a BSc in Mathematics and has previously worked in the private sector for accountancy firms.
- 10.4** The Director of Place & Enterprise is a Chartered Civic Engineer with 17 years of experience. In addition, the Director of Place & Enterprise holds a MSc in Construction Law.
- 10.5** The Estates Specialist is a Chartered Surveyor, qualified for over 14 years, with an Estate Surveying degree. In addition they are a Registered Valuer.
- 10.6** The Monitoring Officer is a qualified solicitor with 21 years public sector experience and private practice prior to that.
- 10.7** Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required. A list is below:-
- Savills – Property Agents
 - JLL – Property and Technical Consultants
 - CCD Properties Limited – Development Specialists
 - Arcadis – Building Surveyors and Engineers
 - Everose – Technical Advisors (renewable energy)
 - Womble Bond Dickinson – Solicitors
 - TLT - Solicitors
 - Link Services – Treasury Management Advisors
 - Arlingclose – Treasury Management Advisors
 - APSE (Energy) – Local Government Advisors
 - KPMG – Financial Advisors (renewable energy)
- 10.8** This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- 10.9** In 2018 some external training from a LGIU (Local Government Information Unit) Associate on Local Government Finance (including commercialism) was arranged for all Members as well as some internal training events facilitated by the S151 Officer and the Group Manager for Business Development on the Council's Medium Term Financial Strategy which included an update on commercial property investment. The Council's Members' Services are consulted when organising all training in order to maintain training and development plans for Councillors.
- 10.10** Following the District Elections in May 2019, a comprehensive Members' Induction Programme was undertaken in May 2019. This included specific financial and treasury management training. External treasury management training (by Link Services) was arranged for all Members in March 2020 to ensure Members have up to date skills to continue to make capital and treasury management decisions.
- 10.11** The purpose of this training was to ensure elected Members involved in the investments decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

Treasury Management Strategy Statement 2020/21

1. Introduction

1.1 Background

- 1.1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.1.5 CIPFA defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

1.2 Reporting Requirements

1.2.1 Capital Strategy

1.2.2 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

1.2.3 The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.4 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

1.2.5 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.2.6 The Capital Strategy sets out details of the Council's Commercial Property Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Council (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

1.2.7 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

1.2.8 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.2.9 Treasury Management Reporting

1.2.10 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.11 Scrutiny

1.2.12 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is usually undertaken by the Audit Committee. Due to the COVID19 pandemic, these strategies are being presented direct to Council on 30th April 2020. (Both the Audit Committee and Full Council meetings on 26th March 2020 were cancelled).

1.3 Treasury Management Strategy for 2020/21

1.3.1 The strategy for 2020/21 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

1.3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

1.4.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Members will receive training during March 2020 and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

1.5.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

1.5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

1.5.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.5.4 The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The Council's negotiating team includes the Strategic Director of Place and Enterprise and the S.151 Officer, who are both members of the Senior Leadership Team. Both Officers are aware of the core principles of the prudential framework and of the regulatory regime within which Local

Authorities operate. The S.151 Officer has attended specific treasury management training courses around the new MHCLG Guidelines on investments and the accounting treatment.

1.5.5 The commercial type investments require specialist advisors and the appropriate expertise is always resourced in relation to these activities. The specialist advisors used by the Council are:

- Link Asset Services – Treasury Management Advice
- Arlingclose – Treasury Management Advice
- Savills – Property Agents
- JLL – Property and Technical Consultants
- CCD Properties Limited – Development Specialists
- Arcadis – Building Surveyors and Engineers
- Everose – Technical Advisors (renewable energy)
- TLT Solicitors
- Womble Bond Dickinson – Solicitors
- APSE (Energy) – Local Government Advisors
- KPMG – Financial Advice (renewable energy)

2. The Capital Prudential Indicators 2020/21 – 2022/23

2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.2 Capital Expenditure

2.2.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Services	8,286	4,728	8,482	2,340	2,356
Community Housing	0	0	5,400	3,100	0
Commercial activities/ non-financial investments*	0	5,119	15,370	0	0
Total	8,286	9,847	29,252	5,440	2,356

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

2.2.2 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

2.2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Expenditure	8,286	9,847	29,252	5,440	2,356
Financed by:					
External sources (Capital grants, NHB, S106)	1,067	2,380	1,285	1,100	1,100
Own resources (Capital receipts, Earmarked reserves)	1,574	2,337	4,557	1,240	1,256
Net financing need for the year (This is the prudential borrowing requirement)	5,645	5,130	23,410	3,100	0

2.2.4 The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / non-financial investments £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Expenditure	0	5,119	15,370	0	0
Financing costs	0	0	0	0	0
Net financing need for the year	0	5,119	15,370	0	0
Percentage of total net financing need %	0	99.8%	65.7%	0	0

2.3 The Council's Borrowing Need (the Capital Financing Requirement)

- 2.3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 2.3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 2.3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council does not currently have any such schemes within the CFR.
- 2.3.4 The Council is asked to approve the CFR projections below:

£'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Financing Requirement					
CFR – services	6,291	6,268	8,608	8,173	7,738
Community Housing	0	0	5,400	8,500	2,800
CFR - Commercial activities/ non-financial investments	0	5,119	20,445	20,035	19,623
Total CFR	6,291	11,387	34,453	36,708	30,161
Movement in CFR	5,645	5,096	23,066	2,255	(6,547)

Movement in CFR represented by					
Net financing need for the year (above)	5,645	5,130	23,410	3,100	0
Less MRP/VRP and other financing movements	0	(34)	(344)	(845)	(6,547)*
Movement in CFR	5,645	5,096	23,066	2,255	(6,547)

* This includes capital receipts of £5.7 million following the sale of the asset after construction

2.3.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.2 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

2.3.1 Core Funds and Expected Investment Balances

2.3.2 Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2018/19	2019/20	2020/21	2021/22	2022/23
£'000	Actual	Estimate	Estimate	Estimate	Estimate
Fund balances / reserves	15,191	12,569	12,369	12,169	11,969
Capital receipts	3,537	1,360	1,145	1,145	1,145
Provisions	1,436	1,436	1,436	1,436	1,436
Other	1,759	1,759	1,759	1,759	1,759
Total core funds	21,923	17,124	16,709	16,509	16,309
Working capital*	6,784	6,784	6,784	6,784	6,784
(Under)/over borrowing**	(801)	3,179	(438)	(22)	(2,407)
Expected cash position	27,906	27,087	23,055	23,271	20,686

*Working capital balances shown are estimated year-end; these may be higher mid-year

2.4 Minimum Revenue Provision (MRP) Policy Statement

- 2.5.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 2.5.2 MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- 2.5.3 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
- **Based on CFR** – MRP will be based on the CFR.
- 2.5.4 This option provide for an approximate 4% reduction in the borrowing need (CFR) each year.
- 2.5.5 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:
- **Asset life (equal instalment) method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
 - **Asset life (annuity) method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- 2.5.6 These options provide for a reduction in the borrowing need over the asset's life.
- 2.5.7 The asset life methods are simple to operate and gives certainty in each year as to the level of charge applied. The other advantage is that they make business cases and scheme appraisals easier to compile.
- 2.5.8 With all options, MRP should normally commence in the financial year following the one in which expenditure was incurred. Regulation 28 does not define 'prudent'. However, MRP guidance has been issued, which makes recommendations to councils on the interpretation of that term. Councils are legally obliged to 'have regard' to the guidance.

2.5.9 **MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the Council had no VRP overpayments.

3. **Borrowing**

3.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.2 **Current Portfolio Position**

3.2.1 The overall treasury management portfolio as at 31 March 2019 and for the position as at 31 January 2020 are shown below for both borrowing and investments.

Treasury Portfolio	31 March 2019 Actual		31 January 2020 Current	
	£'000	Rate%	£'000	Rate%
Treasury Investments:				
Short term – fixed	14,500	0.87	16,500	0.78
Money Market Funds	11,320	0.65	22,300	0.69
CCLA Property Fund	468	4.26	1,468	4.35
CCLA Diversified Income Fund	1,009	3.25	2,009	3.15
Total treasury investments	27,319		47,299	
Treasury External Borrowing				
PWLB	5,490	2.65	14,590	2.49
Total external borrowing	5,490		14,590	
Net treasury investments / (borrowing)	21,829		32,709	

**The Council's investments mid way through the year are always higher than at the year end due to the cashflow advantage that the Council benefits from part way through the year*

3.2.2 In December 2019 (Minute 53/19) the Council approved an updated Commercial Property Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Council (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

3.2.3 The Council's current Non-Treasury Investment portfolio position is shown below.

Non-Treasury Investments				
Asset	Purchase Price (£)	Year Purchased	Asset life for the calculation of MRP (Years)	Value at 31 March 2019* (£)
Lee Mill Tesco	4,400,000		50	13,850,000
Dartmouth M&S (includes acquisition costs)	5,029,000	2019/20	50	-
TOTAL	9,429,000			13,850,000

3.2.4 During 2017/18, officers undertook a review of existing assets which resulted in the Council reclassifying the site at Lee Mill as an investment property with effect from 31 December 2017. The Council receives rental income from this property and there is no borrowing associated with this non-treasury investment. The indicator below shows that gross income from non-treasury investments is over 14 times higher than interest costs on non-treasury borrowing.

3.2.5 Indicators for the Council's Non-Treasury Investment portfolio are shown below.

Non-Treasury Investment Indicators	Actual 2018/19	Current as at 29 February 2020
Total investment income as a proportion of the Council's Net Budget	6.59%	6.78%
Borrowing for Non-Treasury investments as a proportion of the Council's Net Budget	0.00%	102.76%
Investment income compared to the interest expense incurred by them	-	1,418.74%

3.2.6 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
External Debt					
Debt at 1 April	0	5,490	14,566	34,015	36,686
Expected change in Debt	5,490	9,076	19,449	2,671	(8,932)
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	5,490	14,566	34,015	36,686	27,754
The Capital Financing Requirement	6,291	11,387	34,453	36,708	30,161
Under / (over) borrowing	801	(3,179)	438	22	2,407

3.2.3 Within the above figures the level of debt relating to commercial activities / non-financial investment is:

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £'000	0	9,076	20,484	20,190	19,894
Percentage of total external debt %	0%	62%	60%	55%	72%

3.2.4 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.2.5 The Corporate Director for Strategic Finance (S151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.3 Treasury Indicators: Limits to Borrowing Activity

3.3.1 In September 2019, Council approved an overall Borrowing Limit (for all Council Services) of £75 million. The Operational Boundary has been set at just below this level at £70 million. Council are asked to re-affirm the total Authorised Borrowing Limit of £75 million.

3.3.2 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £'000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Total external debt	70,000	70,000	70,000	70,000

3.3.3 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

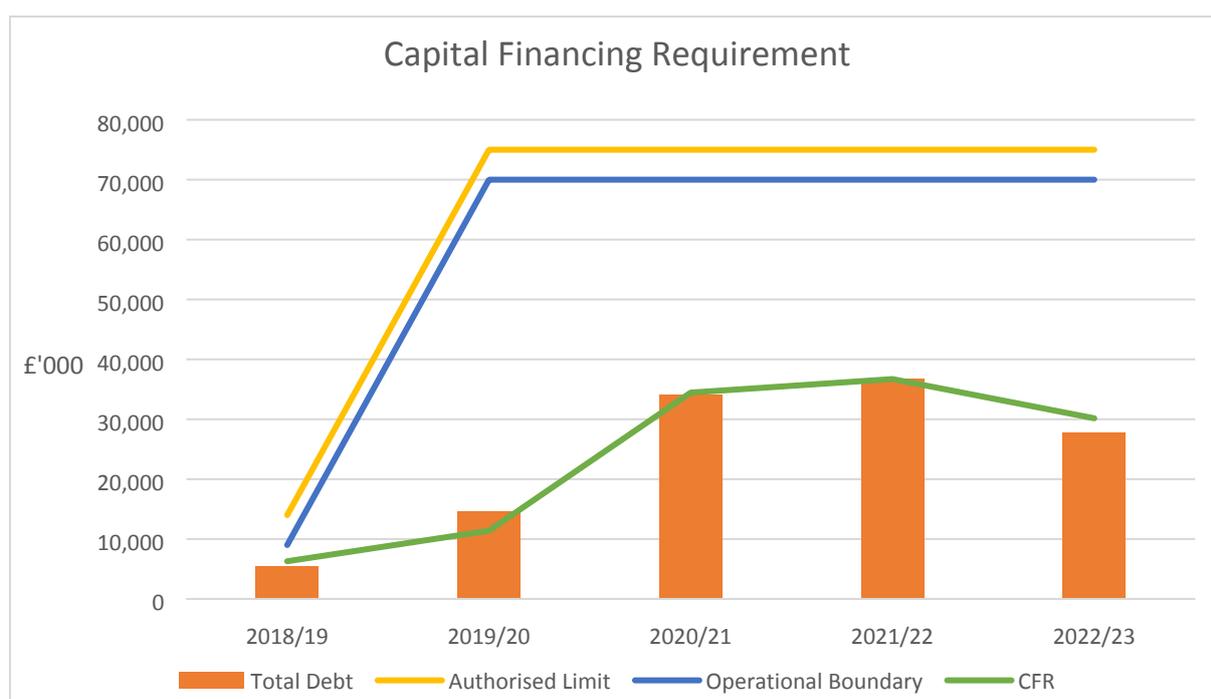
1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit of £75 million:

Authorised limit £'000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Total external debt	75,000	75,000	75,000	75,000

3.3.4 The graph below shows the CFR and borrowing projections.

CAPITAL FINANCING REQUIREMENT					
	Actual 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000
General Fund	6,291	6,268	8,608	8,173	7,738
Community Housing	0	0	5,400	8,500	2,800
Commercial activities / non-financial investments	0	5,119	20,445	20,035	19,623
Total CFR	6,291	11,387	34,453	36,708	30,161
External Borrowing	5,490	14,566	34,015	36,686	27,754
Authorised Limit	14,000	75,000	75,000	75,000	75,000
Operational Boundary	9,000	70,000	70,000	70,000	70,000



3.4 Prospects for Interest Rates

Due to the current Coronavirus pandemic, there are no short term interest rate predictions currently available. On Thursday 19th March, the Bank's Monetary Policy Committee cut rates from 0.25% to 0.1%. This takes the base rate to its lowest-ever level.

3.5 Borrowing Strategy

3.5.1 The Council will continue to assess the opportunities to borrow and look to use a mix of external loans to finance any increase in the Capital Financing Requirement (CFR). Any opportunities to reduce interest costs by maintaining an under-borrowed position will be considered. This means that the capital borrowing need (the CFR), will not be fully funded with external loans as cash supporting the Council's reserves, balances and cash flow will be used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

3.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Corporate Director for Strategic Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then external borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the external loan portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

3.5.3 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.6 Policy on Borrowing in Advance of Need

- 3.6.1 Any decisions to borrow in advance will be secured on a case by case basis on the most advantageous terms available, predominantly through borrowing or any other unallocated or available Council reserve, or capital receipt
- 3.6.2 The Council will not borrow more than, or in advance of need as part of the funding for investments of developments so as to benefit from the investment of the extra sums borrowed (para 46 & 47 SGLGI). There are no circumstances in which the Council would seek to disregard the prohibition on borrowing ahead of need, purely for profit.
- 3.6.3 The Council plans to borrow for its Commercial Investment Strategy. The investment in renewable energy generation (SPV) would be made with a view to reducing the Council's carbon emissions and to mitigate the climate emergency that has been declared by the Council and many local authorities across the UK.
- 3.6.4 Borrowing in advance will be made within the constraints that:
- It will be limited to no more than 100% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - The authority would not look to borrow more than 36 months in advance of need.
- 3.6.5 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.
- 3.6.6 The Council's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired rental income or borrowing costs increasing are explained in the section on Risk Assessment within the Capital Strategy.

3.7 Debt Rescheduling

- 3.7.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates. As a result, the discount rates used to calculate early redemptions remain at levels that produce additional revenue costs (premiums) that cannot be recovered from the whole life saving achieved via any re-financing.
- 3.7.2 If rescheduling was done, it will be reported to the Council, at the earliest meeting following its action.

3.8 New Financial Institutions as a Source of Borrowing

3.8.1 Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

3.8.2 The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.9 Maturity Structure of Borrowing

3.9.1 These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	Upper
Less than 1 year	0%	10%
Between 1 and 2 years	0%	10%
Between 2 years to 5 years	0%	50%
Between 5 years to 10 years	0%	50%
Between 10 years to 20 years	0%	50%
20 years and above	0%	100%

3.10 Approved Sources of Long and Short Term Borrowing

3.10.1 Approves sources of borrowing are as follows:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

APPENDIX B1

TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iv) Delegation from the Director of Strategic Finance (S151) to the nominated posts for the taking of investment decisions

- Head of Finance (Deputy S151)
- Finance Business Partners

APPENDIX B2

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe for example 25+ years.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees

- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (*TM Code p54*): -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
 - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

APPENDIX C

Annual Investment Strategy 2020/21

1. Annual Investment Strategy

1.1 Investment Policy – Management of Risk

- 1.1.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
- 1.1.2 The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2018
- 1.1.3 The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
- 1.1.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
 3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix C1 under the categories of 'specified' and 'non-specified' investments.
 - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £30.5 million of the total investment portfolio, (see Appendix C1).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 1.2.6.
7. **Transaction limits** are set for each type of investment in 1.2.6.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 1.4.6).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 1.3.1).
10. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. **Statutory override on pooled investments.** As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments, by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018. The Council will use the statutory override to account for any changes in the fair value on its pooled investments. For the Council's Money Market Fund investments, the change in fair value was immaterial in 2018/19.

13. Investments in equity instruments designated at fair value through other comprehensive income. Upon transition to IFRS9 – Financial Instruments on 1 April 2018, the Council elected to designate the CCLA Property Fund investment (£0.5m) and the CCLA Diversified Income Fund (£1m) as fair value through other comprehensive income. These investments are eligible for the election because they meet the definition of equity instruments in paragraph 11 of IAS32 and are neither held for trading (the Council holds this investment as a long term strategic investment) nor contingent consideration recognised by an acquirer in a business combination to which IFRS3 applies. They are not considered to be puttable instruments because the Council does not have a contractual right to put the instrument back to the issuer for cash.

1.1.5 However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 1.5.1). Regular monitoring of investment performance will be carried out during the year.

1.1.6 The above criteria are unchanged from last year.

1.2 Creditworthiness Policy

1.2.1 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

1.2.2 This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

1.2.3 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

1.2.4 Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

1.2.5 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

1.2.6 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Minimum credit criteria/colour band	Limit per institution Max % of total investments	Maximum maturity
DMADF	n/a	100%	6 months
Money Market Funds	AAA	£6m	Daily liquidity
Cash Plus Funds/ Ultra short bond funds	AAA, AA	£6m	T+1 to T+4
CCLA Local Authorities Property Fund	Not credit rated	£1.5m	No fixed maturity date but will generally be up to 7 years
CCLA Diversified Income Fund	Not credit rated	£2m	No fixed maturity date but will generally be up to 7 years
Local Authorities	Yellow	£6 million per institution	5 years
Unsecured investments with banks and building societies	Yellow Purple Blue Orange Red Green No Colour	£6m (£7m for Lloyds plc)	Up to 5 years Up to 2 years Up to 1 years Up to 1 years Up to 6 months Up to 100 days Not for use
Share capital in a body corporate	N/A	£12 million	N/A
Loan capital in a body corporate	N/A	£12 million	N/A

1.2.7 UK Banks – Ring Fencing

1.2.8 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

1.2.9 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

1.2.10 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

1.3 Country Limits

1.3.1 Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £30.5 million of the total investment portfolio.

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** (see Appendix C2).

c) **Other limits.** In addition:

- no more than £6 million will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

1.4 Investment Strategy

1.4.1 **In-house Funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

1.4.2 Investment Returns Expectations

1.4.3 Due to the current Coronavirus pandemic, there are no short term interest rate predictions currently available. On Thursday 19th March, the Bank's Monetary Policy Committee cut rates from 0.25% to 0.1%. This takes the base rate to its lowest-ever level.

1.4.5 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

1.4.6 The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	2020/21	2021/22	2022/23
Principal sums invested for longer than 365 days	£3.5	£3.5	£3.5
Current investments as at 31.01.20 in excess of 1 year maturing in each year*	£3.5	£3.5	£3.5

**Monies already invested in the CCLA Property Fund (£1.5 million) and the CCLA Diversified Income Fund (£2 million)*

1.4.7 For its cash flow generated balances, the Council will seek to utilise its money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

1.5 Investment Performance / Risk Benchmarking

1.5.1 The Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 1, 3, 6 or 12 month LIBID rate.

1.6 End of Year Investment Report

1.6.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

APPENDIX C1

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Specified Investments

All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
Money Market Funds	AAA	£6 million per fund	Liquid
Ultra Short Dated Bond Funds	AAA	£6 million	Liquid
Local authorities	Yellow	£6 million per institution	12 months
Term deposits with banks and building societies	Blue	£6 million per institution (£7 million for Lloyds)	Up to 1 Year
	Orange		Up to 1 Year
	Red		Up to 6 months
	Green		Up to 100 days
	No Colour		Not for use

Non-Specified Investments

Investment instruments with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The Council's CCLA Property Fund investment (£1.5m) and CCLA Diversified Income Fund investment (£2m) are the only investment types that the Council has which meets the definition of a non-specified investment.

In December 2019, the Investment Strategy for 2019/20 was revised to include share capital for the purchase of shares in a Special Purpose Vehicle (SPV), so as to own, operate or invest in renewable energy. This was approved by Council on 19th December 2019 (Minute 53/19). The limits shown below for share capital and loan capital are the maximum limits for this investment type.

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
Property Investment Funds – CCLA	N/A	£1.5 million	No fixed maturity date but will generally be up to 7 years
Diversified Income Fund – CCLA	N/A	£2 million	No fixed maturity date but will generally be up to 7 years
UK Government Gilts	Yellow	£3 million	5 Years
Share capital in a body corporate (See note 1 and note 2 below)	N/A	£12 million	N/A
Loan capital in a body corporate (See note 1 and note 2 below)	N/A	£12 million	N/A
TOTAL		£30.5 million	

NOTE 1. The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. The Council will seek further advice on the appropriateness and associated risks with investments in these categories.

NOTE 2. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

AA-

- Belgium
- Qatar

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**NOTES OF A MEETING OF
THE INFORMAL EXECUTIVE
HELD VIA SKYPE ON THURSDAY 19 MARCH 2020**

Members in attendance by skype:			
* Denotes attendance			
∅ Denotes apologies for absence			
*	Cllr K J Baldry	*	Cllr N A Hopwood
*	Cllr H D Bastone (Vice Chairman)	∅	Cllr D W May
*	Cllr J D Hawkins	*	Cllr J A Pearce (Chairman)

Also in attendance
Cllrs Abbott, Birch, Holway, Long, O'Callaghan, Pringle, Reeve, Rowe, Smerdon, Spencer, Sweett, and Taylor.

Officers in attendance and participating		
All items		S151 Officer; Deputy Chief Executive; Director of Governance and Assurance; Director of Place and Enterprise; Head of Strategy and Projects; Democratic Services Manager; Specialist Democratic Services
Items 8	IE.4/19	Specialist Place Making
Items 9 & 10	IE.7/19 & IE. 8/19	Senior Specialist – Car Parking and toilets
Item 12	IE.10/19	Senior Specialist – Assets
Item 13	IE.11/19	Head of Commissioning & Contracts

IE.1/19 INTRODUCTORY COMMENTS

The protocol for the meeting was outlined, in light of the change from a formal Executive Meeting to an Informal Executive.

Items 8 and 9 (Reference IE.6/19 and IE.7/19 below refer) were due to be matters that could be approved at the formal Executive meeting. If this informal meeting was still minded to make a recommendation on these agenda items, then it would be a matter for the Deputy Chief Executive to decide whether it was appropriate to exercise his 'Emergency Powers' and make one (or both) of these decisions on behalf of the Executive.

Items 7, 10, 11, 12, and 14 (Reference IE.5/19, IE.8/19, IE.9/19, IE.10/19 and IE.12/19) were matters that were due to be recommendations to the next Council meeting. It was noted that the views arising from this meeting and the agenda report and (any) appendices would be sent to all Members with an opportunity to ask (any) further questions and make (any) further comments. Once the deadline for comments had expired, then the Deputy Chief Executive would consider all of the points raised before deciding whether or not he wishes to exercise his 'Emergency Powers' and make the decisions on behalf of the Council. Officers also confirmed that legislation dictated that some decisions could only be made by the full

Council and not under 'Emergency Powers' provisions and these would need to be referred to the next formal Council meeting.

IE.2/19 **MINUTES**

The minutes of the Executive meeting held on 6 February 2020 were not able to be signed off as a 'true and correct record' since this was now an Informal Executive meeting. These minutes would be carried forward to the next formal Executive Meeting, currently 14 May 2020.

IE.3/19 **DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting but none were made.

IE.4/19 **EXECUTIVE FORWARD PLAN**

Members were presented with an interim Executive Forward Plan setting out items on the agenda for Executive meetings for the next four months and noted its content.

IE.5/19 **COUNCIL TAX REDUCTION FOR CARE LEAVERS AND COUNCIL TAX PREMIUM FOR LONG TERM EMPTY PROPERTY**

Members were presented with a report outlining recommendations to bring long term empty homes back into use. Following clarification that the number of homes involved was relatively small, and that each was carefully scrutinized, it was **RESOLVED** that the Informal Executive:

1. Notes that there is a scheme in place run by Devon County Council to assist Care Leavers under the age of 25 with the cost of their Council Tax bill.

2. **RECOMMEND** to Council to:

(a) effect an increase in the Council Tax Premium from the current 50% to the relevant maximums set down in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

(b) increase the Council Tax Premium to 100% for properties that have been empty for 2 years or more*, this to be effective from 1 April 2020 onwards.

(c) that, to increase the Council Tax Premium to 200% for properties that have been empty for 5 years or more*, this to be effective from 1 April 2020 onwards.

(d) that, to increase the Council Tax Premium to 300% for properties that have been empty for 10 years or more*, this to be effective from 1 April 2021 onwards.

(* any period of not exceeding six weeks, where the property is not empty, shall be disregarded for the purposes of calculating the two year period).

3. Council be **RECOMMENDED** to ensure that increases in the Council Tax Premium for the 2020/21 Financial Year be effective from 1 October 2020, to allow for affected Council Taxpayers to take action (independently or with assistance from the Council) to bring their property back in to use (NOTE. the increase for 2021/22 will take effect from 1 April of that year).

IE.6/19

RELEASE OF SECTION 106 FUNDS FOR AN AFFORDABLE HOUSING PROJECT AT ST ANNS CHAPEL

A report was considered which would allow the Council to use S106 monies to provide affordable homes by converting the St Anns Chapel into 13 homes (3 open market, 5 discount sales, 3 affordable rent, and 2 landowner. The 5 rented homes and 3 discounted sales would be covenanted to have a local connection to Bigbury; and the 3 open market homes would have a covenant to insist they were primary residence only and local connection only as this is tied to the properties and not the purchasers.

It was then **RESOLVED** that:

The Informal Executive support the Deputy Chief Executive utilising his 'Emergency Powers' to approve the allocation of Section 106 funds for Affordable Housing projects as set out below:

- a) £97,700.91 – from the contribution from the former Old Chapel Inn, St Anns Chapel, Bigbury to spend on a community housing scheme at St Anns Chapel being developed by South Hams District Council; and
- b) £65,193.00 – from the contributions from the Hollywell Stores, Bigbury to spend on a community housing scheme at St Anns Chapel being developed by South Hams District Council.

IE.7/19

RE-PROCUREMENT FOR CASHLESS PARKING PAYMENT SYSTEMS

The Lead Officer outlined the report which sought approval to commence the tender process to re-procure the cashless parking payment system contract for a period of four years, with the ability to extend for two years in accordance with the Council's Procurement Rules. This tender is for the procurement of the cashless parking payment system in all of the Council owned off street car parks. The

cashless parking payment contract allows motorists to pay for their parking by mobile phone, internet/web page or smart phone application. It was confirmed that cash payments would still be acceptable and that officers are investigating the addition of bank card reader equipment being added to the carparks.

It was then **RESOLVED** that the Informal Executive support the Deputy Chief Executive utilising his 'Emergency Powers' to agree:

1. To the commencement of a collaborative procurement tender process with nine other Devon authorities as set out in paragraph 2.3 of the attendant report for the re-procurement of the cashless parking payment system be approved; and
2. To enter into a contract for four years with the appointed supplier.

IE.8/19

PARKING PERMIT REVIEW

Members discussed the report outlining the methodology for standardising parking permits across the District with the aim of bringing more parking spaces into use for day trippers and shoppers. Following a request, the Lead Officer agreed to send Members all the public feedback received so far. The Lead Member outlined the points to the report's recommendation.

It was then **RESOLVED** that the Informal Executive **RECOMMEND** to Full Council that:

1. the permit charges and permits be amended in accordance with Appendix A;
2. the proposed Parking Permit Review be deferred at least until the Autumn (i.e. not before 1 September 2020); and
3. with immediate effect, Parking Permits be put back on sale at their existing prices.
4. As it be acknowledged that consultation has been undertaken with towns and parishes but a further 21-day public consultation will be undertaken following the Council meeting (as outlined at paragraph 3.4 of the presented agenda report).

IE.9/19

STATEMENT OF COMMUNITY INVOLVEMENT

A report was given to Members outlining the joint approach to be taken by South Hams District Council, West Devon Borough Council and Plymouth City Council in how they would all engage with their communities. The primary aim of this Statement of Community Involvement (SCI) was to ensure that consultation is meaningful. It was

recommended that SCIs were reviewed every five years, with South Hams last reviewing in 2012.

It was then **RESOLVED** that the Informal Executive **RECOMMENDED** to Council that, subject to West Devon and Plymouth agreeing likewise, the Statement of Community Involvement (SCI) is formally adopted under section 23 of the Planning and Compulsory Purchase Act 2004.

IE.10/19 **FOLLATON HOUSE: STRATEGIC ACCOMMODATION REVIEW**

Members were presented with a report that set out the findings of the Accommodation Working Group.

Although a Member stated his opposition to recommendation 1, other Members (who were also Members of the Working Group) stated that the business case was compelling for the Council to remain at Follaton House for the foreseeable future.

It was then **RESOLVED** that the Informal Executive **RECOMMENDED** to Council that:

1. South Hams District Council remains at Follaton House for the foreseeable future recognising that the net accommodation costs (£150,000 as set out in 4.4.) represent good value for money;
2. The Council considers developing a wedding venue in the Listed Building with effect from 2021 and that the Accommodation Working Group and officers agree a plan of how the interior of Follaton House should be reshaped before officers procure a more detailed cost plan and tender for associated improvement works to the House and Garden. A sum of up to £30,000 is allocated from the Land and Development Earmarked Reserve for this purpose; and
3. A sum of £25,000 is allocated from the Land and Development Earmarked Reserve to undertake infrastructure improvements to Follaton Arboretum to enhance use of the site by staff, tenants and visitors and also to support biodiversity and carbon capture in response to the Council's commitment to tackle climate change. This funding would enable match funding to be sought for improvement works.

(NOTE. Cllr Baldry advised that he did not support part 1 of the recommendation)

IE.11/19 **IMPLEMENTING A NEW RECYCLING SERVICE**

The Lead Member presented the exempt update to the implementation of the new recycling service covering the increase in costs associated with the new scheme. It was noted that whilst delivery of the service implementation remains on target, this may be impacted with the

current COVID-19 situation, and that there would be financial implications if this were to occur.

It was **RESOLVED** that the Informal Executive **RECOMMENDED** to Council to:

1. note the progress and future plan in relation to the implementation of the new recycling service.
2. approve the increase in the cost of building the new depot at Ivybridge, as set out in Appendix A, to be funded by internal borrowing and to build this increased cost into the Budget for 2021-22. This amounts to an increase of £25,600 in paying back the borrowing costs per year, as set out in Appendix A.
3. approve the increase for the capital costs of the containers and their distribution, as set out in Appendix A, to be funded by internal borrowing and to build this increased cost into the Budget for 2021-22. This amounts to an increase of £8,852 in paying back the borrowing costs per year, as set out in Appendix A.
4. approve the increase from £125,000 to £175,000 for the one-off costs of implementation of the Devon Aligned Service. To fund the increase of £50,000 from the New Homes Bonus Earmarked Reserve in 2020/21.

(Meeting commenced at 2:00 pm and concluded at 3:17 pm)

Agenda Item 7

Report to: **Council**
Date: **30 April 2020**
Title: **Loan and release of capital housing grant to support Community Housing Projects**
Portfolio Area: **Leader of the Council – Cllr Pearce**
Wards Affected: **Charterlands and South Brent**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Current**

Author: **Rob Ellis** Role: **Community Housing Lead**

Contact: **01803 861903 / rob.ellis@swdevon.gov.uk**

Recommendations:

That Council RESOLVES to approve:

1. A secured loan to South Brent Community Land Trust of up to £360,000 as part of the overall capital project budget for Community Housing.
2. To approve the allocation £100,000 from the Affordable Housing Capital Programme Budget towards delivering St Ann's Chapel Community Housing Scheme

1 Executive summary

- 1.1 This Report sets out the following proposals:
- 1.2 To lend South Brent Community Land Trust (SBCLT) between £320,000 - £360,000 representing 20% of the construction cost of 12 affordable custom-build houses. This is required to meet SBCLT's equity contribution as the lender to the scheme cannot exceed an 80% loan to value percentage and SBCLT as a community group has insufficient funding available. The loan will be secured against the land plots being transferred to SBCLT and repaid upon completion of the houses. The loan will be made available for up to 2 years and will be funded as part of the overall capital project budget for Community Housing
- 1.3 To provide £100,000 grant funding, from the Affordable Housing Capital Programme Budget, to support the development of the St Ann's Chapel Community Housing Scheme delivering 8 affordable units, in line with prior delegated authority to approve expenditure of up to £8.5m to fund constructing the first four community housing projects from a combination of internal funds and external borrowing.

2 Background and Proposal

- 1.1 The Community Housing Strategy was put in place to support the development of homes accessible to those with local connections for whom the cost of market housing (to purchase and rent) is beyond their reach.
- 1.2 On 21st March 2019, the Council approved:
 - *Community housing development expenditure of up to £8.5m to build out four community housing schemes delivering 55 residential units as set out in this report*
 - *To approve funding of up to £8.5m to build the schemes from a combination of internal borrowing and external borrowing (from the Public Works Loan Board)*
- 1.3 Design and planning work has been met through a Government grant of £1.88m paid to SHDC in 2017 to facilitate the delivery of community housing schemes across the district. Design, planning and project supervision costs amounting to £250,000 will be reimbursed following completion of a development to enable the further projects to be funded
- 1.4 Planning consent has been granted for the first two of these schemes:

- 1.4.1 St Ann's Chapel Community Housing Scheme (13 houses), which will deliver 8 affordable units (a combination of rented and affordable housing for sale at between 55% - 65% market value), 3 open market units for sale and the transfer of 2 plots to the landowner.
- 1.4.2 South Brent Community Land Trust Community Housing Scheme (17 units), within Dartmoor National Park, comprising 12 affordable shared equity units to be built by SBCLT and 5 open market units.
- 1.5 Both schemes meet identified housing need (through housing needs assessments).
- 1.6 Planning consent for the South Brent scheme requires that the affordable units are built as custom / self-build units and as such it is necessary for ultimate owners of the houses (through SBCLT acting on their behalf) to have had sufficient input in to the design of the scheme and for their construction to be contracted between SBCLT and the build contractor. This will be achieved through the following structure. The same building contractor will enter into two separate contracts, the first with SHDC to build the infrastructure and 5 open market units (required to cross subsidise the affordable units) and the second with SBCLT to fund the shared equity affordable units. The entire programme will be overseen by Arcadis (external consultants) to mitigate risk.
- 1.7 SBCLT have agreed funding arrangements for the 12 affordable units with Ecology Building Society (specialist lenders to community and self-build housing schemes) whereby the construction costs will be met through a short term fixed-term loan. However, SBCLT cannot exceed an 80% loan to value percentage and as SBCLT as a community group has insufficient funds to meet this funding gap (£320,000-£360,000) an alternative funding source is required.
- 1.8 It is proposed that SHDC lend SBCLT between £320,000 - £360,000 representing 20% of the construction cost meeting SBCLT's equity contribution. The loan will be secured against the land plots of the 12 CLT affordable units and repaid upon completion of the houses. The security arrangements would enable SHDC to take on the construction of the affordable units in the event SBCLT gets into difficulty
- 1.9 Once the units are built, Ecology Building Society will provide mortgages to shared ownership purchasers
- 1.10 SHDC has been through an extensive tender process inviting build contractors to bid for both construction projects. The outcome of this process has been that construction costs have

risen in recent months, which has presented a funding challenge to these two schemes. South Brent Community Housing Scheme has benefited from an infrastructure grant from Homes England (£400,000) to enable this project to proceed.

1.11 The St Ann’s Chapel project has been successful in applying for the allocation of S106 moneys to support the development of the project amounting to £162,893. In spite of this support there is still a funding gap of £100,000. In aggregate this funding represents financial support of £32,875 per affordable unit. The commitment of £100,000 from the Affordable Housing Capital Budget would leave an uncommitted balance of around £565,000

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Providing the loan to SBCLT will be subject to legal advice on the powers to lend monies and associated due diligence. A loan agreement with SBCLT covering the terms of the loan and securitisation is to be completed (a loan agreement has been drafted).</p> <p>An agreement detailing the terms of the grant to the St Ann’s Chapel scheme is to be completed</p> <p>Any loan to a third party requires the approval from Full Council</p>
Financial	Y	<p>To lend South Brent Community Land Trust (SBCLT) between £320,000 - £360,000 representing 20% of the construction cost of 12 affordable custom-build houses. This is required to meet SBCLT’s equity contribution as the lender to the scheme cannot exceed an 80% loan to value percentage and SBCLT as a community group has insufficient funding available. The loan will be secured against the land plots being transferred to SBCLT and repaid upon completion of the houses. The loan will be made available for up to 2 years and will be funded from the overall capital project budget for Community Housing.</p>

		To provide £100,000 grant funding, from the Affordable Housing Capital Programme Budget to support the development of the St Ann's Chapel Community Housing Scheme delivering 8 affordable units, in line with prior delegated authority to approve expenditure of up to £8.5m to fund constructing the first four community housing projects from a combination of internal funds and external borrowing
Risk	Y	<ul style="list-style-type: none"> ▪ SBCLT are unable to meet their obligations to repay the loan. This is mitigated through the lending being secured on SBCLT's interest in the 12 land plots and development effectively providing the Council with "step in rights" ▪ Construction cost escalation mitigated through fixed price build contract and professional project management via Arcadis ▪ Adverse impact on cost of finance mitigated through locking down finance rate upon placing build contracts ▪ Corvid 19 delay – factored into contract and financial appraisal
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Projects need to address accessibility issues to ensure access to all wherever reasonable and practicable.
Safeguarding	N	There are no safeguarding implications.
Community Safety, Crime and Disorder	N	There are no community safety, or Crime and Disorder implications as a result of these recommendations.
Health, Safety and Wellbeing	Y	Increasing the provision of affordable housing is closely linked with improved health and wellbeing.
Other implications	N	

Supporting Information

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

Report to: **Council**

Date: **30 April 2020**

Title: **Pay Policy Statement and Pay and Reward Strategy 2020/21**

Portfolio Area: **The Leader of the Council – Cllr J Pearce**

Wards Affected: **All**

Urgent Decision: **Y** Approval and clearance obtained: **Y**

Date next steps can be taken: Immediately following this meeting.
(e.g. referral on of recommendation or implementation of substantive decision)

Author: **Andy Wilson** Role: **Head of Human Resources Practice**

Contact: **01803 861154: andy.wilson@swdevon.gov.uk**

Recommendations:

That the Council RESOLVES to adopt the:

- 1. Pay Policy Statement for 2020/21 (as attached at Appendix A); and**
- 2. Pay and Reward Strategy for 2020/21 (as attached at Appendix B).**

1. Executive summary

- 1.1. The report proposes that the Council adopts the Pay Policy Statement (attached at Appendix A) and the Pay and Reward Strategy (attached at Appendix B).
- 1.2. The Council is required under the Localism Act 2011 to agree and publish a Pay Policy Statement each year.
- 1.3. The Pay Policy Statement sets out the authority's policies for the financial year relating to the remuneration of its chief officers, the remuneration of its median and lowest-paid employees and the

relationship between the salary of the Head of Paid Service and the salaries of the median and lowest paid employees.

- 1.4. Under the provisions of the Pay Policy Statement, full Council approval is required to review the salaries of a Chief Officer.
- 1.5. The Pay and Reward Strategy sets out the authority's overall approach to the pay and reward of its staff.

2. Background

- 2.1. Section 38 of the Localism Act 2011 requires local authorities in England and Wales to produce and publish a statutory pay policy statement for 2012/2013 and each financial year thereafter. Once approved, the policy will be published on the Council's website.
- 2.2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates.
- 2.3. The Political Structures Working Group recommended that Council received an annual report setting out the Council's Pay and Reward Strategy in conjunction with the annual Pay Policy Statement.

3. Outcomes/outputs

3.1. Pay Policy Statement

- 3.2. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of Head of Paid Service to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through the pay policy statement, the Council can track this multiple on an annual basis.
- 3.3. If the relationship between the salary of the Head of Paid Service and the lowest paid employee exceeds a factor of 10, the Leader is required by the Localism Act to bring a report to Full Council for consideration.
- 3.4. With effect from 21 February 2019, the Executive Director and Head of Paid Service was appointed Chief Executive. The Chief Executive implemented a new senior leadership structure with effect from September 2019 comprising of a Chief Executive plus Directors of Customer Service and Delivery, Place and Enterprise, Governance and Assurance, and Strategic Finance. The role of Executive Director for Strategy and Commissioning was deleted.
- 3.5. The annual median salary of all employees is £24,799.
- 3.6. The annual salary of the lowest paid employee is £18,795

3.7. The relationship between the remuneration of the Head of Paid Service and the median salary of all employees is 4.84.

3.8. The relationship between the remuneration of the Head of Paid Service and the salary of the lowest paid employee is 6.38.

3.9. Pay and Reward Strategy

3.10. The Pay and Reward Strategy sets out the Council’s approach to the pay and reward of its employees and sets out details of the overall reward philosophy, pay design and structure, applicable rates of pay and other financial and non-financial benefits available to staff.

3.11. Gender Pay Gap

3.12. The Council also has a separate statutory duty to publish a report on the gender pay gap of its employees by 30 March 2020. The report will be published through the Government’s gender pay gap reporting service and on the Council website.

4. Options available and consideration of risk

4.1. The Council has a legal requirement under the Localism Act 2011 to publish a Senior Pay Policy each year.

5. Proposed Way Forward

5.1. Council is asked to adopt the Pay Policy Statement at Appendix A and publish it on its website to meet its statutory requirements.

5.2. Council is asked to adopt the Pay and Reward Strategy at Appendix B.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Yes	The Localism Act 2011 requires the Council to adopt and publish a Pay Policy Statement. The Pay Policy Statement requires the Leader to make a recommendation to Full Council to change the salary payable to a Chief Officer.
Financial	Y	The total annual salary cost of the SLT at 31 March 2020 is £408,000pa. This cost is shared with West Devon Borough Council.

		The cost of the SLT at 31 March 2019 was £398,170pa.
Risk	N	There are no risks associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no Equality or Diversity implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Safeguarding	N	There are no Safeguarding implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Community Safety, Crime and Disorder	N	There is no positive or negative impact on crime and disorder reduction associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Health, Safety and Wellbeing	N	There are no Health, Safety and Wellbeing implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Other implications	N	There are no other implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.

Supporting Information

Appendices:

A: Pay Policy Statement 2020/21

B: Pay and Reward Strategy 2020/21

Background Papers:

The Localism Act 2011

Code of Recommended Practice for Local Authorities on Data Transparency (published by the Secretary of State on 29 September 2011)

Hutton Report (published in March 2011)

Report to Special Council, 25 July 2019 – Restructure of the Senior Leadership Team

PAY POLICY STATEMENT 2020/21

Purpose and scope of the Policy

1. Section 38 of the Localism Act 2011 (the Act) requires local authorities in England and Wales to produce a statutory pay policy statement for 2012/2013 and each financial year thereafter.
2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the preceding financial year to which it relates.
3. The Council may by resolution amend this pay policy statement at any time during the year, subject to the amended statement being published as soon as is reasonably practicable.
4. The Act requires local authorities to have regard to the guidance issued by the Secretary of State. The guidance draws upon the Code of Recommended Practice for Local Authorities on Data Transparency published by the Secretary of State on 29 September 2011, the commitment in the Coalition Agreement to strengthen councillors' powers to vote on large salary packages for council officers and the recommendations made by the Hutton Report published in March 2011 for promoting fairness in the public sector by tacking disparities between the lowest and highest paid in public sector organisations.
5. The pay policy statement brings together these strands of increasing accountability, transparency and fairness in the setting of chief officer pay.
6. The pay policy must set out the authority's policies for the financial year relating to—
 - 6.1. the remuneration of its chief officers,
 - 6.2. the remuneration of its lowest-paid employees, and
 - 6.3. the relationship between—
 - 6.3.1. (i) the remuneration of its chief officers, and
 - 6.3.2. (ii) the remuneration of its employees who are not chief officers.

7. For the purposes of this pay policy, and in accordance with section 43 (2) of the Act, the following officers are considered to be relevant chief officers and deputy chief officers within scope of the Councils' statutory obligation:

- Chief Executive
- Directors
- Section 151 Officer
- Monitoring Officer

8. The above officers are collectively known as Chief Officers for the purpose of this pay policy statement.

9. In addition, the pay policy sets out the council's overall pay strategy that is applicable to all employees.

Shared Services

10. For the purposes of this pay policy statement, it should be noted that all of the identified chief officers operate under a shared service agreement with West Devon Borough Council and their salary costs are shared on an agreed basis. For the purpose of this pay policy statement, all shared chief officers are shown, notwithstanding the identity of their employing authority.

Current Senior Leadership Arrangements

11. With effect from 1 January 2014, South Hams District Council and West Devon Borough Council agreed to adopt interim arrangements for an Executive Director model following the retirement of the Shared Chief Executive on 31 March 2014.

12. As part of the Councils' T18 Transformation Programme, a new senior management structure was approved by Full Council consisting of 2 Executive Directors and 4 Group Managers. This was reduced to 3 Group Managers from 31 January 2016

13. Following the resignation of the Executive Director for Strategy and Commissioning and Head of Paid Service with effect from 18th February 2018, further interim arrangements were approved by Council until the election of a new administration in May 2019. The Council resolved to jointly set aside £53,000pa with West Devon Borough Council (£26,500 per Council) of the interim savings to finance interim senior management arrangements.

14. Following a review of the interim arrangements by the Review Panel, and building on the recommendations of the Local Government Association Peer Review, Council appointed the Executive Director for Service Delivery as the Chief Executive with effect from 21 February 2019. The post of Executive Director for Strategy and Commissioning remained vacant.

15. The Chief Executive implemented a new senior leadership structure with effect from September 2019 comprising of a Chief Executive plus Directors of

Customer Service and Delivery, Place and Enterprise, Governance and Assurance, and Strategic Finance. The role of Executive Director for Strategy and Commissioning was deleted.

16. The substantive salaries of the Senior Leadership Team were agreed by the Council on the recommendation of the Leader after taking advice on comparable salary levels in other organisations.
17. The salary of the Monitoring Officer includes an additional responsibility allowance, set at 20% of their substantive salary, in recognition of carrying out the duties of the Monitoring Officer.

Remuneration for Chief Officers

18. The council has chosen to introduce local arrangements for the Senior Leadership Team pay because it believes that this delivers a better outcome in terms of managing performance and flexibility.
19. The Leader of the Council may recommend to Full Council changes to the remuneration package following a review and after taking independent pay advice from South West Councils or a similar body. Any changes to the remuneration packages will be subject to Full Council approval.
20. Salary increases in relation to cost of living will be made in line with the relevant recommendation of the National Joint Council for Local Government Services (the NJC), the Joint Negotiating Committee for Chief Executives (the JNC) or other relevant national negotiating body for each chief officer.
21. The salary for the Chief Executive will be a 'spot' salary' that is to say the post holder will be paid in accordance with a fixed salary within an agreed range upon appointment and there will be no further incremental progression as a result of seniority, experience or performance. The 'spot salary' also includes remuneration for holding the statutory office of Head of Paid Service.
22. The salary for the Directors will be paid in accordance with an incremental grade as part of the Council's pay and grading structure. The pay band has four incremental points and post holders can progress through the increments each April, subject to satisfactory performance.
23. From time to time, the Chief Executive will designate a Chief Officer to carry out the role of Deputy Chief Executive in addition to their substantive role. The nominated Deputy Chief Executive receives a special responsibility allowance of £8000pa or 6.5% of their substantive salary, whichever is the greater. The payment will not be consolidated and will not attract an annual cost of living increase.
24. Where possible, salary levels will be consistent with similar organisations, although the Council will retain the right to have due regard to market forces that may affect its ability to recruit and retain high quality officers, whilst balancing this against the need to ensure value for money for residents.

25. The salaries, including the special responsibility allowances paid to the Deputy Chief Executive and the Monitoring Officer are the only remuneration for work carried out. At present, there are no additional payments made to chief officers relating to performance or any other matters and no bonus is payable.
26. Additional payments are made by Central Government to officers carrying out additional duties at elections. The determination of the allowance is made by the Government and these payments are not within the scope of this policy. There are no payments made by the Council for election duties.
27. In accordance with the provisions of the Council's Travel and Subsistence Policy, that applies equally to all employees, the relevant chief officers may attract an essential car user lump sum allowance and be reimbursed with business expenses subject to the submission of a claim with receipts. For 2020/21, all of the Chief Officers are designated as casual car users and will not receive an essential car user lump sum allowance.
28. From 1 April 2013, all business mileage will be reimbursed in accordance with the approved HMRC rates, currently 45p per mile. This replaces the previous policy under which business mileage was reimbursed at the higher rate agreed by the NJC, currently 50.5p per mile for essential users and 65p per mile for casual users.

Severance payments

29. Any termination payments payable to the relevant chief officers will be in accordance with the Council's Redundancy and Interests of Efficiency Policy. All such payments are equally applicable to all employees and no additional payments will be made without the express approval of the Full Council. All severance payments are subject to the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended.

Relationship with the remuneration of other employees of the Council

30. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of highest earnings to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through this pay policy statement, the Council will track this multiple on an annual basis and will publish the following information on its website each year (see Appendix A):

- The level and elements of remuneration to each relevant chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of the Head of Paid Service and the median earnings of all employees
- Other specific aspects of relevant chief officer remuneration

31. Each year the published data will be reviewed by the Leader of the Council and if the multiplier between the highest and the lowest paid employee within the Council exceeds a factor of 10, the Leader shall present a report to the Full Council for consideration.
32. For the purposes of this pay policy statement, the 'lowest paid employees' are identified as those employees carrying out a substantive role within the Council's established workforce with the lowest annual full-time equivalent salary.
33. The 'median earnings' have been identified by listing all salaries paid to employees in ascending order and finding the salary paid to the employee ranked in the middle of the list.

The Council's overall pay strategy

34. In determining the pay and remuneration of its employees, the council will comply with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained in the Equality Act, the council ensures that all pay arrangements are fair and transparent through the use of a Senior Office Job Evaluation Scheme (for Levels 1 – 3) and the Job Assessment Tool for all other employees.
35. The council takes the following approach to assessing individual and overall pay levels:
 - Defining the role – a job description is produced that describes the activities, responsibilities and accountabilities which relate to each job within the council. This helps to ensure that the role and its requirements are fully understood by the individual and the manager and enables the council to assess the performance of its staff and so improve efficiency and effectiveness.
 - Determining the job size – the council has developed its own Senior Officer Job Evaluation Scheme and a Job Level Assessment technique that enables the direct comparison of jobs across the council in a fair, transparent and consistent way.
36. The council's pay structure is based on the pay spine agreed by the NJC. Employees receive 'cost of living' increases in pay in line with NJC Agreements. The headline cost of living increase awarded in April 2019 was 2% on all spinal column points above 28, with progressively larger increases on descending spinal column points. The national pay settlement for 2020/2021 has not yet been agreed.
37. The terms and conditions of employment for the Chief Executive is in accordance with the Joint Negotiating Committee (JNC) for Chief Executives of

Local Authorities. There was a 2% increase payable from April 2019. The settlement for 2020/2021 has not yet been agreed.

38. Using the nationally agreed NJC pay spine, the council determines locally the appropriate grading structure, taking into account the need to ensure value for money in respect of the use of public finances balanced against the need to recruit, retain and motivate employees who are able to provide high quality and efficient services to the community.
39. To encourage employees to develop in their role and to improve their performance, the council has arranged its pay levels within a series of pay grades. Each grade typically contains between 4 and 5 pay levels or increments. Progression through the pay grade is dependent on meeting identified performance targets and is assessed through the council's staff appraisal scheme.
40. The council uses fixed spot salary pay rates for some groups of workers where there is no opportunity for significant improvement in performance related to length of service.
41. From time to time, the council may pay special allowances to an employee in specific circumstances and in accordance with its policy, such as to reward an employee who temporarily takes on additional responsibilities.
42. From time to time, the council may make a one-off merit pay award to an employee in specific circumstances and in accordance with its policy, such as to reward exceptional performance.
43. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme. The employee contribution rates, which are defined by statute, currently range between 5.5% for those on the lowest incomes to 12.5% for the highest income earners. The Employer contribution rates are set by Actuaries and are reviewed on a triennial basis to ensure the scheme is appropriately funded.
44. The Council's Pay and Reward Strategy contains further information relating to the overall approach to rewarding employees.

Appendix A

1. The levels and elements of remuneration for each Chief Officer are as follows:

Post	Salary (£) per annum	Comments
Executive Director (Strategy and Commissioning) and Head of Paid Service*	£98,847	Vacant from 18 th February 2018 and deleted with effect from 1st September 2019
Chief Executive	£120,000	Salary was £110,840, including a special interim responsibility allowance of £13,200pa payable from 18 th February 2018 to 31 August 2019.
Director of Customer Service and Delivery *	£84,000	Includes a special responsibility allowance of £8000pa for carrying out the duties of Deputy Chief Executive. Effective from 1st September 2019. (Salary Scale D2 – D4)
Director of Place and Enterprise*	£68,000	Effective from 9th September 2019 (Salary Scale D2 – D4)
Director of Governance and Assurance	£64,000	Effective from 9th September 2019. (Salary Scale D1 – D3)
Director of Strategic Finance and Section 151 Officer*	£72,000	Effective from 1 st September 2019. (Salary Scale D1 – D3)
Monitoring Officer*	£61,200	Including a 20% Responsibility Allowance
* employed by West Devon Borough Council		

Please note: All chief officers operate under a shared service agreement with West Devon Borough Council and all salary and associated costs are shared on an agreed basis between the two councils.

The Senior Leadership Team (SLT) consists of the Chief Executive and the four Directors, but excludes the Monitoring Officer.

The total annual salary cost of the SLT at 31 March 2020 is £408,000pa. This cost is shared with West Devon Borough Council.

The cost of the SLT at 31 March 2019 was £398,170pa.

In April 2017, the comparative cost of the SLT was £451,720 (adjusted to include the salary of the S151 Officer, previously not a part of SLT).

For comparison purposes, the total salary cost of the shared management structure in 2010/11 across the two councils in 2010/11 was £1,277,812 pa.

This was reduced following major organisational change in April 2011 and the adoption of the interim Executive Director model in January 2014 to £612,340pa. This salary cost included the Executive Directors and Heads of Service (including s151 Officer) but excluded the Monitoring Officer.

2. The full-time equivalent annual salary of the lowest paid employee is a Case Manager, paid in accordance with spinal column point 5 of the National Joint Council for Local Government Services pay spine, currently £18,795.
3. The annual median salary of all employees £24,799
4. The Chief Executive's salary is a pay multiple of 4.84 times the median earnings.
5. The Chief Executive's salary is a pay multiple of 6.38 times the lowest paid employee.

PAY AND REWARD STRATEGY 2020/21



West Devon
Borough
Council



South Hams
District Council

Introduction

1. The primary aim of the Councils' Pay and Reward Strategy (PRS) is to attract, retain and motivate staff so that the organisation can perform at its best.
2. The PRS sets out the Councils' overall reward philosophy and the design and implementation of its pay and grading structure, including financial and non-financial benefits.
3. South Hams District Council and West Devon Borough Council have developed a fully integrated and joint approach to pay and reward to all roles across both organisations and the PRS is a joint strategy.

Reward Philosophy

4. A coherent approach to rewarding staff is central to the Councils' commitment to continually improve productivity and to sustain the delivery of excellent services to our customers and communities.
5. Financial and non-financial reward are significant factors in helping the Councils attract and retain the right people and to keep them motivated, performing to the very best of their abilities and receptive to changing environment in which we operate.
6. The Councils' PRS is designed to be fully compliant with all of the statutory requirements, including the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
7. The Councils believe in the principle of national and local collective bargaining, supports the role of trade unions as representatives of the workforce and is committed to reaching agreement to changes affecting terms and conditions of employment through negotiation and consultation wherever possible.
8. The Councils' draw significant benefits from being a member of the Local Government Association, including the provision of national and regional advice and access to innovation and best practice in employee relations.
9. Through its membership of the National Joint Council for Local Government Services (NJC) and Joint Negotiating Committee for Chief Officers (JNC), the Councils participate in national negotiations on pay and conditions of service.
10. In accordance with its commitment to national collective bargaining and the NJC Agreement (the Green Book), the Councils utilise the nationally agreed pay spine as the basis of its locally designed pay and grading structure.

11. The Councils are fully committed to a fair, open and equitable approach to pay and reward and meets its equal pay responsibilities by using the locally designed Senior Officer Job Evaluation Scheme and Job Level Assessment tool to make sure all roles are allocated the appropriate reward in comparison to other roles in the organisation.
12. The Councils keep the pay and grading structure under review and carry out audits to make sure discrepancies does not arise on the basis of any characteristic protected by the Equality Act 2010.
13. The Councils use its Managing Performance framework, including the Personal Continuous Improvement appraisal tool to link performance to reward. Annual increments are only awarded once the line manager has certified that performance and conduct is satisfactory.

Pay Design and Structure

14. In order to reflect and distinguish between the wide range of duties and responsibilities carried out in the organisation, the Councils use 9 hierarchical Levels (or grades). Different roles are allocated to a Level using the Senior Officer Job Evaluation Scheme (Levels 1 – 3) and Job Level Assessment tool (Levels 4 – 9) and are considered to be of equal value to other roles in the Level.
15. The design of the grading structure and the associated rates of pay provide a hierarchical framework that enables roles to be rewarded in comparison to other roles.
16. The Chef Executive Officer is the only officer within Level 1 and a spot salary is used because an employee appointed to the role is considered to be fully competent upon appointment
17. Levels 3 to 9 are built upon the NJC pay spine and each Level has 5 spinal column points, with the exception of Level 9 which from 1 April 2019 has 3 spinal column points.
18. The use of incremental points within each Level is designed to reward higher performance associated with more experience and is a common feature across local government and many other organisations across all sectors of the economy. Where experience is unlikely to lead to an improvement in performance, such as in low or semi-skilled roles, a spot salary is used.
19. Employees with roles within Levels 2-9 are awarded an annual increment in April each year until the top of the Level is reached, subject to satisfactory performance. Each year, line managers are asked to confirm the satisfactory performance of every individual and the Councils retain the contractual right to withhold an increment in the event of unsatisfactory performance, including where performance is affected by unsatisfactory conduct.
20. Where an employee joins the organisation between September 1 and 31 March, an increment will only be payable after 6 months' service. Thereafter, increments will be due in April each year until the top of the Level is reached.
21. The salary for people joining the organisation is set at the entry spinal column point of the appropriate Level. In exceptional circumstances, SLT may agree to appoint to a

higher point within the Level.

22. The salary for an employee moving to a higher Level following promotion or a regrading will join the new Level at the entry spinal column point.

Rates of Pay

23. The Councils pay and grading structure is attached at Appendix A.
24. The Councils are members of the National Joint Council for Local Government Services (NJC) and Joint Negotiating Committee for Chief Officers (JNC) and participate in national negotiations on pay and conditions of service with the recognised trade unions through its membership of the Local Government Association.
25. The NJC and JNC are committed to an annual review of pay and, from time to time, agree an increase in pay. The Council is contractually committed to implementing this nationally negotiated and agreed increase in pay and applies the changes to its pay structure and to each individual employee's rate of pay.
26. Every role in the organisation is accompanied by a Job Description and Role Profile which are used to determine the appropriate Level within the pay and grading structure in conjunction with the local Senior Officer Job Evaluation Scheme (JES) and Job Level Assessment (JLA) tool.
27. The Councils keep the Level of each role under review and, where there is some evidence that a role has changed, carries out a JES or JLA to determine whether a role should be regraded to a higher or lower Level.
28. The JLA tool measures the size of a Role by considering the level of Responsibility carried out, the degree of Discretion exercised, the Resources used or managed and the impact the role has on our customers and communities. The JES scheme measures the size of a Role by considering the Knowledge Required, Creative Thinking, Impact on People and Organisations, and the Management of Resources.
29. The Councils have access to a national pay benchmarking service supported by the LGA. The database enables the Councils to compare its rates of pay for job families and specific roles with other local government and wider public sector organisations to make sure the rates of pay are competitive and broadly comparable with similar organisations.

Senior and Low Pay

30. The Councils are required to adopt and publish an annual Pay Policy Statement (PPS). The PPS sets out the remuneration of Chief Officers (currently the Chief Executive, four Directors and Monitoring Officer) and the rate of pay of the lowest paid member of staff and the median earnings of the workforce.
31. The Councils are required to publish the PPS and it is available on the Council websites.

Gender Pay Gap

32. Under the provisions of the Equalities Act 2010 (Gender Pay Gap Information) Regulations 2017 all organisations that employ more than 250 employees are required to publish annually a report showing the gender pay gap. Although West Devon Borough Council currently employs less than 250 employees, it will publish the data in accordance with the Regulations.
33. The information will be published on the Council's websites and, in the case of South Hams District Council, the government's gender pay gap website.

Other financial and non-financial reward benefits for staff

34. The Councils provide a wide range of financial and non-financial benefits to its staff to help attract and retain the right people. The following list is not exhaustive:

I. Membership of the Local Government Pension Scheme (LGPS)

It is statutory requirement that all employees with more than 3 months service are automatically enrolled into the LGPS. The LGPS is a defined benefit scheme that provides a pension based on career average earnings. The LGPS is a contributory scheme and the employee contribution rate is dependent on income, ranging from 5.5% to 12.5%. The contributions made by the Councils are determined by Actuaries and are reviewed every three years. Employees retain the right to opt out of the scheme.

II. Bonus Payments

The Councils have removed all historic bonus payments and have successfully consolidated bonus payment previously payable to employees working in Waste and Recycling, Public Convenience, street cleaning, craft workers and at the Dart Lower Ferry.

III. Premium Payments

Under the terms of the NJC Agreement, premium payments are payable when an employee works additional hours (overtime) or outside of normal working hours, such as evenings, weekends and public holidays. All payments are in accordance with the NJC Agreement or local agreements. Under the terms of individual contracts of employment (and in accordance with the NJC provisions), overtime pay is normally only payable to officers on Level 6-9. Officers at Level 1 – 5 are offered time off in lieu if they work additional hours.

IV. Special Responsibility Allowances

In recognition of special responsibilities, certain categories of employees are awarded an allowance above their substantive Level and salary.

Currently, the Council recognises the responsibilities carried out by the following employees

- Supervisory Case Managers – receive an additional 2 increments
- Deputy 151 and Deputy Monitoring Officer – receive £2,500pa
- Deputy Chief Executive – receives £8000 pa or 6.5% of salary whichever is the greater

V. Special Responsibility Allowances, Secondments and Acting Up

From time to time, the Councils will need to make interim appointments to cover a short-term demand for a particular role, task or activity. The Councils are committed to providing opportunities for staff to gain experience of different roles and levels of responsibility within the organisation and will offer interim opportunities to staff unless there is a business imperative to make external arrangements.

Where an employee is carrying out a Secondment or is Acting Up, and is expected to carry out the full range of duties of a Role at a higher Level, salary will be paid in accordance with the entry point to the appropriate Level.

Where the employee is expected to carry out some additional duties and/or responsibilities, an additional increment will be awarded within their existing substantive Level, or, where the employee is at the top of the Level, SLT will determine an appropriate salary uplift.

In exceptional circumstances and with the agreement of SLT, an additional increase in salary may be awarded.

VI. Merit Pay and Honorariums

Where an employee undertakes temporary additional responsibilities or performs exceptionally, a payment can be made by SLT in accordance with the Councils' Merit Pay and Honorarium Policy.

VII. Accelerated incremental progression

In exceptional circumstances, SLT may award an accelerated increment to an employee.

VIII. Out of Hours Payments

The Council delivers a number of functions, including statutory duties, that need to be accessed out of hours and provides a payment to appropriate employees to deliver the out of hours service in accordance with its Out of Hours Policy.

IX. Market Supplements

Although the Council does not currently pay a market supplement to any employee, it retains the ability to make a market supplement payment where it is demonstrated to SLT that there is a clear business case to support a supplementary payment. Any market supplement should be based on empirical evidence and kept under review.

X. Commercial Delivery or Community Benefit Supplement

From time to time, the Councils can deliver product(s) and / or services to third parties or external organisations in order to generate a commercial return and can also be responsible for the delivery of externally funded services that can have a significant benefit on the communities we serve.

From time to time, SLT may agree to award a Commercial Delivery or Community Benefit Supplement to an employee(s) where it considers the success of the commercial venture or externally funded project will be enhanced in accordance with the agreed policy.

XI. Relocation Allowance

From time to time, SLT may determine that a relocation allowance should be made available attract the right candidate to the organisation. All payments will be made in accordance with the Councils' Relocation Policy up to a maximum payment of £5000. From time to time, the Leader of the Council may authorise an increase in the upper limit of the payment where it is

necessary to attract candidates to particular roles. For appointments made to Executive Director Roles in 2014 and Chief Executive in 2020 this allowance was raised to £10,000.

In exceptional circumstances, the Council may offer a financial incentive to attract candidates to apply for hard to fill vacant posts. During 2019/2020, a 'golden hello' of £5000 was offered to attract candidates to apply for roles as a Planning Specialist.

XII. Membership Professional Fees

The Council is committed to supporting the highest level of professional and technical competence within its workforce and will financially support an employee's membership of a relevant professional body.

XIII. Leave and Flexible working

The Council recognises that it is important for its employees to strike an effective work life balance and operates Annual Leave and Special Leave Policies to make sure employees are able to take appropriate breaks from working for both rest and recreation and to manage unforeseen events in their personal life.

The Council also recognises that flexible working practices can help employees manage the work life balance and encourages the use of agile working. The Council's Ways of Working Policy sets out the overall approach to agile working and seeks to find an appropriate balance between the needs of our customers and communities and the ability of employees to structure their working pattern and environment in a manner that supports their personal life.

XIV. Volunteering

The Council encourages and supports its employees to do voluntary work. It can help the Councils build relationships and improve its reputation within the local community and can directly support initiatives that enhance the communities in which we live and work.

By volunteering, employees can share their talent for the benefit of the community, learn new skills and encounter new experiences. Volunteering can help enhance a person's self-esteem and improve their health and well-being.

In accordance with the agreed policy, an employee may be granted up to 3 days paid leave and unlimited unpaid leave per year to carry out voluntary work.

XV. Salary Sacrifice Schemes

The Council promotes a healthy lifestyle by offering employees the opportunity to purchase a bicycle for the purpose of cycling to work through salary sacrifice arrangements that allow the cost to be deducted before national insurance contributions are calculated in accordance with HMRC rules. The Councils can no longer offer a child care voucher scheme to employees as individuals now need to enrol on the government Tax-Free Childcare scheme. However, for employees who were previously registered, we can continue to offer child care vouchers through our payroll.

During 2020/21, the Councils will implement a salary sacrifice scheme to assist employees to lease electric vehicles. This scheme supports the Councils commitment to reduce its carbon footprint. The Council will also implement a scheme allowing employees to purchase up to 10 days' additional annual leave through a salary sacrifice scheme.

XVI. Severance Payments

From time to time, the Council's requirement for particular activities and functions to be carried out can diminish and may result in a redundancy situation. Where a redundancy cannot be avoided, all severance payments are made in accordance with the Council's Redundancy and Interests of Efficiency Policy. The policy is agreed by Full Council and is compliant with the Local Government (Discretionary Payments) Regulations 1996 and Employment Rights Act 1996.

XVII. Sickness absence and pay

The Councils are committed to the well-being of its employees and to providing the right working environment, working practices and healthcare support to help employees to be healthy and able to work. On occasions, however, employees will be unable to attend work due to illness and the Councils adhere to the Green Book Sickness Scheme.

XVIII. Occupational Health, Counselling and Employee Assistance Programme

The Councils provide access to an Occupational Health Service to help understand what it can do to support employees with longer term sickness absences and to help facilitate an earlier return to work.

The Councils provide access to a range of support networks and advisory services through its partnership with an Employee Assistance Programme and offer an anonymous self-referral service to a Counselling Service to help employees with a wide range of work and non-work related issues.

XIX. Maternity, paternity and parental leave and pay

The Councils adhere to the Green Book Maternity, Paternity and Parental Leave and Pay policies for eligible employees.

XX. Travel and subsistence expenses

The Councils will reimburse employees for all reasonable and authorised expenditure, including mileage, occurred on Council business in accordance with the Travel and Subsistence Policy.

APPENDIX A – PAY AND GRADING STRUCTURE with effect from 1 APRIL 2019

SPINAL COLUMN POINTS 2019-2020 (WEF 01/04/2019)				
Grade	SCP	ANNUAL SALARY	MONTHLY RATE	HOURLY RATE
Scale 1	1	17,364	1447.00	9.00
	2	17,711	1475.92	9.18
	3	18,065	1505.42	9.36
9	4	18,426	1535.50	9.55
	5	18,795	1566.25	9.74
	6	19,171	1597.58	9.94
8	7	19,554	1629.50	10.14
	8	19,945	1662.08	10.34
	9	20,344	1695.33	10.54
	10	20,751	1729.25	10.76
	11	21,166	1763.83	10.97
7	12	21,589	1799.08	11.19
	14	22,462	1871.83	11.64
	15	22,911	1909.25	11.88
	17	23,836	1986.33	12.35
6	19	24,799	2066.58	12.85
	21	25,801	2150.08	13.37
	22	26,317	2193.08	13.64
	23	26,999	2249.92	13.99
	24	27,905	2325.42	14.46
6 - Supervisory Allowance	25	28,785	2398.75	14.92
	26	29,363	2446.92	15.22
5	27	30,507	2542.25	15.81
	28	31,371	2614.25	16.26
	29	32,029	2669.08	16.60
	30	32,878	2739.83	17.04
	31	33,799	2816.58	17.52
4	32	34,788	2899.00	18.03
	33	35,934	2994.50	18.63
	34	36,876	3073.00	19.11
	35	37,849	3154.08	19.62
	36	38,813	3234.42	20.12
	37	39,782	3315.17	20.62
Extended Leadership Team				
3A	41	43,662	3638.50	22.63
	42	44,632	3719.33	23.13
	43	45,591	3799.25	23.63
	44	46,728	3894.02	24.22
	45	47,903	3991.94	24.83
3B	43	45,591	3799.25	23.63
	44	46,728	3894.02	24.22
	45	47,903	3991.92	24.83
	46	49,950	4162.50	25.89
3C	47	51,000	4250.00	26.43
	45	47,903	3991.92	24.83
	46	49,950	4162.50	25.89
	47	51,000	4250.00	26.43
	48	53,000	4416.67	27.47
	49	55,000	4583.33	28.51
Senior Leadership Team				
Corporate Director	D1	64,000	5333.33	33.17
Corporate / Strategic Director	D2	68,000	5666.67	35.25
Corporate / Strategic Director	D3	72,000	6000.00	37.32
Strategic Director	D4	76,000	6333.33	39.39
Chief Executive	Spot	120,000	10000.00	62.20

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Report to: **Council**
Date: **30 April 2020**
Title: **Amendments to, and adoption of, the Council's Constitution**
Portfolio Area: **Council (Cllr Hopwood)**
Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken: Immediately following this meeting.

Author: **Catherine Bowen** Role: **Monitoring Officer**

Contact: catherine.bowen@swdevon.gov.uk

RECOMMENDATION

That the Council:

- 1. Notes the changes made under paragraphs 2.1 and 2.2**
- 2. Agrees and formally adopts the amendments to the South Hams District Council Constitution (as summarised in paragraph 2.4 of the report and fully outlined at Appendix A)**
- 3. Adopts the Constitution for the forthcoming year with immediate effect <https://www.southhams.gov.uk/article/3689/Our-Constitution>**

1. Executive summary

1.1 The Council is required to formally adopt its Constitution.

1.2 The Audit Committee is responsible for maintaining an overview of the Council's Constitution and for making any necessary recommendations to the Council. However, this year it has not been possible for the Audit Committee to have the opportunity to review the Constitution and make recommendations.

1.3 This report seeks to ensure that the Constitution is amended to reflect the changes that have either occurred in the Council over the previous year, or to implement any necessary changes to ensure that it is up to date, lawful and reflects the Council's current practices and priorities.

2. Changes to the Constitution

2.1 Changes to the Constitution are made throughout the year by the Council and through its consideration of recommendations arising from Committee minutes and are effective from the date of approval (unless otherwise agreed by Council). Examples over the past year include:

- Adoption of temporary Procedural Rules for conducting remote meetings
- Updates to reflect the changes made to the structure and responsibilities in the Senior Leadership Team and the Extended Leadership Team
- Updates to the Scheme of Delegation, including the approved decision making functions for 'Development on Council Owned Land' and 'Commercial Property Acquisitions in the South Hams';
- Revisions to the Development Management Committee Public Participation Scheme;
- Adoption of the Discretionary Powers contained within the Animal Welfare Act 2006 and the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 (NB. including a new Sub-Committee structure to consider objections to conditions on an Animal Licence);
- The establishment of an Affordable Housing Delivery Working Group; and
- Approval of a revised Planning Scheme of Delegation.
- The establishment of the Climate Change and Biodiversity and Future IT Platforms Working Groups

2.2 In addition, the Monitoring Officer has delegated authority to make minor (or legal) amendments to the Constitution during the course of the year. For example, the Monitoring Officer makes changes to the Officer Delegation Scheme where there have been changes to a role's responsibilities, or to update the definitions pages of the Constitution.

2.3 The Constitution is a living document and changes can be made (on recommendation from other Council bodies or the Monitoring Officer) where circumstances or the Council's priorities have changed, where the Council wishes to change the way it carries out its services and functions.

2.4 The following changes to the Constitution are proposed which are shown in yellow highlight in Appendix A:

- 2.4.1 **Emergency Powers:** The Council's Constitution currently contains powers for decisions to be made in an emergency. Emergency is widely defined in this context as any situation in which the Head of Paid Service believes that failure to act would seriously prejudice the Council's or the public's interests. Such interests will be interpreted widely and include (but are not limited to) the risk of damage.
- 2.4.2 In the light of the Coronavirus emergency it is recommended that the Emergency powers (included in part 3(a) of the Constitution) are further amended. At present Paragraph 7 of the Principles of Delegation authorises the Head of Paid Service to carry out any function of the Council and take all necessary decisions. In the absence of the Head of Paid Service emergency powers can be exercised by the Deputy Chief Executive, or in their absence, any one of the Directors.
- 2.4.3 It is recommended that, to cover the event that any of SLT are unable to act, the emergency powers are further delegated to the Monitoring Officer and the Head of Environmental Health.
- 2.4.4 By way of further clarification it is recommended that the following provisions are also added to the Emergency Powers provisions :
- 2.4.4.1 The Head of Paid Service will consult the Leader (and in his/her absence the Deputy Leader) in considering whether an emergency exists;
- 2.4.4.2 The Head of Paid Service will consult (or endeavour to consult) the Leader (and in his/her absence the Deputy Leader) and available members of SLT when exercising the emergency powers. The Head of Paid Service may consult more widely if s/he deems that to be appropriate in the circumstances.
- 2.4.4.3 A record will be kept as to the exercise of emergency powers and the reasons for the exercising these powers
- 2.4.4.4 A report will be made to the next relevant meeting of the Council or appropriate body on the exercise of emergency powers.
- 2.4.5 **Sealing of documents:** Following shared services and the implementation of agile working, the authority to seal the Council's documents was extended from the Council's Monitoring Officer and lawyers, to include senior officers where there were no lawyers available. The Monitoring Officer is currently implementing further measures to regulate the sealing of the Council's documents and recommends that authority should be restricted to the Monitoring Officer and lawyers without specific written permission. Please see paragraphs 12- 14 'Authority to Act' in the Officer Delegation Scheme in Appendix A.
- 2.4.6 **Powers to appoint to Parish/Town Councils:** it is anticipated that there may be greater frequency of more vacancies arising in the parishes throughout the next year which may result in the Parish/Town

Councils so that the Parish Council is inquorate and no longer able to act. The Council has the power to make temporary appointments to such councils through the making of an Order, until such time as there is an election or co-option. This is a matter normally reserved to Council but it is proposed to add a general temporary power to enable the Monitoring Officer (in consultation with the Leader and local ward members) to make such appointments until May 2021. Please see the proposed amendment under Authority to Act in Appendix A highlighted in yellow.

- 2.4.7 **Development Management:** whilst the Council is unable to hold meetings where a physical presence is required, in order to enable as many planning applications to be determined under Officer Delegation as possible, it is proposed to grant temporary delegated authority to the Head of Development Management (in consultation with the Chairman and Vice Chairman of the Development Management Committee, ward members and the Monitoring Officer) to determine Member and Officer planning applications. These are currently referred to the DM Committee for determination. Members will still have the right to refer such applications for determination at DM Committee if it is deemed there are planning merits for doing so. It is proposed that this temporary amendment will be force until May 2021.

3. Outcomes/outputs

- 3.1 The Council is required to have an up to date Constitution which reflects the law, its working practices together with best practice to ensure that it delivers efficient services and lawful decisions. The Constitution is a living document and changes are made throughout the year when necessary and it is particularly important to make decision- making as flexible as possible during the current COVID emergency whilst maintaining transparency.

4. Options available and consideration of risk

- 4.1 The options are limited as the Council has a statutory duty to adopt its Constitution annually and to review that document to ensure that it is fit for purpose and reflects both statutory requirements and the Council's working practices;
- 4.2 If the Council does not review the Constitution there is a risk that the Council may make unlawful decisions with a consequent risk of challenge;
- 4.3 Senior Officers have been consulted on the Constitution and any necessary amendments incorporated.

5. Proposed Way Forward

- 5.1 That the Council approves the proposed amendments to the Constitution attached in Appendix A.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Local Government Act 2000 requires the Council to have (and to maintain) a Constitution. The Monitoring Officer must review the Constitution annually and make recommendations as to its adoption to full Council. Only the Council can approve and adopt the Council's Constitution.
Financial	N	There are no financial implications to this report
Risk	Y	There is a risk arising from a failure to review the Constitution and approve the necessary changes because it may lead to unlawful decisions being taken by the Council. By undertaking an annual review of the Constitution the Council mitigates this risk by ensuring that the Constitution is up to date and reflects current practice and law.
Climate Change - Carbon / Biodiversity Impact		No carbon/biodiversity impact arise from the recommendations
Comprehensive Impact Assessment Implications		
Equality and Diversity		None arising from this report
Safeguarding		n/a
Community Safety, Crime and Disorder		n/a
Health, Safety and Wellbeing		n/a
Other implications		n/a

Supporting Information

Appendices:

A: Amendments to the Constitution

Background Documents:

The Council's Constitution

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Appendix A to the Constitution Report 30 April 2020

Temporary Amendment to the Officer Delegation set out in the Terms of Reference for the Development Management Committee

The Head of Development Management shall have authority (until 7 May 2021) to determine (in consultation with the Chairman of Development Management Committee, ward members and the Monitoring Officer) planning applications, Listed Building consents, advertising consents, TPO confirmations and works to trees submitted by Officers and Members. In all other respects such applications will be determined in accordance with the Delegation to Officers set out in the DM Committee's terms of reference and 'Delegation to Officers' set out in the Constitution.

Contents of Part 3a – Delegation to Officers

1. Principles of Delegation
2. Authority for Officers to Act
3. Delegation to Senior Officers:
 - Matters reserved for Council or Committee
 - Urgent items
 - Head of Paid Service / Chief Executive
 - Monitoring Officer
 - 151 Officer
 - Directors
 - Heads of Practice Leads, Lead Specialists and Managers
 - Devon Audit Partnership
 - Devon Building Control Partnership

Principles of Delegation

1. Section 101 of the Local Government Act 1972 provides that:
 - a. A Council may delegate its powers (except those incapable of delegation) to a committee or an officer
 - b. A Committee may delegate its powers to a sub-committee
 - c. A Committee may delegate its powers to an officer
 - d. Powers which have been delegated may be exercised by the delegating body or officer.
2. Under the Localism Act 2011 the Council has been given a general power of competence, enabling it to do anything that an individual might do. This is subject to certain qualifications.
3. Any delegation to a Committee or a Senior Officer shall be exercised in compliance with the Council's Constitution, any other policies or conditions imposed by the Council and with the law.
4. In making any decision regard shall be had to the Council's Corporate Strategy and Themes and principles of decision-making as set out in the Articles of the Constitution.
5. A Senior Officer may nominate another named Officer to carry out any powers and duties which have been delegated to that Senior Officer.
6. If any officer to whom a function has been delegated is for any reason unable to act, or if the post of any such officer is vacant, the Head of Paid Service, or in his/her absence, the Deputy Chief Executive may exercise the delegated power or nominate another named officer to carry out those duties.
7. In an emergency the Head of Paid Service (or in his/her absence the Deputy Chief Executive or one of the Directors and in their absence the Monitoring Officer or **Head of Environmental Health**) is empowered to carry out any function of the Council and take all necessary decisions. Emergency will usually be defined in this context as 'any situation in which the relevant officer believes that failure to act would seriously prejudice the Council's or the public's interests. Such interests will be interpreted widely and include (but are not limited to) the risk of **damage/ harm to persons or property**'.
 - a. **The Head of Paid Service will consult the Leader (and in his/her absence the Deputy Leader) in considering whether an emergency exists;**
 - b. **The Head of Paid Service will consult (or endeavour to consult) the Leader (and in his/her absence the Deputy Leader) and available members of SLT when exercising the emergency powers. The Head of Paid Service may consult more widely if s/he deems that to be appropriate in the circumstances.**
 - c. **A record will be kept as to the exercise of emergency powers and the reasons for the exercising these powers**
 - d. **A report will be made to the next relevant meeting of the Council or**

appropriate body on the exercise of emergency powers

8. Where officers are contemplating any action under delegated powers which is likely to have a significant impact in a particular area, they should also consult the Members for the appropriate Wards.
9. A delegated officer must ensure that s/he obtains appropriate advice from the Council's legal, financial and other specialist staff before action is taken.
10. The Monitoring Officer may at any time, make consequential amendments to the Delegation Scheme to reflect the re-designation of posts or reallocation of responsibilities in any service which affects the terms of the Scheme.
11. The Monitoring Officer shall settle any points requiring interpretation or clarification in the practical application of this Delegation Scheme.

Delegation to Senior Officers

Matters reserved for Council or Committee

1. Subject to **urgent items** (see paragraph 2 below), the following matters shall be referred to the relevant Committee or Council, where appropriate.

Any matter which:

- (a) is strategic in nature (as determined by Senior Leadership Team); or
- (b) requires a new policy; or
- (c) requires an alteration to an existing policy (other than a minor amendment); or
- (d) would be contrary to the Policy Framework; or
- (e) involves expenditure, or a reduction in income, for which there is no sufficient budgetary provision; or
- (f) is an issue of principle as determined by the Senior Leadership Team; or
- (g) in the opinion of the Head of Paid Service or Monitoring Officer, cannot in law or in accordance with the Constitution be decided by an Officer; or
- (h) upon which a Committee has requested a report; or
- (i) a Member has requested an item to be put on an agenda under Procedure Rules 12 and 13; or
- (j) in the opinion of the Officer concerned, should be determined by a Committee; or
- (k) is reserved to the Development Management Committee
- (l) Is reserved to the Council

Urgent Items

2. Matters of urgency, as determined by the Head of Paid Service (or in his/her absence another Senior Officer) shall be delegated to the relevant officer in consultation with the Chairman and Vice-Chairman of the appropriate Committee/body subject to a report being made to the next meeting of the appropriate Committee/body.

Authority for Officers to Act

3. The term 'Senior Officers' includes the Chief Executive, s151 Officer, Directors, Heads of Practice, Lead Specialists, Managers (Level 3) and Monitoring Officer.
4. Throughout the Constitution references to:
 - Head of Paid Service shall include Chief Executive (and vice versa)
 - Section 151 Officer shall include the Strategic Finance Lead and Chief Finance Officer or her nominated Deputy Section 151 Officer (and vice versa)
 - The Monitoring Officer shall include her nominated Deputy Monitoring Officer(s)
 - Directors shall include references to former Group Managers (and vice versa)
 - Heads of Practice / Service and Managers shall include Community of Practice Leads and Lead Specialists (and vice versa)
5. Subject to those matters which are reserved for Council, Executive (SH only) or Committee (see paragraph 1 above) **all Senior Officers** shall be responsible and shall have **delegated authority** for the **day-to-day operation and management** of his/her Directorship / Service Area and of the services, functions and land for which s/he is responsible.
6. Any matter not reserved for Council, Executive or Committee (i.e. any matter falling outside the criteria contained in paragraph 1 above) shall be regarded as falling within the day-to-day operation and management of the relevant department and shall be delegated to the appropriate Senior Officer and shall be exercised in accordance with the principles of delegation.
7. **All Senior Officers** are appointed across both West Devon Borough Council and South Hams District Council and shall have authority to:
 - issue written authorisation to individual officers to act as the Council's authorised officers in the performance of their statutory or other duties (provided that any written authority to enter upon the land or premises shall be in pursuance of a statutory power of entry or inspection)**
 - to nominate officers to deputise in their absence
 - call for and accept quotes and tenders within the Contract Procedure Rules
 - to act as Proper Officer for their service

** to be recorded in a separate record held by the relevant Head of Practice/ Lead Specialist
8. In the absence of the Monitoring Officer or Section 151 Officer, any officer duly appointed by them to act as their deputy may exercise any of the powers or duties delegated to the Monitoring Officer or Section 151 Officer.
9. Delegations to Senior and other Officers in respect of **financial matters** are set out in the **Financial Procedure Rules** (Part 4 of the Constitution).

10. Delegations to Senior and other Officers in relation to the letting of **contracts** are set out in the **Contract Procedure Rules** (Part 4 of the Constitution).
 11. Delegations to Senior and other Officers in respect of **land and premises** are set out in the **Financial Procedure Rules**.
 12. The Council's Monitoring Officer shall be responsible for signing or sealing all the Council's Official Documents** (unless otherwise specifically delegated). In her absence, any other Lawyer employed by the Councils may carry out these functions, **or in their absence an Officer with written authorisation from the Monitoring Officer or Deputy Monitoring Officer.**
- ** includes (but not limited to) Deeds, TPO's, Leases, Licenses, and certain contracts**
13. All Heads of Practice are responsible for considering and issuing a formal caution in respect of any matter for which they are responsible. In the absence of the Head of Practice Lead this can be carried out by his/her nominated deputy.
 14. All Senior Officers are responsible for authorising, signing and issuing Notices and all other documentation for those matters for which they have responsibility (save for legal **proceedings and Official Documents (as determined by the Monitoring Officer) and document which are required to be sealed**).
 15. The Head of Paid Service shall be the Proper Officer for any function of the Council in the absence of any other appointment (or in the absence of that Officer for any reason) as specified within this Delegation Scheme.
 16. Where the Council is required to institute or defend legal proceedings, authority must be first obtained from the Monitoring Officer.
 17. Officers are authorised to attend Court in relation to Revenue & Benefit proceedings, RIPA applications and sundry debts.
 18. The Head of Paid Service shall determine from time to time any interim arrangements in the event of a vacancy or other long term absence of any Senior Officer.
 19. **As a temporary measure until 7 May 2021, the Monitoring Officer (in consultation with the Leader and relevant Ward Members) may make orders to make temporary appointments under section 91 of the Local Government Act 1972 where there are so many vacancies in the office of Parish/Town Councillor that a Parish / Town Council is no longer able to act. Such a decision will subsequently be reported to Council for noting purposes.**

**Delegation to Senior Officers, Heads of Practice,
Senior Lead Specialists and Managers**

Statutory Officers

Delegation to Head of Paid Service / Chief Executive

The **Chief Executive (Head of Paid Service)** is appointed as:

- Head of Paid Service
- Electoral Registration Officer and Returning Officer (South Hams District Council)
- Senior Responsible Officer (RIPA)
- Safeguarding Children & Vulnerable Adults Officer

The **Chief Executive (Head of Paid Service)** shall have delegated authority for the following:

- Head of Paid Service functions
- Overarching responsibility for the services, functions and roles of the following:
 - Elections
 - Directorship of Customer Services & Delivery
 - Directorship of Place & Enterprise
 - Directorship of Strategic Finance
 - Directorship of Governance & Assurance
- External partnerships
- Corporate Strategy and strategic direction
- Member engagement

**Delegation to the Corporate Director of Strategic Finance
(Section 151 Officer / Chief Finance Officer)**

The **Director for Strategic Finance** is the appointed **Section 151 Officer** and shall have delegated authority for the following:

- Section 151 responsibilities
- Strategic Finance, to include:
 - Medium Term Financial Strategy
 - Budget Process Capital Strategy
 - Treasury Management Strategy
 - Business rates strategy (pooling, pilots, appeals etc)
 - Assurance and due diligence for Commercial Strategy (investment and development)
 - Borrowing Strategy and proportionality
 - Pension Strategy
- Matters set out in the Financial Procedural Rules
- To act as the Proper Officer relating to financial matters in the Local Government Acts and Finance Acts

Delegation to the Monitoring Officer

The **Monitoring Officer** shall have delegated authority for the following:

- Statutory Monitoring Officer responsibilities (including, but not limited to, those matters set out in the Articles above)
- Governance
- Standards
- Conduct of legal proceedings on behalf of the Council as its Solicitor

Delegation to the Statutory Officers' Panel

The Statutory Officers' Panel comprises the Head of Paid Service, Section 151 Officer, and Monitoring Officer (supported by other officers such as Director of Governance and Assurance as required) and has authority for oversight of, and providing direction on, the following:

- the principles and elements of control and governance frameworks (including direction on the Annual Governance Statement)
- strategic risk management
- fraud and corruption
- investigations undertaken under Disciplinary Procedures
- regulatory framework (policies and strategies)

Delegation to Directors

Delegation to the Strategic Director of Customer Service & Delivery (Deputy Chief Executive)

The **Strategic Director of Customer Service & Delivery** shall have delegated authority for the following services and functions:

- **Deputy Chief Executive:** all of the powers of the Chief Executive and Head of Paid Service to act in his/her absence
- **Electoral Registration Officer and Returning Officer** (West Devon Borough Council)
- **Senior Information Risk Officer (SIRO)**
- **Responsibility and Management** of the following service areas and functions:
 - **Customer Services** (Customer Contact Centre)
 - **Development Management** (Planning, Enforcement, Green Space, Land Charges, TPOs, LLPG, Street Naming)
 - **Environmental Health** (Environmental Health, Health & Safety, Private Sector Housing, Housing Standards, Business Continuity, Emergency Planning, Pollution, Anti-social Behaviour / Nuisance, Community Safety Partnership, DFGs, Licensing, environmental protection, events and markets)
 - **Housing, Revenues & Benefits** (Housing Advice, Homelessness, Safeguarding, Council Tax, NNDR, Benefits)
 - **Support Services** (Finance, Legal, ICT, IT Security, HR, Payroll, Communications, Design, Creditors, Debtors / Recovery, Insurance, DMR)
- **Responsibility** to support the Director of Place and Enterprise by providing **specialist and case management** support for:
 - Assets (Engineering, Estates and Facilities)
 - Commercial (Property acquisition and development)
 - Climate Change (Developing and delivering the Council's response)
 - Place Making (Urban Fringe delivery, Trees / Landscape, Biodiversity, S106, Neighbourhood Planning, Green Infrastructure)

Delegation to the Strategic Director of Place & Enterprise

The **Strategic Director of Place & Enterprise** shall have delegated authority for the following services and functions:

Overarching Responsibility and Management of the following services and functions:

- Joint Local Plan
- Housing Strategy
- Commercial Property and Assets
- AONB
- Strategic Planning Town & Parishes Liaison
- Leisure
- Neighbourhood Planning
- New Income Streams
- Salcombe Harbour & Dartmouth Ferry
- Place making
- Funding Applications & Grants
- Representing the Council's interests at Regional Level (HotSW, LEP, etc.)
- Private Sector Housing/Housing Standards
- Pollution, Antisocial Behaviour/Nuisance
- Community Safety Partnership Planning (DM)
- Urban Fringe delivery team
- Bio Diversity/S106/Community
- Car parking (strategy)
- Public Conveniences (strategy)
- Facilities, building and grounds maintenance

Delegation to the Corporate Director of Governance & Assurance

The **Strategic Director of Governance & Assurance** shall have delegated authority for the following services and functions:

- The Council's **Data Protection Officer**
- **Deputy Returning Officer** (South Hams)
- **Overarching Responsibility and Management** of the following services and functions:
 - Audit

- Member Services
- Monitoring Officer & Constitution
- Electoral Services
- Contract Oversight & Management (Waste, Leisure and other contracts)
- Procurement
- Programme Board
- Project Management
- Business Intelligence
- Risk Management & Register
- Complaints and Ombudsman
- Information Governance (Data Protection / FOI/ EIR / ICT Security)
- Health & Safety
- Business Continuity/Emergency Planning
- Climate Change and biodiversity response
- Building Control Partnership

Delegation to the Senior Leadership Team

The **Senior Leadership Team** shall be responsible for:

- Approving the setting of the Council Tax base
- Strategic direction

Delegation to Managers, Heads of Practice, and Lead Specialists

Delegation to the Business Manager (Case Management)

The **Business Manager (Case Management)** shall have delegated authority and responsibility for the following:

- Delivery & performance of the case management functions
- Case Managers
- Case Management Team Leaders
- Case Management resources
- Digital Mail Room
- Gazetteer
- Grounds Maintenance
- Payroll
- Locality Officers who have the following responsibilities / functions:
 - Site inspections from public land or where invited on to private land
 - Play Park inspections
 - Posting site notices and serving notices
 - Initial investigations and assessments, evidence gathering and preliminary interviews
 - Monitoring and compliance – contracts, repairs and assets
 - Customer visits
 - Enforcement
 - Community Liaison
- Street Naming & Numbering
- Contact Centre
- ICT Service Desk
- Customer Reception

Delegation to Business Manager (Specialists)

The **Business Manager (Specialists)** shall have delegated authority and overarching responsibility for the management of the Heads of Practice and Specialists (and resources) for:

- Assets
- Communications & Media
- Democratic Services
- Development Management
- Finance
- Environmental Health
- Housing Revenues & Benefits
- Human Resources
- ICT
- Internal Audit
- Legal Services
- Place Making
- Developing & supporting business development

Delegation to Head of Strategy & Projects

The **Head of Strategy & Projects** shall have delegated authority for the following services and functions:

- Corporate Procurement
- Project Management
- Corporate strategy, themes and priorities
- Development, implementation and monitoring of strategic plans and policies
- Information Governance and Compliance
- Business development
- Risk and Opportunities Management
- Business Continuity

Delegation to Customer Service Improvement Manager

The **Customer Service Improvement Manager** shall have delegated authority for the following services and functions:

- Customer satisfaction and continuous improvement initiatives
- Create and monitor / benchmark performance management data and indicators

- Corporate complaints policy and processes
- Management of the Business Development Team
- Corporate training to support customer improvement
- Website development and maintenance

Delegation to Head of Commissioning & Contracts

Delegation to the Head of Commissioning & Contracts

The **Head of Commissioning & Contracts** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Contract Management (waste, leisure and other contracts)
- Strategic responsibility for recycling and waste services including:
 - Recycling
 - Waste collection
 - Commercial waste services
- Strategic street scene (litterbins, road sweeping and cleansing services)

Delegation to Head of Practice for Assets

The **Head of Practice for Assets** shall have delegated authority for the following:

- To be the Council's **Corporate Property Officer**
- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Estates/Assets** - to include:
 - Asset Delivery Programme
 - Estates management
 - In-house management of operational assets
 - Strategic Asset Management
 - Valuations
- Matters set out in relation to Assets in the Council's **Financial Procedure Rules**

- **Engineering** - to include:
 - Asset Capital Programme Management
 - Civil engineering (drainage, flood, coastal and fluvial)
 - Coastal protection statutory functions
 - Engineering services – commercial
 - Flood Protection statutory functions

- **Natural Environment, Countryside and Leisure** – to include:
 - Policy and management of parks, green space, play area and outdoor sport
 - Grounds maintenance
 - Leisure Services
 - Car Parking
 - Public Conveniences
 - Facilities Management
 - Building Maintenance

Delegation to Head of Practice for Development Management

The **Head of Practice for Development Management** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Development Management** (as set out in the Development Management Committee remit) including:
 - Development management
 - Pre-application advice
 - Enforcement and Prosecution
 - Conservation and historic buildings
 - Planning Policy (Development Management)
 - Land Charges

Delegation to Head of Practice for Environmental Health

The **Head of Practice for Environmental Health** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Environmental Protection and Licensing:**
 - Emergency planning and response
 - Contaminated land
 - Nuisance
 - Private water supplies
 - Licensing (licences, enforcement, advice)
 - Community Safety
 - Antisocial behaviour
- **Environmental Health – business:**
 - Food safety and enforcement
 - Inspections
 - Approved premises
 - Infectious disease control
 - Health and safety (regulatory)
 - Fatalities /accidents
 - Health and safety (internal functions /corporate liability)
 - Inspections / enforcement
- **Housing and Health**
 - Private sector housing and enforcement
 - Houses in multiple occupation
 - Disabled facilities grants
 - Private sector renewal – loans / grants
 - Caravan sites
 - Public Health / Health and well-being
 - Fuel poverty
 - Home energy conservation
 - Empty homes
- **Environmental Protection**
 - Abandoned vehicles
 - Dog Fouling and Stray dogs
 - Environmental enforcement
 - Events management
 - Markets
- Management of **out of hours service** (including homelessness and emergency planning)

In relation to **Licensing functions** the **Head of Practice for Environmental Health** shall have authority:

- To determine whether to refuse to grant an application for Hackney Carriage or Private Hire Vehicle Licence.

- To determine in consultation with the Chair and Vice-chair of the DM & Licensing Committee / Licensing Committee whether to revoke a Hackney Carriage or Driver licence in situations of urgency ('urgency' to be determined by the Head of Practice for Environmental Health).
- To refer such applications which, in the opinion of the Head of Practice for Environmental Health, should be determined by a Licensing Sub-Committee.
- To determine applications for Licences under the following areas of work not previously delegated to other committees or individuals;
 - Public Health (e.g. Animal Boarding Establishments, Dangerous Wild Animals, Pet Shop, Riding Establishments, Skin Piercing and other special treatments).
 - Public Safety (e.g. Temporary Event Notices, Alcohol and entertainment licences, premises licenses, personal licences, club premises certificates, Hypnotism licences, Gambling licences etc.)
 - Housing (e.g. Selective licensing of residential accommodation, Licensing of houses in multiple occupation, Licensing of camping sites, Licensing of caravan sites)
 - Environmental (e.g. Environmental Permits, Licensing of scrap metal dealers)
- To investigate complaints relating to licensed and licensable activities with the relevant powers of entry in order to undertake these investigation.
- To instigate informal or formal action in order to resolve complaints or unlicensed activities and take appropriate action or remedy.
- To undertake formal consultations on amendments to policy, (or fares in accordance with the Maximum Chargeable Fare setting policy - South Hams only)
- **to suspend licences** in situations of urgency where there are reasonable grounds to do so (where urgency is determined by the Head of Practice for Environmental Health)

The **Head of Practice for Environmental Health** shall act as the **Proper Officer** in respect of the signing of all appointments and authorisations of authorised officers or Inspectors appointed under legislation relevant to environmental health, food safety, health and safety, housing and licensing and also the signing of authorisations of other persons to accompany authorised officers or Inspectors (including Consultants or other agencies where appropriate) and to be given discretion to specify which powers under the relevant legislation are to be exercised by particular authorised officers or Inspectors.

The **Health & Safety** at Work Act 1974 and The Management of Health & Safety Regulations 1999 requires the Councils to appoint one or more competent persons to provide competent technical advice on health and safety matters. The appointed “competent person” is the Head of Environmental Health and Licensing.

Delegation to Head of Practice for Housing, Benefits and Revenue

The **Head of Practice for Housing, Benefits and Revenue** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Vulnerable customers – safeguarding and child protection:**
 - Identification and protection
- **Business rates:**
 - Collection and enforcement
 - Billing
 - Government submissions
 - Pool membership
 - Policy
- **Housing Benefit:**
 - Assessment of claims
 - Collection and recovery
 - Subsidy maximisation
 - Discretionary housing payments
- **Housing, Options & advice**
 - Prevention and homelessness
 - Choice based letting
 - Management of the Councils’ residential property portfolio, temporary accommodation and Seamoor Property Lettings
 - Administration & maintenance of the Housing Register for allocation of social housing
 - Refugees
- **Council tax and non-domestic rates:**
 - Collection and enforcement
 - Billing
 - Government submissions
 - Council tax reduction
 - Exceptional hardship fund and rate relief
- **Fraud:**
 - Maximising income
 - Recovery

Delegation to Head of Practice for Place Making

The **Head of Practice for Place Making** shall have delegated authority and responsibility for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Strategic Planning**
 - Local Plan and Local Development Framework, SPDs
 - Infrastructure planning and delivery
 - Supporting neighbourhood planning
- **Economic Development:**
 - Regeneration
 - Development
 - Business engagement
- **Housing enabling:**
 - Affordable housing
 - Specialist housing needs
- **Community Development**
 - Assets of Community Value
- **Neighbourhood Planning**
- **Natural Environment:**
 - Areas of Outstanding Natural Beauty and South Devon AONB Partnership
 - Tree and Hedge protection
 - Protected landscapes and landscape character
 - Biodiversity conservation and enhancement
 - Green infrastructure and Healthy Communities Partnerships

Delegation to Head of Practice for Legal

The **Head of Practice for Legal** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Legal Services
- To act as the **Council's Deputy Monitoring Officer** and have all of the powers of the Monitoring Officer (in her absence or as delegated by the Monitoring Officer)

Delegation to Head of Practice for Human Resources

The **Head of Practice for Human Resources** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Human Resources services
- Recruitment and resourcing
- Employee relations
- Employee Learning and Development
- Employment law

Delegation to Head of Practice for Finance

The **Head of Practice for Finance** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Strategic Finance
- Finance
- Budget setting (capital and revenue)
- Income and expenditure
- Financial Statements
- Investments, taxation and insurance
- To act as the **Council's Deputy Section 151 Officer** and have all of the powers of the Section 151 Officer and Chief Finance Officer (in her absence or as delegated by the section 151 Officer) as set out above for Delegation to the 151 Officer
- Matters set out in the Council's Financial Procedure Rules for the Section 151 Officer

Delegation to Head of Practice for ICT

The **Head of Practice for ICT** shall have delegated authority for the following:

- **Day to day supervision of specialists** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Strategic IT
- ICT Services
- Infrastructure design and delivery
- Business systems design and delivery
- Information security management and delivery

Delegation to the Democratic Services Senior Specialist

The **Democratic Services Senior Specialist** shall have delegated authority for the following:

- **Day to day supervision of specialists and Case Managers** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- Democratic Support Services
- Member Learning & Development
- Scheme of Members' Allowances

Delegation to Elections Senior Specialist

The **Elections Senior Specialist** shall have delegated authority for the following:

- **Day to day supervision of specialists and Case Managers** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Deputy Electoral Registration Officer** (South Hams District Council)
- Elections

Delegation to Communications & Media Lead Specialist

The **Communications & Media Lead Specialist** shall have delegated authority for the following:

- **Day to day supervision of specialists and Case Managers** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)

- Communications (Internal and External)
- Communications Strategy
- Media and social media

Delegation to the Head of Maritime (SH only)

The **Head of Maritime** shall have delegated authority for the following:

- **Day to day supervision of officers** within the service area (including setting SMART targets, prioritisation of workload and holding PCI discussions)
- **Salcombe Harbour Master**
- Salcombe and Kingsbridge estuary
- In-house management of Harbour Authority assets
- Ferry operation
- Marine byelaw enforcement
- Beach, marine and water safety
- Prevention and management of marine pollution

Delegation to the Internal Audit Service

The Internal Audit Service is an independent appraisal function that objectively examines, evaluates and reports on the adequacy of internal control. Management of the Council's Internal Audit function is carried out by **Devon Audit Partnership** together with the Council's Internal Audit Officers. The **Internal Audit Service** shall have delegated authority and responsibility for the following:

- Review the Council's financial and management systems and must act if fraud or corruption is found. Internal Audit will also comment on how to achieve better value.
- Carrying out audits of Council functions and in the proper exercise of their duties, the Internal Audit Service have the right to:
 - Access to all records, documents and correspondence held by or on behalf of the Council;
 - Require from staff co-operation and such explanations as are necessary;
 - Require any Council employee to produce cash, stores or any other Council property under their control;
 - Investigate irregularities
 - Liaise with Police and other enforcement agencies under the Accounts and Audit Regulations 2006.

Delegation to the Corporate Procurement Officer

The **Corporate Procurement Officer** (shared officer between South Hams, Teignbridge and West Devon) shall have delegated authority for the Council's Procurement and Contract Services and advice.

Delegation to the Devon Building Control Partnership and Director of Governance and Assurance

The Director of Governance & Assurance has overarching responsibility for Building Control Services. The **Devon Building Control Partnership** has delegated authority to exercise on behalf of the Council such statutory duties or powers conferred on the Council by the following enactments and any enactments amending or replacing them and also any regulations, orders, bylaws and other subsidiary legislation made under the following enactments.

For the avoidance of doubt the functions conferred by this scheme of delegation shall include:

- Appointment and/or authorisation of officers to exercise statutory functions
- Undertaking of inspections, investigations, interviews, service of notices, notifications, consultation responses, and legal proceedings under the legislation applicable thereto set out below, and to exercise all other relevant powers, including powers of entry provided under such legislation.
- Determination of applications, service of notice, exercise of powers in default and recovery of expenses.
- The institution of legal proceedings including the issuing of formal cautions.
- Exercise of powers of entry
- The production and operation of a Scale of Building Regulation Charges that will comply with the Building (Local Authority Charges) Regulations 1998.
- Setting of fees and charges which it has discretion to levy.

List of Enactments:

- The Building Act 1984 and regulations made under that Act, including the Building Regulations 1991 (as amended), the Building Regulations 2000 together with the Fire Precautions Act 1971

- Local Government (Miscellaneous Provisions) Act 1982
- Town Improvement Clauses Act 1847 and the Public Health Act 1925
- Town and Country Planning Act 1990
- The Fire Safety and Places of Sport Act 1987
- Licensing Act 2003
- Party Wall etc Act 1996
- The Building (Local Authority Charges) Regulations 1998
- The Building (Approved Inspectors etc) Regulations 1985 and The Building (Approved Inspectors etc) Regulations 2000

Note: the above list of enactments is also to include any subsequent amendments or new legislation to the acts listed that are introduced.

External Audit Plan

Year ending 31 March 2020

South Hams District Council
26 March 2020

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Your key Grant Thornton
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of South Hams District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of South Hams District Council.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Valuation of land and buildings;
- Valuation of net pension fund liability;
- Covid-19; and
- Management override of controls (assumed risk under ISA 240).

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £967k (PY £967k) for the Council, which equates to 1.8% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £48k (PY £48k).

Value for Money arrangements

Our risk assessment procedures completed to date regarding your arrangements to secure value for money has identified the following VFM significant risk:

- Sustainable resource deployment

Audit logistics

Our interim audit is planned to be completed by early April and our final visit is currently planned for June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £40,271 (PY: £37,921) for the Council, subject to the Council meeting our requirements set out on page 13.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents.

In January 2020 the UK government and the EU ratified the Withdrawal Agreement and the UK's membership of the EU formally ceased on 31 January. The existence of a 'transition period' to 31 December 2020 means that there will be little practical change for the Council until at least 2021. However, the nature of the future relationship between the UK and the EU is still to be determined and considerable uncertainty persists. The Council will need to ensure that it is prepared for all outcomes, including those with any impact on contracts, on service delivery and on its support for local people and businesses.

The Council has set a balanced budget in 2020/21, after identification of £905k of savings. South Hams District Council is currently forecasting a £569k budget gap for 2021/22. The aggregated Budget Gap by 2024/25 is £3.2 million.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Covid - 19 pandemic

Recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided.

Reflecting this additional pressure, the deadlines for draft accounts submission and final sign off of the 2019/20 have been extended.

Following consultation CIPFA have confirmed that the 2019/20 Code will remain extant and that the financial statements must be produced in accordance with this full version. The planned implementation of IFRS 16 has also been deferred from 1 April 2020.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

We will consider whether your financial position leads to material uncertainty about the going concern of the Council and will review related disclosures in the financial statements.

We will consider how the Council is assessing the impact of Brexit on services, contracts and people.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as set further in our Audit Plan, has been discussed with the Section 151 Officer and is subject to PSAA agreement.

As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

We have identified a financial statements significant risk and have included this on page 8 of our report.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including South Hams District Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for South Hams District Council.</p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (continued)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of land and buildings (Rolling revaluation)</p>	<p>The Council revalues its land and buildings on a rolling five-yearly basis at 31 December each year, with Investment Properties valued annually on 31 March 2020. These valuations represents a significant estimate by management in the financial statements due to the size of the numbers involved (£75m) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date as a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings and Investment Properties as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding. the Council's valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified (continued)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of the pension fund net liability</p>	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£48.6 million in the Council's balance sheet at 31 March 2019 and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Covid – 19</p>	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> • remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation; • volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation (including land and buildings, investment properties and pension fund assets) and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates; • financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • work with management to understand the implications the response to the Covid-19 pandemic has on the organisation’s ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach; • liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise; • evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely; • evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; • evaluate management’s assumptions that underpin the revised financial forecasts and the impact on management’s going concern assessment; and • discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

4. Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Allocation of shared costs	The Council operates on a shared service basis with West Devon Borough Council. Consequently, there are a number of costs borne by each Council that are reallocated as part of process to allocate costs equitably between the two Councils.	We will: <ul style="list-style-type: none">• review the basis of allocation to ensure that it is reasonable and appropriate;• consider any changes from the prior year basis and understand the rationale for this change; and• test the calculation of transferred costs for accuracy.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

5. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Council
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions
- We consider our other duties under the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
 - Issue of a report in the public interest or written recommendations to the Council under section 24 of the Act, copied to the Secretary of State
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Council's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

6. Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

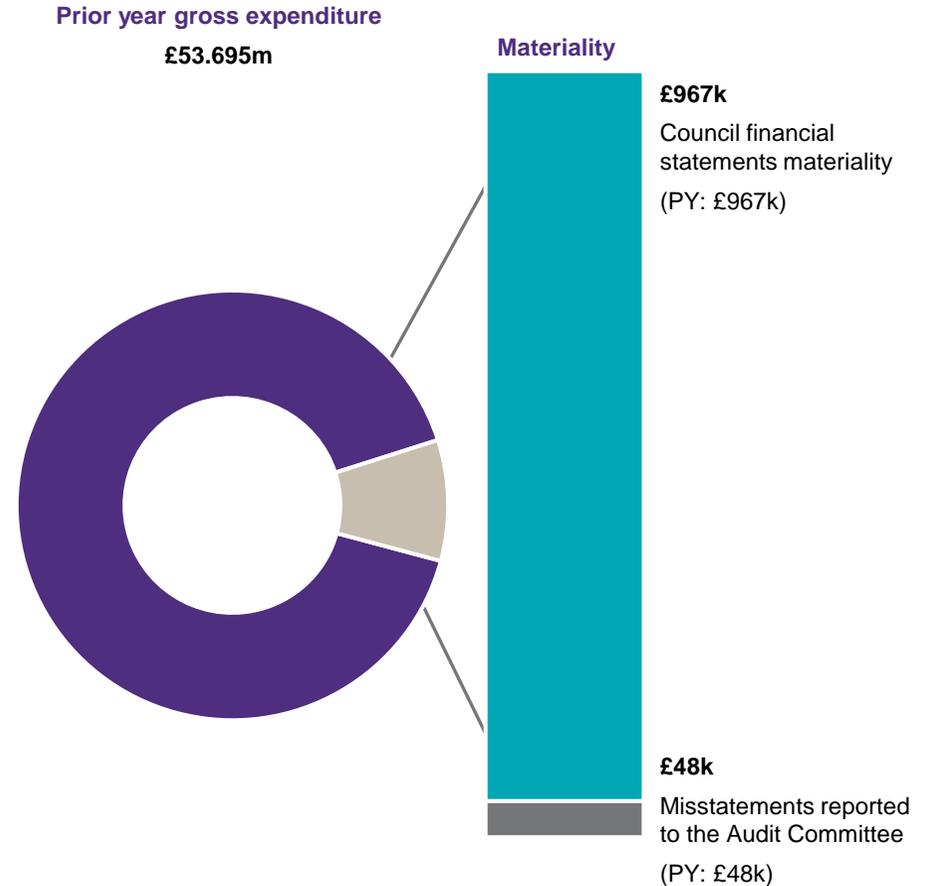
We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £967k (PY £967k) for the Council, which equates to 1.8% of your prior year annual gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £12k for Senior Officer remuneration salary disclosures.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £48k (PY £48k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



7. Value for Money arrangements

Background to our VFM approach

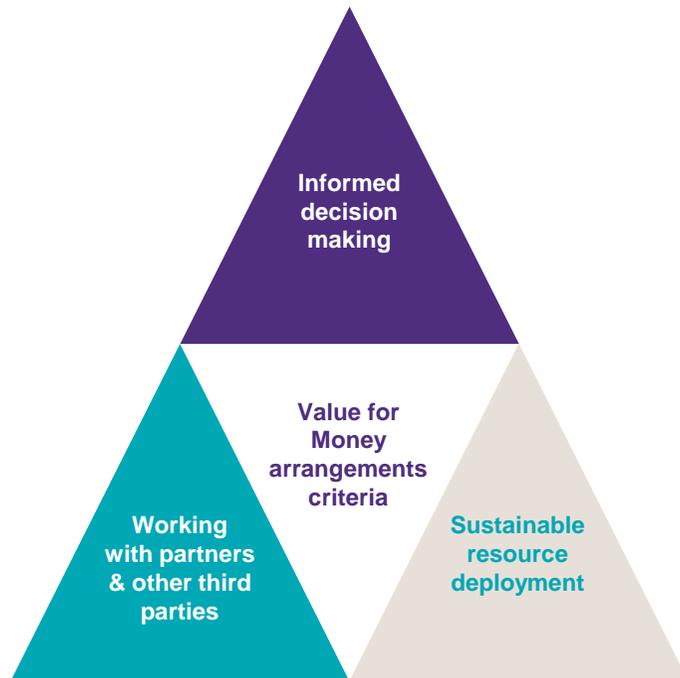
The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:

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Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Financial sustainability:

The Council has set a balanced budget in 2020/21 and is currently forecasting a £566k budget gap for 2021/22. The aggregated Budget Gap by 2024/25 is £1,096k.

To balance the budget for 2020/21 the Council have identified £905k of savings that will need to be achieved, these include savings of £295k from re-procurement of contracts and the letting of the waste contract, and £200k from the elimination of the secondary pension contributions. The Council reported in Quarter 3 that anticipates an underspend of £27k for the year.

We will consider the Council's medium-term financial plan, including the assumptions that underpin it, and assess them for reasonableness. We will also consider the identified savings plans and assess their deliverability.

8. Audit logistics & team



Jackson Murray, Key Audit Partner

Jackson's role will be to lead our relationship with you. He will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Steve Johnson, Audit Manager

Steve's role will be to be a key contact with the Section 151 Officer and the Audit Committee. He will take responsibility for the team's completion of the audit work, and ensure effective communication with the Key Audit Partner.



Joanne McCormick, In-charge accountant

Joanne's role will be to be the day to day contact for the Council finance staff. She will take responsibility for ensuring there is effective communication and understanding by the finance team of audit requirements

Client responsibilities

Where clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

9. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee at the planning stage, as set out below and with further analysis overleaf, has been agreed with the Section 151 Officer & Strategic Finance Lead and is subject to PSAA agreement.

	Actual Fee 2017/18	Actual Fee 2018/19	Proposed fee 2019/20
Council Audit	£43,404	£37,821	£40,271

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Assumptions:

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees.

Audit area	£	Rationale for fee variation
Scale fee	33,421	
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	1,750	We have increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
New Accounting Standards and developments	1,500	Under IAS8 there is a requirement to disclose the expected impact of this change in accounting treatment for leases under IFRS 16 in the 2019/20 financial statements, although full implementation has been deferred until 2022/23. We are also expecting to see additional disclosures around the impact of the Covid-19 pandemic on the current and future finances of the Council.
Raising the bar	1,850	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Revised scale fee (to be approved by PSAA)	40,271	

10. Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following other services were identified.

Service	£	Threats	Safeguards
Audit related:			
Agreed upon procedures on the Council's 2019-20 Housing Benefit claim	6,250	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,250 in comparison to the total fee for the audit of £40,271 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None			

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees

The firm is committed to improving our audit quality – please see our transparency report - <https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/annual-reports/interim-transparency-report-2019.pdf>

Appendices

A. Audit Quality – national context

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Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets Council of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local Council financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.

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Report to: **COUNCIL**

Date: **30 April 2020**

Title: **Shared Services Methodology 2019/20**

Portfolio Area: **Support Services – Cllr H Bastone**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Steve Williams** Role: **Finance Specialist**

Contact: **Email: steve.williams@swdevon.gov.uk**
01803 861430

Recommendation:

That the Council notes the methodology of the shared services apportionment of costs between South Hams District Council and West Devon Borough Council for 2019/20, as attached in Appendix A.

1. Executive summary

1.1. The methodology for the apportionment of costs (predominantly staffing costs) between South Hams District Council and West Devon Borough Council is set out in the attached Appendix. The staffing costs of a particular service team are split on a defined basis as set out. The split of costs reflects the level of caseload which is attributable to each Council's individual service.

2. Background

2.1. This report is the annual report that sets out the methodology and mechanisms that are being used to calculate the cost allocations between South Hams District and West Devon Borough Councils. This report was initially intended to be presented to the Audit Committee meeting on 26 March 2020. However, since this meeting was cancelled due to the Covid-19 Outbreak, this item has now been scheduled on to this Council meeting agenda.

2.2. South Hams District Council and West Devon Borough Council have been shared service partners since 2007. The Councils have a shared non-manual workforce.

2.3. Appendix A sets out the methodology and the percentage on which staff costs and other related costs for each service are split between South Hams District Council and West Devon Borough Council. The caseload statistics are the actual caseloads for each service mainly for the period April 2019 to the end of November 2019 (8 months).

2.4. The final actual shared services split formulae have only been adjusted if they exceed a tolerance level of 3% from the original estimate of the shared services split. Anything where the difference between the actual and the estimate is 3% or below has not been changed.

3. Outcomes/outputs

3.1 The most significant areas of change relate to

(a) **Planning Applications** – the shared services split has moved from 70%:30% to 75%:25% based on the number of applications processed, increasing the recharge to South Hams by 5%, and

(b) **Human Resources** which has moved from 79%:21% to 74%:26% based on the number of permanent posts, reducing the recharge to South Hams by 5% following the outsourcing of the Waste Contract.

The above changes are likely to create additional staffing costs for South Hams in the region of £30,000 to £40,000 for 2019/20 which equates to less than 0.5% of the Council's total salary budget. The quarter 3 revenue budget monitoring report for 2019/20 included additional planning income of £100,000 (over and above the budgeted income of £898,000) which offsets the extra staffing costs in processing these planning applications.

3.2 Most service areas remain unchanged or below the tolerance level set at 3%. Details of all the allocations and the methodologies used are set out in Appendix A.

4. Options available and consideration of risk

4.1 Our external auditors, Grant Thornton have identified the sharing of costs between South Hams District Council and West Devon Borough Council as a key risk area. In their annual report to the Audit Committee in July 2019, they stated that they have reviewed the basis of allocations to ensure they are reasonable and appropriate, considered any changes from the prior year basis, tested the calculations of transferred costs, and are satisfied with all the results.

5. Proposed Way Forward

5.1 Shared service allocations and the methodologies used are reviewed on an annual basis. Further reports will be brought to the Audit Committee.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is legally required to maintain adequate governance and financial arrangements to ensure a fair allocation of shared costs is absorbed by each individual Council.
Financial implications to include reference to value for money	Y	The review of shared services splits could create additional staffing costs for South Hams in the region of £30,000 to £40,000 for 2019/20 which equates to less than 0.5% of the Council's total salary budget. The quarter 3 revenue budget monitoring report included additional planning income of £100,000 (over and above the budgeted income of £898,000) which offsets the extra staffing costs in processing these planning applications.
Risk	Y	The allocation of shared costs was identified by Grant Thornton as one of the key financial statement audit risks, their draft final report concluded that 'no issues were identified.' Grant Thornton will continue to carry out testing on the 2019/20 shared services allocations as part of the Interim Audit and Final Accounts Audit.
Supporting Corporate Strategy		The apportionment of shared service costs supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change – Carbon / Biodiversity Impact		None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None directly arising from this report.
Safeguarding	N	None directly arising from this report.
Community Safety, Crime and Disorder	N	None directly arising from this report.
Health, Safety and Wellbeing	N	None directly arising from this report.
Other implications	N	None directly arising from this report.

Appendices

Appendix A – List of shared service apportionments for 2019/20

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Shared Services Allocations of costs for the Financial Year 2019/2020

Appendix A

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
a) Strategy and Commissioning			
Place Making	50%/50%	Equal due to the nature of the work	N/A
Member Services	50%/50%	Equal due to the nature of the work	N/A
Business Development Team	50%/50%	Equal due to the nature of the work	N/A
b) Customer First			
Customer Contact Centre	66%/34% *	Number of calls to the Customer Contact Centre April 2019 - Nov 2019	South Hams – 74,619 West Devon – 35,489
Case Management Managers and Team Leaders	50%/50%	Management of case managers and workload	N/A – reflects managerial element of roles

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
Planning Applications Joint Local Plan Planning Policy Enforcement	75%/25% 50%/50% 50%/50% 79%/21%	Planning applications Planning Enforcement cases	South Hams - 1,687 West Devon - 549 South Hams - 342 West Devon - 91
Housing Benefits	60%/40% *	Housing Benefit new claims processed Change of circumstances processed	<u>New claims:</u> South Hams - 249 West Devon - 150 <u>Change of circs:</u> South Hams – 2,615 West Devon – 1,852
Council Tax	63%/37%	Council Tax rated properties (Valuation office list as at Nov 2019)	South Hams - 44,759 West Devon - 25,859

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
Business Rates	63%/37%	Business Rates Rating List (Rateable Values as at Nov 2019). The Rateable Values are an indicator, but an assessment of workload is used for the apportionments	South Hams – £87,694,249 West Devon – £32,312,002
Environmental Health CoP – various apportionments	Main team allocation 60%/40%	Various depending on their work	Various depending on their work
	Disabled Facility Grants work (63%/37%)	Disabled Facility Grant cases received	South Hams – 64 West Devon - 38
	Licensing (50%/50%)	Policy Work	N/A
	Food Inspections (67%/33%)	Number of Food Inspections	South Hams – 517 West Devon - 252
	Private Water Supplies (63%/37%)	Number of Private Water Supplies	South Hams – 330 West Devon - 190

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
Assets	65%/35% *	Balance Sheet Assets in each Council's Accounts.	South Hams £91.0m West Devon £45.0m
Leisure	67%/33%	Number of Leisure Centres	South Hams - 4 West Devon – 2
Housing CoP – various apportionments	Housing caseload data 60%/40% *	Number of contacts Number of housing preventions Numbers on the housing register Number of Direct Lets	South Hams - 330 West Devon - 190 South Hams - 175 West Devon - 93 South Hams – 1,364 West Devon - 938 South Hams - 35 West Devon - 8

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
c) Commercial Services			
Waste	80%/20% 100%/0% 60%/40%	Dependent on specific activity	Each role is assessed
Facilities	50%/50%	Time allocation	N/A
d) Support Services			
Communications & Media	50%/50%	Time allocation	N/A
HR CoP	74%/26%	Permanent posts on the establishment (this relates to the number of persons employed not the number of FTEs).	South Hams – 290 West Devon – 103
Legal CoP	60%/40%	Time allocation	N/A
Finance CoP	60%/40%	Time allocation	N/A
ICT Infrastructure team	50%/50%	Time allocation	N/A
ICT Helpdesk team	60%/40%	Time allocation	N/A

Service Area	Allocation of South Hams District Council (SHDC) to West Devon Borough Council (WDBC)	Basis of the apportionment of costs between SHDC and WDBC	Caseload Information which has informed the shared services apportionment
Case Management Support Services	60%/40%	Time allocation	N/A
Digital Mailroom	70%/30%	Time allocation	N/A
Internal Audit	66%/34%	Time recording of productive time only	Each role is assessed
Extended Leadership Team	Various splits of individual posts, most either 50%/50% or 60%/40%	Time allocation	Each role is assessed
Senior Leadership Team	50%/50%	Time allocation	Each role is assessed

* Areas of change below the 3% threshold

Significant Areas of change from 2018/19:

- 1. Human Resources** – change in staffing numbers as a result of outsourcing waste & cleansing services. (South Hams/West Devon, previously 79%/21%, revised split 74%/26%).
- 2. Planning Applications** – change in numbers of planning applications received. (South Hams/West Devon, previously 70%/30%, revised split 75%/25%).

Report to: **COUNCIL**
Date: **30 April 2020**
Title: **Budget Book 2020/21**
Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **ALL**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Pauline Henstock** Role: **Head of Finance Practice**
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RECOMMENDATION

That the Council notes the content of the Budget Book for 2020/21.

1. Executive summary

Attached is a copy of the Budget Book for 2020/21. This sets out the Council's Revenue Budget for the year into the four new Directorates of Customer Service and Delivery, Place and Enterprise, Governance and Assurance and Strategic Finance.

This report was initially intended to be presented to the Audit Committee meeting on 26 March 2020. However, since this meeting was cancelled due to the Covid-19 Outbreak, this item has now been scheduled on to this Council meeting agenda.

2. Background

The Budget Book compares the Budget for 2019/20 against the Budget for 2020/21. Cost pressures and savings which were set out in the Medium Term Financial Strategy (MTFS) and agreed as part of the budget process are shown in the 'MTFS' column, with a note underneath. For example, the income target for Treasury Management was increased by £20,000 for 2020/21 and this is shown in Cost Centre S6050 Interest & Investment Income.

The Budget Book shows any 'virements' within 2019/20. A virement is where a budget is moved from one budget holder (and cost centre) to another, to better reflect where budget responsibility should be held. Virements always net to zero.

In addition various presentational changes have been made to the 2020/21 budget shown in the 'other adjustments' column in the Budget Book. This reflects the new cost centres created to align expenditure and income to the new management structure. These adjustments net to zero as they are purely presentational.

3. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is legally required to set a Balanced Budget each financial year.
Financial Implications to include reference to value for money	Y	There are no direct financial implications as a result of this report. The annual budget setting process will ensure the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Council's auditors, Grant Thornton, provide an annual value for money opinion for the District Council.
Risk	Y	The Council's budget book sets out the income and expenditure budgeted for each service area. A prudent level of reserves is held by the Council to mitigate against financial risk.
Supporting Corporate Strategy	Y	The budget book report supports all six of the Corporate Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change – Carbon / Biodiversity Impact	N	None directly arising from this report.
Comprehensive Impact Assessment Implications		

Equality and Diversity	N	N/a
Safeguarding	N	N/a
Community Safety, Crime and Disorder	N	N/a
Health, Safety and Wellbeing	N	N/a
Other implications	N	None

Supporting Information

Appendix A – Budget Book summary 2020/21

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South Hams District Council
Draft Base Budget for the Financial Year 2020/21

Service Group	19/20 Base Net Budget £'s	19/20 Virements £'s	19/20 Revised Net Budget £'s	20/21 Pressures/ (Savings) £'s	20/21 Budget Preparation Virements £'s	20/21 Salary Estimate Virements £'s	20/21 Final Base Budget £'s
a) Customer Service & Delivery	5,709,373	(31,031)	5,678,342	1,310,840	191,300	70,900	7,251,382
b) Place & Enterprise	(1,317,899)	(18,361)	(1,336,260)	(298,303)	(111,300)	15,400	(1,730,463)
c) Governance & Assurance	4,824,881	36,831	4,861,712	(132,074)	(80,000)	(200)	4,649,438
d) Strategic Finance	835,097	12,561	847,658	(184,700)	0	(86,100)	576,858
Total	10,051,452	0	10,051,452	695,763	0	0	10,747,215
Contributions to/(from) Reserves	714,300						596,457
Reversal of Depreciation	(1,933,000)						(1,933,000)
Net Budget Total	8,832,752						9,410,672
Funded by:							
Localised Business Rates (baseline funding level)	1,897,008						1,928,000
Business Rates Pooling Gain	0						225,000
Business Rates Pilot Gain and Growth	100,000						0
Business Rates - amount achieved over the baseline funding level	0						227,000
Council Tax (an increase of £5 in 20/21)	6,315,689						6,562,617
Collection Fund Surplus	112,000						60,000
Rural Services Delivery Grant	408,055						408,055
Total	8,832,752						9,410,672

a)	Customer Service & Delivery	Budget Manager	19/20 Base Net Budget £'s	19/20 Virements £'s	19/20 Revised Net Budget £'s	20/21 Pressures/ (Savings) £'s	20/21 Budget Preparation Virements £'s	20/21 Salary Estimate Virements £'s	20/21 Final Base Budget £'s
S1010	Customer Contact Centre	Sarah Moody	463,800	0	463,800	22,000	(2,400)	(47,900)	435,500
S1013	Case Management Localities	Sarah Moody	281,800	0	281,800	10,700	(1,600)	10,100	301,000
S1020	Planning Applications and Advice	Pat Whymer	(805,500)	0	(805,500)	(2,100)	0	0	(807,600)
S1040	Local Land Charges	Pat Whymer	(143,000)	0	(143,000)	0	0	0	(143,000)
S1304	Grounds Maintenance	Sarah Moody	468,095	0	468,095	50,800	0	3,300	522,195
S1501	General Health	Ian Luscombe	11,000	0	11,000	0	0	0	11,000
S1503	Public Health	Ian Luscombe	(16,323)	0	(16,323)	0	0	0	(16,323)
S1531	Licensing	Ian Luscombe	(189,900)	(1,000)	(190,900)	0	0	0	(190,900)
S1533	Pest Control	Ian Luscombe	13,500	0	13,500	0	0	0	13,500
S1534	Pollution Control	Ian Luscombe	(4,100)	0	(4,100)	0	0	0	(4,100)
S1535	Food Safety	Ian Luscombe	2,750	0	2,750	0	0	0	2,750
S1536	Health & Safety at Work	Ian Luscombe	9,900	0	9,900	0	0	0	9,900
S1544	Community Safety	Ian Luscombe	5,600	0	5,600	0	0	0	5,600
S1545	Emergency Planning	Ian Luscombe	9,600	0	9,600	0	0	0	9,600
S1550	Housing Standards	Ian Luscombe	1,000	0	1,000	0	0	0	1,000
S1551	Homelessness	Isabel Blake	149,300	0	149,300	4,000	0	0	153,300
S1552	Housing Advice	Isabel Blake	3,000	0	3,000	0	0	0	3,000
S1555	Private Sector Housing Renewal	Ian Luscombe	0	0	0	0	0	0	0
S1565	Housing Benefit Payments	Isabel Blake	(87,000)	0	(87,000)	100,000	0	0	13,000
S1568	Housing Benefit Administration	Isabel Blake	(195,300)	0	(195,300)	0	0	0	(195,300)
S1571	Council Tax Collection	Isabel Blake	(313,800)	(72,800)	(386,600)	0	0	0	(386,600)
S1574	Council Tax Support	Isabel Blake	(84,000)	0	(84,000)	0	0	0	(84,000)
S1998	Delivery (Note 1) Specialists Customer Service & Delivery (Note 1)	Sarah Moody	1,331,000	(35,700)	1,295,300	289,078	(62,700)	313,300	1,834,978
S1999	1)	Catherine Bowen	2,516,400	109,000	2,625,400	166,300	105,100	(805,300)	2,091,500
S2734	Pannier Markets	Ian Luscombe	(90,900)	0	(90,900)	0	0	0	(90,900)
S4001	Senior Leadership Team (Note 1)	Sophie Hosking	101,700	0	101,700	(54,700)	(300)	227,000	273,700
S4002	Extended Leadership Team (Note 1)	Sophie Hosking	0	0	0	0	2,800	578,300	581,100
S4004	Corporate Training & Occupational Health	Andy Wilson	38,900	0	38,900	0	0	0	38,900
S4005	Case Management Service Based Training	Sarah Moody	0	0	0	0	25,800	0	25,800
S4015	Specialists Service Based Training	Catherine Bowen	0	0	0	0	29,500	0	29,500
S4041	Internal Audit	Catherine Bowen	72,900	0	72,900	2,700	(500)	(500)	74,600
S4082	Landline Telephones	Mike Ward	39,700	0	39,700	0	0	0	39,700
S4084	ICT Support Contracts	Mike Ward	448,951	(18,531)	430,420	138,400	0	0	568,820
S4085	Mobile Phones	Mike Ward	19,000	0	19,000	0	0	0	19,000
S4086	ICT Hardware Replacement	Mike Ward	36,600	0	36,600	0	0	0	36,600
S4087	Photocopiers/MFD's	Mike Ward	33,900	0	33,900	0	0	0	33,900
S4100	Specialists Human Resources CoP (Note 1)	Catherine Bowen	120,900	0	120,900	6,300	17,500	(53,900)	90,800
S4101	Specialists Legal CoP (Note 1)	Catherine Bowen	172,800	0	172,800	7,300	(1,800)	(36,000)	142,300
S4102	Specialists Design CoP (Note 1)	Catherine Bowen	56,600	0	56,600	2,700	(1,000)	(8,800)	49,500
S4103	Specialists Finance CoP (Note 1)	Catherine Bowen	211,700	12,000	223,700	10,700	(3,500)	(37,000)	193,900
S4104	Specialists ICT CoP (Note 1)	Catherine Bowen	270,600	0	270,600	16,800	(5,000)	(34,500)	247,900
S4150	Case Management Support Services (Note 1)	Sarah Moody	508,800	0	508,800	16,400	29,500	(147,300)	407,400
S4155	Case Management Digital Mail Room	Sarah Moody	0	0	0	0	(33,500)	106,100	72,600
S4160	Corporate Management	Pauline Henstock	134,600	0	134,600	15,000	0	0	149,600
S4185	Specialists Strategy & Projects	Catherine Bowen	0	0	0	0	0	0	0
S4196	ICT Customer Support	Sarah Moody	88,600	0	88,600	4,500	(2,000)	4,000	95,100
S4199	Central Service Overheads	Catherine Bowen	90,000	(24,000)	66,000	(3,500)	15,400	0	77,900
S6040	Borrowing Costs (Note 2)	Pauline Henstock	109,200	0	109,200	527,462	80,000	0	716,662
S6050	Interest & Investment Income	Pauline Henstock	(183,000)	0	(183,000)	(20,000)	0	0	(203,000)
			5,709,373	(31,031)	5,678,342	1,310,840	191,300	70,900	7,251,382

b)	Place & Enterprise	Budget Manager	19/20 Base	19/20	19/20 Revised	20/21	20/21 Budget	20/21 Salary	20/21
			Net Budget	Virements	Net Budget	Pressures/ (Savings)	Preparation	Estimate	Final Base
			£'s	£'s	£'s	£'s	£'s	£'s	£'s
S1030	Economic Development	Tom Jones	(700)	0	(700)	0	0	0	(700)
S1060	Community Development	Tom Jones	132,400	0	132,400	0	0	0	132,400
S1070	Environmental Initiatives	Tom Jones	46,300	0	46,300	0	0	0	46,300
S1104	Land & Investment Properties	Laura Wotton	(635,900)	0	(635,900)	(275,700)	0	0	(911,600)
S1165	Follaton House Offices	Laura Wotton	168,900	29,539	198,439	34,500	0	2,200	235,139
S1301	Community Parks & Open Spaces	Laura Wotton	110,900	(2,000)	108,900	0	0	0	108,900
S1305	Cemeteries & Burials	Laura Wotton	28,500	0	28,500	0	0	0	28,500
S1306	Countryside Recreation	Laura Wotton	500	0	500	0	0	0	500
S1311	Outdoor Sports & Recreation	Laura Wotton	134,979	0	134,979	2,900	0	0	137,879
S1365	Flood Defence & Land Drainage	Laura Wotton	46,400	0	46,400	0	0	0	46,400
S1367	Coast Protection	Laura Wotton	54,700	(1,000)	53,700	0	0	0	53,700
S1400	Employment Estates	Laura Wotton	(388,243)	(11,700)	(399,943)	(5,000)	0	0	(404,943)
S1558	Housing Strategy	Tom Jones	3,100	0	3,100	0	(300)	0	2,800
S2002	Beach & Water Safety	Cam Sims-Stirling	40,500	2,000	42,500	0	0	0	42,500
S2005	Salcombe Harbour	Cam Sims-Stirling	0	0	0	0	0	0	0
S2010	Dartmouth Lower Ferry	Cam Sims-Stirling	4,700	0	4,700	19,800	0	1,600	26,100
S2030	Totnes Depot	Laura Wotton	22,400	0	22,400	5,000	0	0	27,400
S2043	Ivybridge Depot	Laura Wotton	24,475	0	24,475	0	0	0	24,475
S2044	Torr Quarry Depot	Laura Wotton	11,000	0	11,000	0	0	0	11,000
S2101	Car & Boat Parking	Laura Wotton	(1,656,250)	(17,100)	(1,673,350)	(47,200)	0	6,800	(1,713,750)
S2310	Dog Warden Service	Laura Wotton	5,000	0	5,000	0	0	0	5,000
S2400	Public Conveniences	Tom Jones	514,040	(9,000)	505,040	(46,103)	0	0	458,937
S2841	Repairs & Maintenance	Laura Wotton	9,100	(9,100)	0	13,500	(111,000)	4,800	(92,700)
S2884	Supervisors Vehicles	Laura Wotton	5,300	0	5,300	0	0	0	5,300
			(1,317,899)	(18,361)	(1,336,260)	(298,303)	(111,300)	15,400	(1,730,463)

c)	Governance & Assurance	Budget Manager	19/20 Base	19/20	19/20 Revised	20/21	20/21 Budget	20/21 Salary	20/21
			Net Budget	Virements	Net Budget	Pressures/ (Savings)	Preparation	Estimate	Final Base
			£'s	£'s	£'s	£'s	£'s	£'s	£'s
S1310	Leisure Centres (Note 2)	Jane Savage	334,700	0	334,700	(431,000)	(80,000)	0	(176,300)
S2017	Street and Beach Cleaning	Jane Savage	1,034,947	0	1,034,947	64,800	0	0	1,099,747
S2701	Waste & Recycling Collection Contract	Jane Savage	2,810,110	(244,869)	2,565,241	213,126	0	0	2,778,367
S2713	Trade Waste Services	Jane Savage	(349,800)	291,000	(58,800)	10,400	0	0	(48,400)
S2716	Food Waste Services	Jane Savage	(3,400)	0	(3,400)	0	0	0	(3,400)
S3001	Electoral Registration	Neil Hawke	135,400	0	135,400	3,300	0	7,500	146,200
S3030	Staff Forum	Lesley Crocker	5,000	0	5,000	0	0	0	5,000
S3041	Communications & Media	Lesley Crocker	69,430	0	69,430	3,000	0	(6,400)	66,030
S3050	Democratic Representation & Management	Darryl White	311,754	0	311,754	0	0	0	311,754
S3051	Member Support & Democratic Services	Darryl White	89,900	(9,300)	80,600	4,300	0	(1,300)	83,600
S4200	Insurance	Neil Hawke	329,040	0	329,040	0	0	0	329,040
S4511	Building Control Services	Jane Savage	57,800	0	57,800	0	0	0	57,800
			4,824,881	36,831	4,861,712	(132,074)	(80,000)	(200)	4,649,438

d)	Strategic Finance	Budget Manager	19/20 Base	19/20	19/20 Revised	20/21	20/21 Budget	20/21 Salary	20/21
			Net Budget	Virements	Net Budget	Pressures/ (Savings)	Preparation	Estimate	Final Base
			£'s	£'s	£'s	£'s	£'s	£'s	£'s
S4009	Non Distributed Costs	Lisa Buckle	760,200	0	760,200	(150,000)	0	(71,000)	539,200
S4010	Inflation/Pension Provision	Lisa Buckle	(12,561)	12,561	0	2,300	0	(2,300)	0
S4011	Steady State Review	Lisa Buckle	12,800	0	12,800	0	0	(12,800)	0
S6021	Council Tax Support Grant	Lisa Buckle	74,658	0	74,658	(37,000)	0	0	37,658
			835,097	12,561	847,658	(184,700)	0	(86,100)	576,858

Note 1: Following the Management restructure in 2019/20 the salary costs for these members of staff have been aggregated into two specific cost centres for the Senior Leadership Team and Extended Leadership Team.

Note 2: The Leisure savings reflect the gross position in 2020/21, taking into account the borrowing costs on the Leisure Investment. A net saving of £165,000 has been built into the 2020/21 budget.

South Hams District Council
Customer Service & Delivery Budgets 2020/21

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	20/21 MTFS Adjustments (*)	20/21 Other Adjustments (***)	Final Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1010	Customer Contact Centre	Sarah Moody	463,800	0	463,800	22,000	(50,300)	435,500
S1013	Case Management Localities	Sarah Moody	281,800	0	281,800	10,700	8,500	301,000
S1020	Planning Applications and Advice	Pat Whymer	(805,500)	0	(805,500)	(2,100)	0	(807,600)
S1040	Local Land Charges	Pat Whymer	(143,000)	0	(143,000)	0	0	(143,000)
S1304	Grounds Maintenance	Sarah Moody	468,095	0	468,095	50,800	3,300	522,195
S1501	General Health	Ian Luscombe	11,000	0	11,000	0	0	11,000
S1503	Public Health	Ian Luscombe	(16,323)	0	(16,323)	0	0	(16,323)
S1531	Licensing	Ian Luscombe	(189,900)	(1,000)	(190,900)	0	0	(190,900)
S1533	Pest Control	Ian Luscombe	13,500	0	13,500	0	0	13,500
S1534	Pollution Control	Ian Luscombe	(4,100)	0	(4,100)	0	0	(4,100)
S1535	Food Safety	Ian Luscombe	2,750	0	2,750	0	0	2,750
S1536	Health & Safety at Work	Ian Luscombe	9,900	0	9,900	0	0	9,900
S1544	Community Safety	Ian Luscombe	5,600	0	5,600	0	0	5,600
S1545	Emergency Planning	Ian Luscombe	9,600	0	9,600	0	0	9,600
S1550	Housing Standards	Ian Luscombe	1,000	0	1,000	0	0	1,000
S1551	Homelessness	Isabel Blake	149,300	0	149,300	4,000	0	153,300
S1552	Housing Advice	Isabel Blake	3,000	0	3,000	0	0	3,000
S1555	Private Sector Housing Renewal	Ian Luscombe	0	0	0	0	0	0
S1565	Housing Benefit Payments	Isabel Blake	(87,000)	0	(87,000)	100,000	0	13,000
S1568	Housing Benefit Administration	Isabel Blake	(195,300)	0	(195,300)	0	0	(195,300)
S1571	Council Tax Collection	Isabel Blake	(313,800)	(72,800)	(386,600)	0	0	(386,600)
S1574	Council Tax Support	Isabel Blake	(84,000)	0	(84,000)	0	0	(84,000)
S1998	Case Management Customer Service & Delivery	Sarah Moody	1,331,000	(35,700)	1,295,300	289,078	250,600	1,834,978
S1999	Specialists Customer Service & Delivery	Catherine Bowen	2,516,400	109,000	2,625,400	166,300	(700,200)	2,091,500
S2734	Pannier Markets	Ian Luscombe	(90,900)	0	(90,900)	0	0	(90,900)
S4001	Senior Leadership Team	Sophie Hosking	101,700	0	101,700	(54,700)	226,700	273,700
S4002	Extended Leadership Team	Sophie Hosking	0	0	0	0	581,100	581,100
S4004	Corporate Training & Occupational Health	Andy Wilson	38,900	0	38,900	0	0	38,900
S4005	Case Management Service Based Training	Sarah Moody	0	0	0	0	25,800	25,800
S4015	Specialists Service Based Training	Catherine Bowen	0	0	0	0	29,500	29,500
S4041	Internal Audit	Catherine Bowen	72,900	0	72,900	2,700	(1,000)	74,600
S4082	Landline Telephones	Mike Ward	39,700	0	39,700	0	0	39,700
S4084	ICT Support Contracts	Mike Ward	448,951	(18,531)	430,420	138,400	0	568,820
S4085	Mobile Phones	Mike Ward	19,000	0	19,000	0	0	19,000
S4086	ICT Hardware Replacement	Mike Ward	36,600	0	36,600	0	0	36,600
S4087	Photocopiers/MFD's	Mike Ward	33,900	0	33,900	0	0	33,900
S4100	Specialists Human Resources CoP	Catherine Bowen	120,900	0	120,900	6,300	(36,400)	90,800
S4101	Specialists Legal CoP	Catherine Bowen	172,800	0	172,800	7,300	(37,800)	142,300
S4102	Specialists Design CoP	Catherine Bowen	56,600	0	56,600	2,700	(9,800)	49,500
S4103	Specialists Finance CoP	Catherine Bowen	211,700	12,000	223,700	10,700	(40,500)	193,900
S4104	Specialists ICT CoP	Catherine Bowen	270,600	0	270,600	16,800	(39,500)	247,900
S4150	Case Management Support Services	Sarah Moody	508,800	0	508,800	16,400	(117,800)	407,400
S4155	Case Management Digital Mail Room	Sarah Moody	0	0	0	0	72,600	72,600
S4160	Corporate Management	Pauline Henstock	134,600	0	134,600	15,000	0	149,600
S4196	ICT Customer Support	Sarah Moody	88,600	0	88,600	4,500	2,000	95,100
S4199	Central Service Overheads	Catherine Bowen	90,000	(24,000)	66,000	(3,500)	15,400	77,900
S6040	Borrowing Costs	Pauline Henstock	109,200	0	109,200	527,462	80,000	716,662
S6050	Interest & Investment Income	Pauline Henstock	(183,000)	0	(183,000)	(20,000)	0	(203,000)
			5,709,373	(31,031)	5,678,342	1,310,840	262,200	7,251,382

(*) MTFS - Medium Term Financial Strategy, cost pressures and savings agreed as part of the budget process

(**) 2019/20 Virements - movements in budgets to better reflect where budget responsibility should be held, virements always net to zero.

(***) Other Adjustments = budget changes required to align expenditure & income to the new management structure, these adjustments net to zero.

	Customer Contact Centre	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1010	Expenditure							
	Employees		656,000	0	656,000	22,000	(77,800)	600,200
	Transport Related		2,700	0	2,700	0	0	2,700
	Income							
	Recharges		(194,900)	0	(194,900)	0	27,500	(167,400)
	Net Expenditure		463,800	0	463,800	22,000	(50,300)	435,500

(***) These adjustments relate to the reconfiguration of staffing costs following the SLT/ELT restructure

	Case Management Localities	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1013	Expenditure							
	Employees		260,100	0	260,100	8,700	8,500	277,300
	Transport Related		21,700	0	21,700	2,000	0	23,700

	Net Expenditure	281,800	0	281,800	10,700	8,500	301,000
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S1020	Planning Applications and Advice	Pat Whymer	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		110,500	0	110,500	0	0	110,500
	Income							
	Fees & Charges		(916,000)	0	(916,000)	0	0	(916,000)
	Recharges		0	0	0	(2,100)	0	(2,100)
	Net Expenditure		(805,500)	0	(805,500)	(2,100)	0	(807,600)

S1040	Local Land Charges	Pat Whymer	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		2,000	0	2,000	0	0	2,000
	Third Party Payments		25,000	0	25,000	0	0	25,000
	Income							
	Fees & Charges		(170,000)	0	(170,000)	0	0	(170,000)
	Net Expenditure		(143,000)	0	(143,000)	0	0	(143,000)

The salary costs of staff delivering these services are sat within the case management and specialist budgets. An appropriate allocation of these costs will be apportioned to this budget for staff costs.

S1304	Grounds Maintenance	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		328,600	0	328,600	10,800	3,300	342,700
	Premises Related		5,900	0	5,900	40,000	0	45,900
	Transport Related		63,695	0	63,695	0	0	63,695
	Supplies & Services		58,600	0	58,600	0	0	58,600
	Capital Charges		33,900	0	33,900	0	0	33,900
	Income							
	Recharges		(22,600)	0	(22,600)	0	0	(22,600)
	Net Expenditure		468,095	0	468,095	50,800	3,300	522,195

(*) Maintenance of trees budget £40k and allocated share of pay inflation £10.8k

S1501	General Health	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		11,000	0	11,000	0	0	11,000
	Net Expenditure		11,000	0	11,000	0	0	11,000

S1503	Public Health	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		14,700	0	14,700	0	0	14,700
	Transport Related		2,577	0	2,577	0	0	2,577
	Income							
	Fees & Charges		(33,600)	0	(33,600)	0	0	(33,600)
	Net Expenditure		(16,323)	0	(16,323)	0	0	(16,323)

S1531	Licensing	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		3,900	(1,000)	2,900	0	0	2,900
	Supplies & Services		7,000	0	7,000	0	0	7,000
	Income							
	Fees & Charges		(195,800)	0	(195,800)	0	0	(195,800)
	Recharges		(5,000)	0	(5,000)	0	0	(5,000)
	Net Expenditure		(189,900)	(1,000)	(190,900)	0	0	(190,900)

The salary costs of staff delivering these services are sat within the case management and specialist budgets. An appropriate allocation of these costs will be apportioned to this budget for staff costs.

S1533	Pest Control	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		13,500	0	13,500	0	0	13,500
	Net Expenditure		13,500	0	13,500	0	0	13,500

S1534	Pollution Control	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		500	0	500	0	0	500
	Supplies & Services		23,000	0	23,000	0	0	23,000
	Capital Charges		5,400	0	5,400	0	0	5,400
	Income							
	Fees & Charges		(33,000)	0	(33,000)	0	0	(33,000)
	Net Expenditure		(4,100)	0	(4,100)	0	0	(4,100)

	Food Safety	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s

S1535	Supplies & Services		7,000	0	7,000	0	0	7,000
	Income							
	Fees & Charges		(1,250)	0	(1,250)	0	0	(1,250)
	Recharges		(3,000)	0	(3,000)	0	0	(3,000)
	Net Expenditure		2,750	0	2,750	0	0	2,750

S1536	Health & Safety at Work	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		9,900	0	9,900	0	0	9,900
	Net Expenditure		9,900	0	9,900	0	0	9,900

S1544	Community Safety	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		5,600	0	5,600	0	0	5,600
	Net Expenditure		5,600	0	5,600	0	0	5,600

S1545	Community Safety	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		4,800	0	4,800	0	0	4,800
	Supplies & Services		4,800	0	4,800	0	0	4,800
	Net Expenditure		9,600	0	9,600	0	0	9,600

S1550	Housing Standards	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		0	0	0	0	0	0
	Supplies & Services		1,000	0	1,000	0	0	1,000
	Net Expenditure		1,000	0	1,000	0	0	1,000

S1551	Homelessness	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		172,350	0	172,350	4,000	0	176,350
	Supplies & Services		148,550	47,000	195,550	0	0	195,550
	Capital Charges		37,700	0	37,700	0	0	37,700
	Income							
	Rent		(169,300)	(70,000)	(239,300)	0	0	(239,300)
	Fees & Charges		(23,000)	23,000	0	0	0	0
	Recharges		(17,000)	0	(17,000)	0	0	(17,000)
	Net Expenditure		149,300	0	149,300	4,000	0	153,300

(**) These in year virements relate to a budget cleanse within Homelessness

S1552	Housing Advice	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		3,000	0	3,000	0	0	3,000
	Net Expenditure		3,000	0	3,000	0	0	3,000

S1555	Private Sector Housing Renewal	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		10,000	0	10,000	0	0	10,000
	Income							
Fees & Charges		(10,000)	0	(10,000)	0	0	(10,000)	
	Net Expenditure		0	0	0	0	0	0

S1565	Housing Benefit Payments	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Transfer Payments		13,633,800	0	13,633,800	0	0	13,633,800
	Income							
	Government Grants		(13,475,800)	0	(13,475,800)	0	0	(13,475,800)
	Recharges		(245,000)	0	(245,000)	100,000	0	(145,000)
	Net Expenditure		(87,000)	0	(87,000)	100,000	0	13,000

(*) Reduction in income target for Housing Benefit overpayment recoveries (£100k)

S1568	Housing Benefit Administration	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Income							
	Government Grants		(195,300)	0	(195,300)	0	0	(195,300)
	Net Expenditure		(195,300)	0	(195,300)	0	0	(195,300)

S1571	Council Tax Collection	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		14,200	(4,600)	9,600	0	0	9,600
	Income							

	Government Grants	(231,200)	(10,000)	(241,200)	0	0	(241,200)
	Recharges	(96,800)	(58,200)	(155,000)	0	0	(155,000)
	Net Expenditure	(313,800)	(72,800)	(386,600)	0	0	(386,600)

(**) The 2019/20 in year virements relate to a budget cleanse exercise - the corresponding entries are shown within Case Management Customer Service & Delivery

	Council Tax Support	Isabel Blake	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S1574	Income							
	Government Grants		(84,000)	0	(84,000)	0	0	(84,000)
	Net Expenditure		(84,000)	0	(84,000)	0	0	(84,000)

	Case Management Customer Service and Delivery	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
S1998	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		2,066,500	(149,900)	1,916,600	289,078	406,800	2,612,478
	Transport Related		5,100	0	5,100	0	1,500	6,600
	Income							
	Fees & Charges		0	0	0	0	(100,800)	(100,800)
	Recharges		(740,600)	114,200	(626,400)	0	(56,900)	(683,300)
	Net Expenditure		1,331,000	(35,700)	1,295,300	289,078	250,600	1,834,978

(*) MTFS staffing costs relate to Devon Aligned Waste Service (£125k), Planning Enforcement (£50.1k), Housing (£48.7k) and pay inflation (£65.3k)

(**) The in year virements relate to a budget cleanse exercise with Council Tax Collection and 5 Case Managers were redesignated as Specialists in 2019/20 (£109k)

(***) The adjustments relate to the reconfiguration of staffing costs following the SLT/ELT restructure

	Specialists Customer Service and Delivery	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
S1999	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		3,228,200	151,400	3,379,600	166,300	(740,500)	2,805,400
	Transport Related		34,900	7,000	41,900	0	6,400	48,300
	Supplies & Services		34,500	0	34,500	0	(34,500)	0
	Income							
	Recharges		(781,200)	(49,400)	(830,600)	0	68,400	(762,200)
	Net Expenditure		2,516,400	109,000	2,625,400	166,300	(700,200)	2,091,500

(*) MTFS staffing costs relate to the Climate Change Policy Officer (£25k), the Economy Officer (£25k) and pay inflation (£116.3k)

(**) The in year virements relate to 5 Case Managers who were redesignated as Specialists in 2019/20 (£109k)

(***) The adjustments relate to the reconfiguration of the staffing budgets following the SLT/ELT restructure including creation of the new ELT cost centre

	Pannier Markets	Ian Luscombe	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S2734	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		10,000	0	10,000	0	0	10,000
	Supplies & Services		9,100	0	9,100	0	0	9,100
	Income							
	Fees & Charges		(110,000)	0	(110,000)	0	0	(110,000)
	Recharges		0	0	0	0	0	0
	Net Expenditure		(90,900)	0	(90,900)	0	0	(90,900)

	Senior Leadership Team	Sophie Hosking	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
S4001	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		161,700	0	161,700	(54,700)	283,100	390,100
	Transport Related		1,800	0	1,800	0	(300)	1,500
	Supplies & Services		6,300	0	6,300	0	0	6,300
	Income							
	Recharges		(68,100)	0	(68,100)	0	(56,100)	(124,200)
	Net Expenditure		101,700	0	101,700	(54,700)	226,700	273,700

(*) MTFS saving relates to the SLT/ELT restructure (£60k) partly offset by pay inflation (£5.3k)

(***) These adjustments reflect the grouping of all of the Senior Leadership Team costs into one cost centre for 2020/21 onwards

	Extended Leadership Team	Sophie Hosking	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
S4002	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		0	0	0	0	695,600	695,600
	Transport Related		0	0	0	0	600	600
	Income							
	Recharges		0	0	0	0	(115,100)	(115,100)
	Net Expenditure		0	0	0	0	581,100	581,100

(***) This is a new cost centre created for 2020/21 to hold the costs of the Extended Leadership Team

	Corporate Training & Occupational Health	Andy Wilson	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
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S4004	Expenditure	£'s	£'s	£'s	£'s	£'s	£'s
	Employees	40,700	0	40,700	0	0	40,700
	Support Services	(900)	0	(900)	0	0	(900)
	Income						
	Recharges	(900)	0	(900)	0	0	(900)
	Net Expenditure	38,900	0	38,900	0	0	38,900

S4005	Case Management Service Based Training	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		0	0	0	0	25,800	25,800
	Net Expenditure		0	0	0	0	25,800	25,800

(***) This is a new cost centre created for 2020/21 to hold the costs of staff training for Case Management

S4015	Specialist Service Based Training	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		0	0	0	0	29,500	29,500
	Net Expenditure		0	0	0	0	29,500	29,500

(***) This is a new cost centre created for 2020/21 to hold the costs of staff training for Specialists

S4041	Internal Audit	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		79,800	0	79,800	2,700	(200)	82,300
	Transport Related		200	0	200	0	0	200
	Supplies & Services		18,700	0	18,700	0	0	18,700
	Support Services		(2,200)	0	(2,200)	0	0	(2,200)
	Income							
	Recharges		(23,600)	0	(23,600)	0	(800)	(24,400)
	Net Expenditure		72,900	0	72,900	2,700	(1,000)	74,600

S4082	Landline Telephones	Mike Ward	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		39,700	0	39,700	0	0	39,700
	Net Expenditure		39,700	0	39,700	0	0	39,700

S4084	ICT Support Contracts	Mike Ward	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		776,551	(18,531)	758,020	138,400	0	896,420
	Income							
	Recharges		(327,600)	0	(327,600)	0	0	(327,600)
	Net Expenditure		448,951	(18,531)	430,420	138,400	0	568,820

(*) FIT project £150k partly offset by the cancellation of IEG4 contract (£12k)

S4085	Mobile Phones	Mike Ward	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		19,000	0	19,000	0	0	19,000
	Net Expenditure		19,000	0	19,000	0	0	19,000

S4086	ICT Hardware Replacement	Mike Ward	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		36,600	0	36,600	0	0	36,600
	Net Expenditure		36,600	0	36,600	0	0	36,600

S4087	Photocopiers/MFD's	Mike Ward	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		33,900	0	33,900	0	0	33,900
	Net Expenditure		33,900	0	33,900	0	0	33,900

S4100	Human Resources CoP	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		191,700	0	191,700	6,300	(60,400)	137,600
	Transport Related		1,000	0	1,000	0	0	1,000
	Supplies & Services		4,600	0	4,600	0	0	4,600
	Support Services		(9,100)	0	(9,100)	0	0	(9,100)
	Income							
	Recharges		(67,300)	0	(67,300)	0	24,000	(43,300)
	Net Expenditure		120,900	0	120,900	6,300	(36,400)	90,800

(***) The costs of ELT have been grouped together from 2020/21 and are shown in the net cost centre 'Extended Leadership Team'

	Legal CoP	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4101	Expenditure							
	Employees		240,200	0	240,200	7,300	(32,200)	215,300
	Transport Related		600	0	600	0	0	600
	Supplies & Services		7,000	0	7,000	0	0	7,000
	Income							
	Recharges		(75,000)	0	(75,000)	0	(5,600)	(80,600)
	Net Expenditure		172,800	0	172,800	7,300	(37,800)	142,300

(***) The costs of ELT have been grouped together from 2020/21 and are shown above in the new cost centre 'Extended Leadership Team'

	Design CoP	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4102	Expenditure							
	Employees		80,300	0	80,300	2,700	(700)	82,300
	Transport Related		100	0	100	0	0	100
	Income							
		Recharges		(23,800)	0	(23,800)	0	(9,100)
	Net Expenditure		56,600	0	56,600	2,700	(9,800)	49,500

	Finance CoP	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4103	Expenditure							
	Employees		324,800	0	324,800	10,700	(59,700)	275,800
	Transport Related		800	0	800	0	0	800
	Supplies & Services		15,800	12,000	27,800	0	0	27,800
	Support Services		(15,400)	0	(15,400)	0	0	(15,400)
	Income							
	Recharges		(114,300)	0	(114,300)	0	19,200	(95,100)
	Net Expenditure		211,700	12,000	223,700	10,700	(40,500)	193,900

(***) The costs of ELT have been grouped together from 2020/21 and are shown above in the new cost centre 'Extended Leadership Team'

	ICT CoP	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4104	Expenditure							
	Employees		508,100	0	508,100	16,800	(58,600)	466,300
	Transport Related		1,800	0	1,800	0	0	1,800
	Supplies & Services		400	0	400	0	0	400
	Support Services		(2,200)	0	(2,200)	0	0	(2,200)
	Income							
	Recharges		(237,500)	0	(237,500)	0	19,100	(218,400)
	Net Expenditure		270,600	0	270,600	16,800	(39,500)	247,900

(***) The costs of ELT have been grouped together from 2020/21 and are shown above in the new cost centre 'Extended Leadership Team'

	Case Management Support Services	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4150	Expenditure							
	Employees		557,600	0	557,600	18,500	(184,400)	391,700
	Transport Related		800	0	800	0	0	800
	Supplies & Services		162,400	0	162,400	(2,100)	0	160,300
	Support Services		(5,600)	0	(5,600)	0	0	(5,600)
	Income							
	Fees & Charges		(3,300)	0	(3,300)	0	0	(3,300)
	Recharges		(203,100)	0	(203,100)	0	66,600	(136,500)
	Net Expenditure		508,800	0	508,800	16,400	(117,800)	407,400

(***) These adjustments relate to the reconfiguration of staffing budgets following the SLT/ELT structure including creation of the Digital Mail Room cost centre

	Case Management Digital Mail Room	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4155	Expenditure							
	Employees		0	0	0	0	150,900	150,900
	Income							
	Recharges		0	0	0	0	(78,300)	(78,300)
	Net Expenditure		0	0	0	0	72,600	72,600

(***) This is a new cost centre created for 2020/21 to hold the costs of the Digital Mail Room

	Corporate Management	Pauline Henstock	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4160	Expenditure							
	Employees		30,000	0	30,000	0	0	30,000
	Supplies & Services		104,600	0	104,600	25,000	0	129,600
	Income							
	Recharges		0	0	0	(10,000)	0	(10,000)
	Net Expenditure		134,600	0	134,600	15,000	0	149,600

(*) The MTFS adjustments relate to a budget pressure for payment collection fees (£25k) and an income target for corporate consultancy income (£10k)

S4196	ICT Customer Support	Sarah Moody	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
	Expenditure							
	Employees		136,600	0	136,600	4,500	6,800	147,900
	Transport Related		200	0	200	0	0	200
	Income							
	Recharges		(48,200)	0	(48,200)	0	(4,800)	(53,000)
	Net Expenditure		88,600	0	88,600	4,500	2,000	95,100

S4199	Central Service Overheads	Catherine Bowen	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
	Expenditure							
	Employees		23,400	0	23,400	0	0	23,400
	Supplies & Services		66,600	(24,000)	42,600	(3,500)	15,400	54,500
	Net Expenditure		90,000	(24,000)	66,000	(3,500)	15,400	77,900

(**) This virement relates to a budget realignment exercise for Specialists Customer Service & Delivery

S6040	Borrowing Costs	Pauline Henstock	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
	Expenditure							
	Capital Charges		109,200	0	109,200	527,462	80,000	716,662
	Net Expenditure		109,200	0	109,200	527,462	80,000	716,662

(*) This relates to the borrowing costs in respect of the Leisure Investment, Commercial Property Investment and Ivybridge Depot.

(***) This adjustment relates to the Leisure Investment (£80k) - the original borrowing cost was previously shown in the Leisure Centres cost centre

S6050	Interest & Investment Income	Pauline Henstock	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
	Income							
	Interest		(183,000)	0	(183,000)	(20,000)	0	(203,000)
	Net Expenditure		(183,000)	0	(183,000)	(20,000)	0	(203,000)

(*) Additional Treasury Management Income (£20k)

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South Hams District Council
Place & Enterprise Budgets 2020/21

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	20/21 MTFS Adjustments (*)	20/21 Other Adjustments (***)	Final Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1030	Economic Development	Tom Jones	(700)	0	(700)	0	0	(700)
S1060	Community Development	Tom Jones	132,400	0	132,400	0	0	132,400
S1070	Environmental Initiatives	Tom Jones	46,300	0	46,300	0	0	46,300
S1104	Land & Investment Properties	Laura Wotton	(635,900)	0	(635,900)	(275,700)	0	(911,600)
S1165	Follaton House Offices	Laura Wotton	168,900	29,539	198,439	34,500	2,200	235,139
S1301	Community Parks & Open Spaces	Laura Wotton	110,900	(2,000)	108,900	0	0	108,900
S1305	Cemeteries & Burials	Laura Wotton	28,500	0	28,500	0	0	28,500
S1306	Countryside Recreation	Laura Wotton	500	0	500	0	0	500
S1311	Outdoor Sports & Recreation	Laura Wotton	134,979	0	134,979	2,900	0	137,879
S1365	Flood Defence & Land Drainage	Laura Wotton	46,400	0	46,400	0	0	46,400
S1367	Coast Protection	Laura Wotton	54,700	(1,000)	53,700	0	0	53,700
S1400	Employment Estates	Laura Wotton	(388,243)	(11,700)	(399,943)	(5,000)	0	(404,943)
S1558	Housing Strategy	Tom Jones	3,100	0	3,100	0	(300)	2,800
S2002	Beach & Water Safety	Cam Sims-Stirling	40,500	2,000	42,500	0	0	42,500
S2005	Salcombe Harbour	Cam Sims-Stirling	0	0	0	0	0	0
S2010	Dartmouth Lower Ferry	Cam Sims-Stirling	4,700	0	4,700	19,800	1,600	26,100
S2030	Totnes Depot	Laura Wotton	22,400	0	22,400	5,000	0	27,400
S2043	Ivybridge Depot	Laura Wotton	24,475	0	24,475	0	0	24,475
S2044	Torr Quarry Depot	Laura Wotton	11,000	0	11,000	0	0	11,000
S2101	Car & Boat Parking	Laura Wotton	(1,656,250)	(17,100)	(1,673,350)	(47,200)	6,800	(1,713,750)
S2310	Dog Warden Service	Laura Wotton	5,000	0	5,000	0	0	5,000
S2400	Public Conveniences	Tom Jones	514,040	(9,000)	505,040	(46,103)	0	458,937
S2841	Repairs & Maintenance	Laura Wotton	9,100	(9,100)	0	13,500	(106,200)	(92,700)
S2884	Supervisors Vehicles	Laura Wotton	5,300	0	5,300	0	0	5,300
			(1,317,899)	(18,361)	(1,336,260)	(298,303)	(95,900)	(1,730,463)

(*) MTFS - Medium Term Financial Strategy, cost pressures and savings agreed as part of the budget process

(**) 2019/20 Virements - movements in budgets to better reflect where budget responsibility should be held, virements always net to zero.

(***) Other Adjustments = budget changes required to align expenditure & income to the new management structure, these adjustments net to zero.

	Economic Development	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1030	Expenditure							
	Supplies & Services		2,500	0	2,500	0	0	2,500
	Capital Charges		3,900	0	3,900	0	0	3,900
	Income							
	Rent		(6,900)	0	(6,900)	0	0	(6,900)
Recharges		(200)	0	(200)	0	0	(200)	
	Net Expenditure		(700)	0	(700)	0	0	(700)

	Community Development	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1060	Expenditure							
	Supplies & Services		132,400	0	132,400	0	0	132,400
	Net Expenditure		132,400	0	132,400	0	0	132,400

	Environmental Initiatives	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1070	Expenditure							
	Supplies & Services		46,300	0	46,300	0	0	46,300
	Net Expenditure		46,300	0	46,300	0	0	46,300

	Land & Investment Properties	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1104	Expenditure							
	Premises Related		14,100	0	14,100	0	0	14,100
	Income							
	Rent		(644,800)	0	(644,800)	(275,700)	0	(920,500)
	Fees & Charges		(5,200)	0	(5,200)	0	0	(5,200)
	Net Expenditure		(635,900)	0	(635,900)	(275,700)	0	(911,600)

(*) This relates to the gross rental income target for 2020/21 for the Council's Commercial Investment Strategy. It is offset by borrowing costs shown in the cost centre 'Borrowing Costs' producing a net rental income of £75,000 as shown in the MTFS for 2020/21.

	Follaton House	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1165	Expenditure							
	Employees		77,900	0	77,900	2,500	2,200	82,600
	Premises Related		327,400	9,100	336,500	7,000	0	343,500
	Supplies & Services		55,700	20,439	76,139	25,000	0	101,139
	Support Services		(6,300)	0	(6,300)	0	0	(6,300)
	Capital Charges		39,400	0	39,400	0	0	39,400
	Income							
	Rent		(309,200)	0	(309,200)	0	0	(309,200)
	Fees & Charges		(13,000)	0	(13,000)	0	0	(13,000)
	Recharges		(3,000)	0	(3,000)	0	0	(3,000)
	Net Expenditure		168,900	29,539	198,439	34,500	2,200	235,139

(*) This relates mainly to inflationary increases on payroll costs, utilities and contracts

(**) The 2019/20 virements reflect a budget realignment exercise

	Community Parks & Open Spaces	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1301	Expenditure							
	Employees		4,000	(2,000)	2,000	0	0	2,000
	Premises Related		94,800	0	94,800	0	0	94,800
	Supplies & Services		13,400	0	13,400	0	0	13,400
	Capital Charges		127,500	0	127,500	0	0	127,500
	Income							
	Rent		(96,100)	0	(96,100)	0	0	(96,100)
	Fees & Charges		(20,300)	0	(20,300)	0	0	(20,300)
	Recharges		(11,900)	0	(11,900)	0	0	(11,900)
	Other Grants & Contributions		(500)	0	(500)	0	0	(500)
	Net Expenditure		110,900	(2,000)	108,900	0	0	108,900

	Cemeteries & Burials	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1305	Expenditure							
	Premises Related		11,700	0	11,700	0	0	11,700
	Supplies & Services		16,800	0	16,800	0	0	16,800
	Net Expenditure		28,500	0	28,500	0	0	28,500

	Countryside Recreation	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1306	Expenditure							
	Supplies & Services		500	0	500	0	0	500
	Net Expenditure		500	0	500	0	0	500

	Outdoor Sports & Recreation	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1311	Expenditure							
	Premises Related		59,500	0	59,500	0	0	59,500
	Supplies & Services		11,900	0	11,900	0	0	11,900
	Capital Charges		115,800	0	115,800	0	0	115,800
	Income							
	Rent		(18,200)	0	(18,200)	2,900	0	(15,300)
	Fees & Charges		(24,621)	0	(24,621)	0	0	(24,621)
	Recharges		(9,400)	0	(9,400)	0	0	(9,400)
	Net Expenditure		134,979	0	134,979	2,900	0	137,879

	Flood Defence & Land Drainage	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1365	Expenditure							
	Premises Related		37,200	0	37,200	0	0	37,200
	Capital Charges		9,200	0	9,200	0	0	9,200
	Net Expenditure		46,400	0	46,400	0	0	46,400

	Coast Protection	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1367	Expenditure							
	Employees		1,000	(1,000)	0	0	0	0
	Premises Related		42,000	0	42,000	0	0	42,000
	Capital Charges		70,500	0	70,500	0	0	70,500
	Income							
	Rent		(10,200)	0	(10,200)	0	0	(10,200)
	Interest		(14,500)	0	(14,500)	0	0	(14,500)
	Fees & Charges		(21,800)	0	(21,800)	0	0	(21,800)
Recharges		(12,300)	0	(12,300)	0	0	(12,300)	
	Net Expenditure		54,700	(1,000)	53,700	0	0	53,700

	Employment Estates	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1400	Expenditure							
	Employees		8,700	4,300	13,000	0	0	13,000
	Premises Related		172,457	0	172,457	20,000	0	192,457
	Supplies & Services		77,600	9,000	86,600	0	0	86,600
	Capital Charges		180,000	0	180,000	0	0	180,000
	Income							
	Rent		(669,500)	(25,000)	(694,500)	(25,000)	0	(719,500)
	Fees & Charges		(133,500)	0	(133,500)	0	0	(133,500)
Recharges		(24,000)	0	(24,000)	0	0	(24,000)	
	Net Expenditure		(388,243)	(11,700)	(399,943)	(5,000)	0	(404,943)

(*) The MTFS adjustments relate to additional Employment Estates income £25,000 (Ermington Mill) offset by £20,000 of inflationary costs mainly on utilities

(**) The 2019/20 virements reflect a budget realignment exercise

	Housing Strategy	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1558	Expenditure							
	Employees		1,600	0	1,600	0	(300)	1,300
	Supplies & Services		1,500	0	1,500	0	0	1,500
	Net Expenditure		3,100	0	3,100	0	(300)	2,800

	Beach & Water Safety	Cam Sims-Stirling	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2002	Expenditure							
	Employees		29,600	2,000	31,600	0	0	31,600
	Premises Related		2,100	0	2,100	0	0	2,100
	Supplies & Services		2,300	0	2,300	0	0	2,300
	Third Party Payments		35,700	0	35,700	0	0	35,700
	Income							
	Other Grants & Contributions		(29,200)	0	(29,200)	0	0	(29,200)
	Net Expenditure		40,500	2,000	42,500	0	0	42,500

	Salcombe Harbour	Cam Sims-Stirling	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2005	Expenditure							
	Employees		446,100	12,200	458,300	0	0	458,300
	Premises Related		341,000	0	341,000	0	0	341,000
	Transport Related		51,000	0	51,000	0	0	51,000
	Supplies & Services		83,000	0	83,000	0	0	83,000
	Support Services		45,000	(12,200)	32,800	0	0	32,800
	Capital Charges		12,600	0	12,600	0	0	12,600
	Income							
	Sales		(1,000)	0	(1,000)	0	0	(1,000)
	Fees & Charges		(1,112,900)	0	(1,112,900)	0	0	(1,112,900)
	Interest		(1,100)	0	(1,100)	0	0	(1,100)
	Recharges		143,600	0	143,600	0	0	143,600
	Other Grants & Contributions		(7,300)	0	(7,300)	0	0	(7,300)
		Net Expenditure		0	0	0	0	0

	Dartmouth Lower Ferry	Cam Sims-Stirling	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2010	Expenditure							
	Employees		559,100	0	559,100	39,800	1,600	600,500
	Premises Related		84,100	0	84,100	0	0	84,100
	Transport Related		99,600	0	99,600	0	0	99,600
	Supplies & Services		31,300	0	31,300	0	0	31,300
	Capital Charges		37,600	0	37,600	0	0	37,600
	Income							
	Fees & Charges		(798,300)	0	(798,300)	(20,000)	0	(818,300)
Other Grants & Contributions		(8,700)	0	(8,700)	0	0	(8,700)	
	Net Expenditure		4,700	0	4,700	19,800	1,600	26,100

(*) The MTFS adjustments relate to additional income of £20,000 offset by a management recharge from Salcombe Harbour (£21.1k) and pay inflation (£18.7k)

	Totnes Depot	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2030	Expenditure							
	Premises Related		8,000	0	8,000	5,000	0	13,000
	Supplies & Services		3,100	0	3,100	0	0	3,100
	Capital Charges		11,300	0	11,300	0	0	11,300
	Net Expenditure		22,400	0	22,400	5,000	0	27,400

	Ivybridge Depot	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S2043	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		8,700	0	8,700	0	0	8,700
	Capital Charges		19,400	0	19,400	0	0	19,400
	Income							
	Rent		(3,625)	0	(3,625)	0	0	(3,625)
	Net Expenditure		24,475	0	24,475	0	0	24,475

	Torr Quarry Depot	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S2044	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		5,800	0	5,800	0	0	5,800
	Capital Charges		5,200	0	5,200	0	0	5,200
	Net Expenditure		11,000	0	11,000	0	0	11,000

	Car & Boat Parking	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
S2101	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		236,100	5,900	242,000	6,800	6,800	255,600
	Premises Related		794,500	0	794,500	0	0	794,500
	Transport Related		182,950	(23,000)	159,950	13,000	0	172,950
	Supplies & Services		185,300	0	185,300	15,000	0	200,300
	Capital Charges		22,600	0	22,600	0	0	22,600
	Income							
	Fees & Charges		(3,064,000)	0	(3,064,000)	(82,000)	0	(3,146,000)
	Rent		(6,700)	0	(6,700)	0	0	(6,700)
	Recharges		(7,000)	0	(7,000)	0	0	(7,000)
		Net Expenditure		(1,656,250)	(17,100)	(1,673,350)	(47,200)	6,800

(*) The MTFS adjustments relate to additional car parking income £80k plus £2k from the review of fees & charges. This is partly offset by inflationary pressures

(**) The 2019/20 virements reflect a budget realignment exercise

The salary costs of staff delivering these services are sat within the case management and specialist budgets. An appropriate allocation of these costs will be apportioned to this budget for staff costs along with support services and central overheads.

The net difference between income and expenditure will be used to support costs associated with the operation and maintenance of parking services, its infrastructure and the maintenance of off street car parks. It is also used to support and provide other council services such as public toilets, street cleansing, parks and open spaces and other lawfully incurred identified expenditure.

	Dog Warden Service	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S2310	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		9,200	0	9,200	0	0	9,200
	Income							
	Recharges		(4,200)	0	(4,200)	0	0	(4,200)
	Net Expenditure		5,000	0	5,000	0	0	5,000

	Public Conveniences	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
S2400	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Premises Related		246,606	(10,000)	236,606	(36,186)	0	200,420
	Third Party Payments		235,693	0	235,693	(1,368)	0	234,325
	Capital Charges		118,600	0	118,600	0	0	118,600
	Income							
	Other Grants & Contributions		(48,010)	0	(48,010)	0	0	(48,010)
	Fees & Charges		(16,800)	1,000	(15,800)	(4,323)	0	(20,123)
Recharges		(22,049)	0	(22,049)	(4,226)	0	(26,275)	
	Net Expenditure		514,040	(9,000)	505,040	(46,103)	0	458,937

(*) The MTFS adjustments relate to savings of £55,203 following the public conveniences Pay on Entry project partly offset by contract inflation of £9,100

	Repairs & Maintenance	Laura Wotton	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
S2841	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		512,800	0	512,800	13,500	(106,200)	420,100
	Premises Related		(700,518)	13,115	(687,403)	0	0	(687,403)
	Transport Related		95,618	0	95,618	0	0	95,618
	Supplies & Services		158,300	0	158,300	0	0	158,300
	Support Services		32,000	0	32,000	0	0	32,000
	Capital Charges		0	0	0	0	0	0
	Income							
Recharges		(89,100)	(22,215)	(111,315)	0	0	(111,315)	
	Net Expenditure		9,100	(9,100)	0	13,500	(106,200)	(92,700)

(*) The MTFS adjustment relates to pay inflation of £13.5k

(**) The 2019/20 virements reflect a budget realignment exercise

(***) This adjustment relates to a change in the recharging policy for Repairs and Maintenance and is purely presentational

	Supervisors Vehicles	Tom Jones	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
S2884	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Capital Charges		5,300	0	5,300	0	0	5,300
	Net Expenditure		5,300	0	5,300	0	0	5,300

South Hams District Council
Governance & Assurance Budgets 2020/21

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	20/21 MTFS Adjustments (*)	20/21 Other Adjustments (***)	Final Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1310	Leisure Centres	Jane Savage	334,700	0	334,700	(431,000)	(80,000)	(176,300)
S2017	Street and Beach Cleaning	Jane Savage	1,034,947	0	1,034,947	64,800	0	1,099,747
S2701	Waste & Recycling Collection Contract	Jane Savage	2,810,110	(244,869)	2,565,241	213,126	0	2,778,367
S2713	Trade Waste Services	Jane Savage	(349,800)	291,000	(58,800)	10,400	0	(48,400)
S2716	Food Waste Services	Jane Savage	(3,400)	0	(3,400)	0	0	(3,400)
S3001	Electoral Registration	Neil Hawke	135,400	0	135,400	3,300	7,500	146,200
S3030	Staff Forum	Lesley Crocker	5,000	0	5,000	0	0	5,000
S3041	Communications & Media	Lesley Crocker	69,430	0	69,430	3,000	(6,400)	66,030
S3050	Democratic Representation & Management	Darryl White	311,754	0	311,754	0	0	311,754
S3051	Member Support & Democratic Services	Darryl White	89,900	(9,300)	80,600	4,300	(1,300)	83,600
S4200	Insurance	Neil Hawke	329,040	0	329,040	0	0	329,040
S4511	Building Control Services	Jane Savage	57,800	0	57,800	0	0	57,800
			4,824,881	36,831	4,861,712	(132,074)	(80,200)	4,649,438

(*) MTFS - Medium Term Financial Strategy, cost pressures and savings agreed as part of the budget process

(**) 2019/20 Virements - movements in budgets to better reflect where budget responsibility should be held, virements always net to zero.

(***) Other Adjustments = budget changes required to align expenditure & income to the new management structure, these adjustments net to zero.

	Leisure Centres	Jane Savage	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S1310	Expenditure							
	Supplies & Services		600	0	600	0	0	600
	Capital Charges		405,800	0	405,800	0	0	405,800
	Income							
	Other Grants & Contributions		(71,700)	0	(71,700)	(431,000)	(80,000)	(582,700)
	Net Expenditure		334,700	0	334,700	(431,000)	(80,000)	(176,300)

(*) This is the gross saving from the Leisure Procurement which is offset by £266k of borrowing costs producing an overall net saving in the MTFS of £165k

(***) This adjustment relates to Leisure Investment borrowing (£80k) - the cost has been moved to the Borrowing cost centre under Customer Service & Delivery

	Street and Beach Cleaning	Jane Savage	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2017	Expenditure							
	Supplies & Services		38,700	0	38,700	20,000	0	58,700
	Third Party Payments		1,017,647	0	1,017,647	37,700	0	1,055,347
	Capital Charges		48,400	0	48,400	0	0	48,400
	Income							
	Fees & Charges		(3,900)	0	(3,900)	0	0	(3,900)
	Recharges		(65,900)	0	(65,900)	7,100	0	(58,800)
	Net Expenditure		1,034,947	0	1,034,947	64,800	0	1,099,747

(*) Mainly relates to contract inflation £37.7k, and additional fly tipping costs £20k

	Waste & Recycling Collection Contract	Jane Savage	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2701	Expenditure							
	Premises Related		31,035	(28,000)	3,035	0	0	3,035
	Supplies & Services		479,300	74,131	553,431	40,000	(156,350)	437,081
	Third Party Payments		2,312,375	(291,000)	2,021,375	118,126	156,350	2,295,851
	Capital Charges		559,800	0	559,800	0	0	559,800
	Income							
	Sales		(30,000)	0	(30,000)	0	0	(30,000)
	Fees & Charges		(7,900)	0	(7,900)	0	0	(7,900)
	Recharges		(15,000)	0	(15,000)	0	0	(15,000)
	Other Grants & Contributions		(519,500)	0	(519,500)	55,000	0	(464,500)
	Net Expenditure		2,810,110	(244,869)	2,565,241	213,126	0	2,778,367

(*) £175k Devon Aligned Service, £95k reduction in recycling income, £72.8k contract inflation offset by contract savings of £129.7k

(**) The in year virements relate mainly to a presentational change - £291k has been moved to Trade Waste below. This is offset by inflation for sacks and containers

(***) Reclassification of the Waste & Recycling Collection Contract budget reflecting the arrangements of the Devon Aligned Service - Council 6th Dec 2018

	Trade Waste Services	Jane Savage	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2713	Expenditure							
	Supplies & Services		418,500	0	418,500	0	0	418,500
	Third Party Payments		0	291,000	291,000	10,400	0	301,400
	Capital Charges		50,900	0	50,900	0	0	50,900
	Income							
	Fees & Charges		(819,200)	0	(819,200)	0	0	(819,200)
	Net Expenditure		(349,800)	291,000	(58,800)	10,400	0	(48,400)

(*) £10.4k contract inflation

(**) The in year virement relates purely to a presentational change - £291k has been moved from the cost centre above - Waste & Recycling Collection Contract

	Food Waste Services	Jane Savage	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S2716	Expenditure							
	Supplies & Services		2,100	0	2,100	0	0	2,100
	Income							
	Sales		(5,500)	0	(5,500)	0	0	(5,500)
	Net Expenditure		(3,400)	0	(3,400)	0	0	(3,400)

S3001	Electoral Registration	Neil Hawke	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		106,300	0	106,300	3,300	7,500	117,100
	Transport Related		1,100	0	1,100	0	0	1,100
	Supplies & Services		30,500	0	30,500	0	0	30,500
	Income							
Sales		(2,500)	0	(2,500)	0	0	(2,500)	
	Net Expenditure		135,400	0	135,400	3,300	7,500	146,200
S3030	Staff Forum	Lesley Crocker	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		5,000	0	5,000	0	0	5,000
	Net Expenditure		5,000	0	5,000	0	0	5,000
S3041	Communications & Media	Lesley Crocker	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		92,100	0	92,100	3,000	1,600	96,700
	Transport Related		300	0	300	0	0	300
	Supplies & Services		7,230	0	7,230	0	0	7,230
	Income							
Recharges		(30,200)	0	(30,200)	0	(8,000)	(38,200)	
	Net Expenditure		69,430	0	69,430	3,000	(6,400)	66,030
S3050	Democratic Representation & Management	Darryl White	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		311,754	0	311,754	0	0	311,754
	Net Expenditure		311,754	0	311,754	0	0	311,754
S3051	Member Support & Democratic Services	Darryl White	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		129,900	0	129,900	4,300	600	134,800
	Transport Related		1,300	0	1,300	0	0	1,300
	Income							
	Recharges		(41,300)	(9,300)	(50,600)	0	(1,900)	(52,500)
	Net Expenditure		89,900	(9,300)	80,600	4,300	(1,300)	83,600
S4200	Insurance	Neil Hawke	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Employees		74,130	0	74,130	0	0	74,130
	Premises Related		67,570	0	67,570	0	0	67,570
	Transport Related		187,340	0	187,340	0	0	187,340
	Net Expenditure		329,040	0	329,040	0	0	329,040
S4511	Building Control Services	Neil Hawke	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments	Other Adjustments	Approved Net Budget 20/21
	Expenditure		£'s	£'s	£'s	£'s	£'s	£'s
	Supplies & Services		57,800	0	57,800	0	0	57,800
	Net Expenditure		57,800	0	57,800	0	0	57,800

South Hams District Council
Strategic Finance Budgets 2020/21

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements (**)	Final Budget 19/20	20/21 MTFS Adjustments (*)	20/21 Other Adjustments (***)	Final Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4009	Non Distributed Costs	Lisa Buckle	760,200	0	760,200	(150,000)	(71,000)	539,200
S4010	Inflation/Pension Provision	Lisa Buckle	(12,561)	12,561	0	2,300	(2,300)	0
S4011	Steady State Review	Lisa Buckle	12,800	0	12,800	0	(12,800)	0
S6021	Council Tax Support Grant	Lisa Buckle	74,658	0	74,658	(37,000)	0	37,658
			835,097	12,561	847,658	(184,700)	(86,100)	576,858

(*) MTFS - Medium Term Financial Strategy, cost pressures and savings agreed as part of the budget process

(**) 2019/20 Virements - movements in budgets to better reflect where budget responsibility should be held, virements always net to zero.

(***) Other Adjustments = budget changes required to align expenditure & income to the new management structure, these adjustments net to zero.

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4009	Non Distributed Costs	Lisa Buckle						
	Expenditure							
	Employees		199,200	0	199,200	25,000	0	224,200
	Corporate Items		561,000	0	561,000	(175,000)	(71,000)	315,000
	Net Expenditure		760,200	0	760,200	(150,000)	(71,000)	539,200

(*) £200k saving from the triennial pension revaluation, offset by £25k SLT/ELT pension strain costs and £25k Waste contract pension costs

(***) These adjustments relate to the reconfiguration of staffing costs following the SLT/ELT restructure

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4010	Inflation/Pension Provision	Lisa Buckle						
	Expenditure							
	Corporate Items		(12,561)	12,561	0	2,300	(2,300)	0
	Net Expenditure		(12,561)	12,561	0	2,300	(2,300)	0

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S4011	Steady State Review	Lisa Buckle						
	Expenditure							
	Corporate Items		12,800	0	12,800	0	(12,800)	0
	Net Expenditure		12,800	0	12,800	0	(12,800)	0

Cost Centre Code	Cost Centre Description	Budget Manager	19/20 Base Net Budget	19/20 In Year Virements	Final Budget 19/20	MTFS Adjustments (*)	Other Adjustments (***)	Approved Net Budget 20/21
			£'s	£'s	£'s	£'s	£'s	£'s
S6021	Council Tax Support Grant	Lisa Buckle						
	Expenditure							
	Corporate Items		74,658	0	74,658	(37,000)	0	37,658
	Net Expenditure		74,658	0	74,658	(37,000)	0	37,658

(*) Reduction of the Council Tax Support Grant by 50% per annum over two years

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Report to: **COUNCIL**

Date: **30 April 2020**

Title: **2020/21 Internal Audit Plan**

Portfolio Area: **Cllr J Pearce – Leader of Council**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Dominic Measures** Role: **Audit Manager**
Robert Hutchins **Head of Partnership**

Contact: Dominic.measures@swdevon.gov.uk 01803 861375
Robert.hutchins@swdevon.gov.uk 01392 383000

Recommendations:

It is recommended that:

- 1. The report be approved, and**
- 2. The proposed Internal Audit Plan for 2020/21 at Appendix A be approved.**

1. Executive summary

- 1.1 The purpose of this report is to provide Members with the opportunity to review and comment upon the proposed internal audit plan for 2020/21. A version of this report was initially intended to be presented to the Audit Committee meeting on 26 March 2020. However, since this meeting was cancelled due to the Covid-19 Outbreak, this item has now been scheduled on to this Council meeting agenda.
- 1.2 Whilst South Hams District Council and West Devon Borough Council operate as two unique councils, services are delivered by one integrated organisation; to reflect that working arrangement, the 2020/21 audit plan is now presented as one combined plan. Where there are risks or issues that relate specifically to one council and not

the other, the audit plan will be varied to include those areas of work as appropriate.

- 1.3 The report provides information on the legislative requirement for local authorities to provide an Internal Audit (IA) service in accordance with the Accounts and Audit Regulations and Public Sector Internal Audit Standards; the need for an annual risk-based IA plan to be prepared; and the methodology of identifying the audit needs for the Authority.
- 1.4 The 2020/21 audit plan sets out the proposed audit resource allocated to each audit area, although the plan needs to remain flexible to be able to respond to any changing risks and priorities of the Authority given the significant changes across the public sector.

2. Background

- 2.1 All principal Local Authorities, including South Hams District Council, are subject to the Accounts and Audit (England) Regulations 2015, which state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

- 2.2 The Public Sector Internal Audit Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.
- 2.3 This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.

3. Outcomes/outputs

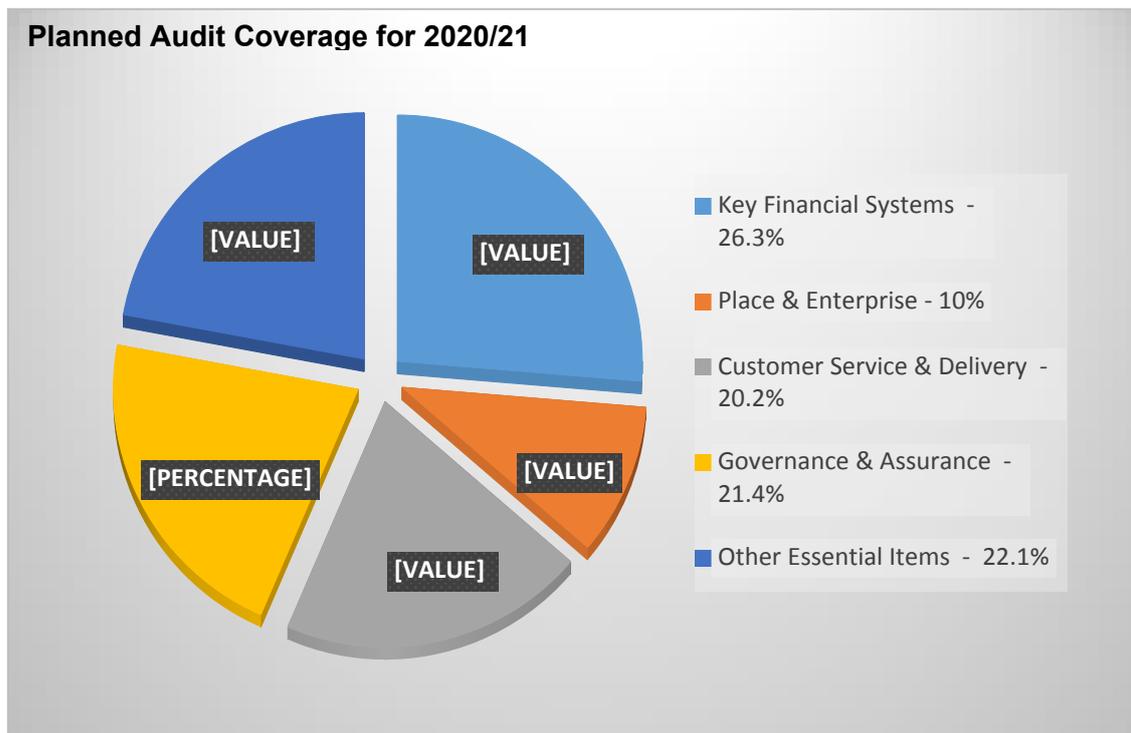
- 3.1 We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the both South Hams District Council and West Devon Borough Council, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor, for each area determines an initial schedule of priorities for audit attention.

The audit plan for 2020/21 has been created by:



3.2 The overall percentage of internal audit coverage proposed for each area of the audit plan is represented in the chart at figure 1 below. The combined planned audit coverage for 2020/21 totals 430 days, see Appendix A for the proposed detailed plan. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to remain flexible to be able to respond to the changing risks and priorities of the Authority with any changes reported back to this Committee. To provide for some flexibility, the Internal Audit Plan includes a small contingency to allow for unplanned work.

Figure 1



4. Options available and consideration of risk

4.1 No alternative approach has been considered as the failure to develop a risk-based plan to determine the priorities of internal audit activity which is consistent with the priorities of the organisation would be in contravention of the Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015.

5. Proposed Way Forward

5.1 We will be flexible in our approach to ensure that the audit plan continues to reflect the changing risks and corporate priorities of the Council with the timetabling of audits agreed with management to ensure our work is delivered at the most effective time for the organisation.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Supporting Corporate Strategy		
Climate Change – Carbon / Biodiversity Impact	Y	<p>None directly arising from this report. However, the Internal Audit function, managed by Devon Audit Partnership is very mindful of the need to minimise travel in completing the internal audit plan. Where possible, desk-top review of documents, and the use of electronic records, is used to obtain evidence to support the audit process, although it is inevitable that on-site verification may be required at times.</p> <p>The team use an audit management system (Mki) which enables managerial review to take place remotely, thus also saving on the need for travel.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.

Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

Supporting Information

Appendices:

There are no separate appendices to this report.

Background Papers:

None

Appendix A

Proposed 2020/21 Combined Audit Plan for South Hams District Council and West Devon Borough Council		
	Priority/Risk	Days
KEY FINANCIAL SYSTEMS		
Main Accounting System (inc budgetary control)	H	15
Payroll	H	15
Creditor (Payments)	M	15
Debtors (Income Collection)	M	15
Business Rates	M	15
Council Tax	M	15
Housing Benefits	M	15
Treasury Management	L	8
KEY FINANCIAL SYSTEMS		113
PLACE & ENTERPRISE		
Community Housing Programme	H	10
Salcombe Whitestrand Project	H	5
Commercial Property & Rents Follow Up	H	5
Salcombe Harbour (S.Hams)	M	10
Env Services – Coastal Work (S. Hams)	M	8
Dartmouth Lower Ferry (S.Hams)	M	5
PLACE & ENTERPRISE		43
CUSTOMER SERVICE & DELIVERY		
ICT Audit (areas to be identified)	H	23
Locality Officers – Management, roles & scheduling	H	15
Development Control – Planning Enforcement	H	15
Building Maintenance – Works Scheduling	H	10
Safeguarding	H	5
HR - Absence Management	H	5
Capital Expenditure and Receipts Follow-Up	H	3
Cash Collection & Online Payments	M	5
Insurance – Review of Cover Follow-Up	M	3
Health & Safety Further Follow-Up	M	3
CUSTOMER SERVICE & DELIVERY		87

GOVERNANCE & ASSURANCE		
Project Management – Governance and Process (deferred from 19/20)	H	20
Project Management – Civica W360 Replacement	H	15
Contract Management – Leisure Management & Waste Collection and Street Cleansing Contract	H	15
Corporate Information Management (Data Protection, Filing System Housekeeping)	H	12
Change Control – Business Processes (deferred from 19/20)	H	10
Climate Change – Governance and Strategy	H	5
Risk Management Review (deferred from 19/20)	M	10
Performance Management (Data quality)	M	5
GOVERNANCE & ASSURANCE		92
OTHER ESSENTIAL ITEMS		
Completion of 2019/20 Audit Plan		20
Audit Management including:- - Audit planning, - Monitoring & reporting, - Audit Committee		28
Annual Governance Statement		2
Exemptions from Financial Regulations		5
Grants – LEAF and LAG		30
National Fraud Initiative (NFI)		5
Contingency & Advice		5
OTHER ESSENTIAL ITEMS		95
TOTAL AUDIT PLAN		430

**MINUTES OF THE MEETING OF
THE SALCOMBE HARBOUR BOARD
HELD AT CLIFF HOUSE, SALCOMBE ON MONDAY, 27 JANUARY 2020**

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr J Brazil (Chairman)	*	Ms A Jones
*	Cllr D Brown	∅	Mr M Mackley
∅	Cllr R J Foss	*	Mr H Marriage (Vice-Chairman)
*	Cllr M Long	*	Mr C Plant
		*	Mr I Stewart
		∅	Mr M Taylor

Also in attendance:

Cllr J A Pearce (representing the lead Executive Member)

Item No	Minute Ref No below refers	Officers in attendance and participating
All agenda items		Strategic Director – Place and Enterprise; Salcombe Harbour Master; Finance Head of Practice; Senior Specialist – Democratic Services; Assets Specialist; and Estuaries Officer

SH.20/19 MINUTES

The minutes of the meeting of the Salcombe Harbour Board held on 16 September 2019 were confirmed as a correct record and signed by the Chairman.

SH.21/19 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, and the following were made:

Ms Jones, Mr Marriage, Mr Plant and Mr Stewart each declared a disclosable pecuniary interest in all related agenda items by virtue of paying harbour dues to the Council. As a result of the Deputy Monitoring Officer granting each Board Member a dispensation, they were all able to take part in the debate and vote on any related matters (Minute SH.3/19 refers).

SH.22/19 PUBLIC QUESTION TIME

It was noted that one member of the public was in attendance in accordance with the Public Question Time Procedure Rules:

Mr Nigel Green (Kingsbridge Estuary Boat Club)

Mr Green informed the Board that he was a Committee member of the Boat Club and emphasised the importance of a good working relationship between the Club and the Harbour Authority. In expanding upon the point, Mr Green invited Board Members to attend the next meeting of the Boat Club.

SH.23/19 **FEEDBACK FROM HARBOUR COMMUNITY FORUMS**

The Board received verbal update reports from those Members who attended the Harbour Community Forums. The updates were given as follows:

Salcombe Kingsbridge Estuary Conservation Forum (SKECF)

Whilst he had been unable to attend the last SKECF meeting, the representative informed that the next meeting was scheduled to be held at Kingsbridge Community College on 24 March 2020.

At this point, the Chairman invited the Estuaries Officer to provide an update to the Board. In so doing, reference was made to:

- the identification of a new seagrass bed at Snapes Point;
- a project that was being undertaken by the University of Exeter on Harmful Algal Blooms (otherwise known as 'red tides');
- the added focus and emphasis being placed on Climate Change prevention; and
- water quality issues. The Board was reminded that, in the event of Members becoming aware of any issues related to water quality, then they should contact the Environment Agency.

South Devon & Channel Shellfishermen

The representative highlighted in their update that the Fish Quay had been recently tidied and all on-site businesses were working well together.

In addition, the on-site CCTV had now been replaced and virtually all of the recent freezer issues had been resolved. On this point, the Harbour Master informed that the final outstanding freezer issues were due to be resolved on Wednesday, 29 January 2020.

The representative hoped that the now established quarterly Shellfishermen meetings would be well received and well attended.

The Board reiterated the disappointment expressed by the representative that the application to the Maritime Management Organisation for funding towards the purchase of Personal Flotation Devices had been unsuccessful.

Kingsbridge and Salcombe Marine Business Forum

The representative informed that a request had been received from a local boat seller asking that 'for sale' signs be able to be displayed on boats in the harbour. Following a brief discussion, it was acknowledged that this would be in contradiction to the Board's Policy and Members therefore requested that the Harbour Master contact the Duchy of Cornwall. In addition, the Board also requested that an update on this matter be presented to the next scheduled Board meeting for formal consideration.

Kingsbridge Estuary Boat Club (KEBC)

The representative did not provide an update to this Board meeting but did highlight that the Club was maintaining good working relationships with the Harbour Master.

East Portlemouth

The representative informed that he would provide an update to the Parish Council on the information that had been disseminated earlier in the meeting from the Estuaries Officer.

SH.24/19

ASSETS VERBAL UPDATE: HARBOUR OFFICE PROJECT

At the invitation of the Chairman, the Director for Place and Enterprise provided an update on the Harbour Office Project. In extending his unreserved apologies to the Board, he advised that an issue had recently arisen with regard to discharging covenants on the land that had caused the project to be halted.

In the ensuing discussion, the following points were raised:-

- (a) It was confirmed that the showers would be in operation for the summer period and it was anticipated that the water pressure would be improved;
- (b) The Harbour Master gave an assurance that one of the primary objectives was to improve the public realm in that area;
- (c) In recognising that the timeframe for the project to be undertaken this year had now been missed, a number of Members wished to express their disappointment and hoped that the project could still go ahead in twelve months' time;
- (d) It was clarified to the Board that the costs that had already been incurred (approximately 10% of the total project costs) would be charged to the Council and not the Harbour Authority. Furthermore, a Member wished to emphasise that the reputational damage caused should be directed to the Council and not the Harbour Authority;
- (e) The Board strongly requested that the Harbour Office be restored and back in operation as soon as was practically possible;
- (f) The Director for Place and Enterprise committed to providing regular project updates to Board Members.

SH.25/19 **REVENUE BUDGET MONITORING 2019/20**

Consideration was given to a report that updated the Board on income and expenditure variations against the approved Budget. In addition, the report forecasted the year end position.

During the ensuing discussion, reference was made to:-

- (a) the revenue budget position. A number of Members commended the budget position and thanked officers for their hard work in achieving a surplus;
- (b) credit card handling charges. In reply to a question, officers recognised that, whilst the variance was high, the contract had been recently re-negotiated and were therefore confident that the charges would be less in the future. The Chairman advised that, in the event of charges continuing to be high, he would request that the matter would be considered by the Council's Audit Committee;
- (c) Security Patrol Fees. The Board noted that the Harbour Master had recently met with the Council's Procurement Officer with regard to the future of the Security Patrol Contract. It was intended that an options report on the future of the Security Patrol service would be presented to a future Board meeting;
- (d) recharges between the Harbour and the Council. A Member highlighted the need for transparency and officers confirmed that a breakdown of Harbour recharges between the Council and the Harbour would be included in the annual budget outturn report.

It was then:

RESOLVED

That the forecast income and expenditure variations and the overall projected underspend of £25,700 for the 2019/20 Financial Year be noted.

SH.26/19 **HARBOUR MASTER'S REPORT**

Members considered a report that provided an update on a number of recent issues that had affected the Harbour. In particular, the report provided an update on: service performance; major projects; and any other issues that impacted upon the Harbour.

During discussion, reference was made to:-

- (a) the Moorings Policy: Council Tax versus Business Rates. By way of an update, the Harbour Master advised that there had been positive feedback in response to the new Policy. In thanking officers, Board Members felt that this feedback demonstrated the advantage of adopting a clear and unambiguous Policy;

- (b) the Incident Management Exercise. The Harbour Master extended an open invitation to all Board Members if they wished to attend the Exercise that was due to be held on 5 February 2020;
- (c) the current procurement topics. For each of the topics, the Harbour Master informed that:
- Deepwater Mooring Diving - the procurement exercise was about to commence;
 - 12 tonne Sublift – the Board noted that, due to the limited potential suppliers, this topic had been exempted from standard procurement legislation. It was anticipated that there would be a six month build time for the new piece of equipment and it was confirmed that there was a re-sale value to the existing machinery;
 - Security – an Options report was to be presented to a future Board meeting;
 - Dredging – surveyors had been engaged and the surveying works had commenced in the Harbour before the results were compared with previous years; and
 - Harbour Moorings Barge – whilst the Barge was still undertaking its duties, the need to replace it was becoming imminent. As a result, the Board noted that this matter would also be subject to a future report to the Board;
- (d) the merits of adding a performance measure about water quality. The Harbour Master recognised the importance of water quality and was considering whether or not a performance measure should be added to the current list of indicators.

It was then:

RESOLVED

That the contents of the Harbour Master's report be noted and approved.

(Meeting commenced at 2.30 pm and concluded at 3.55 pm)

Chairman

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 6 FEBRUARY 2020**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	Cllr L Austen (Vice-Chairman)	*	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr B Spencer
*	Cllr T R Holway (Chairman)	∅	Cllr B Taylor
*	Cllr J McKay		

Members also in attendance:
Cllrs H D Bastone, J D Hawkins and N A Hopwood

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer; Finance HOP Lead; Internal Audit Manager; Senior Specialist – Democratic Services; and Grant Thornton Audit Manager.

A.30/19 MINUTES

The minutes of the meeting of the Committee held on 7 November 2019 were confirmed as a correct record and signed by the Chairman.

A.31/19 URGENT BUSINESS

The Chairman advised that he had no urgent items to be raised at this meeting.

A.32/19 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

A.33/19 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a paper from Grant Thornton that provided a progress update on delivering their responsibilities as the Council's External Auditors.

In discussion, the following points were raised:

- (a) The Committee noted that a new Engagement Lead had been appointed for the Council and officers were scheduled to meet the new Lead in the upcoming weeks;
- (b) With regard to their Audit work for the Council, the Grant Thornton Audit Manager advised that the External Audit Plan for 2019/20 would now be presented to the next Committee meeting on 26 March 2020;
- (c) When questioned, the Grant Thornton Audit Manager gave an assurance to the Committee that their Annual Audit Report would be completed before the end of July 2020;
- (d) It was noted that the increased Audit Fees that the Council was required to pay were as a consequence of additional requirements being placed on External Auditors through changing auditing standards;
- (e) Some Members expressed their interest in the 'Sustainable Growth Index Report' that had been produced by Grant Thornton. In particular, some surprise was expressed at some of the findings (e.g. that the South Hams ranked only 290th out of 324 local authority areas for prosperity) and Members felt that there was a need to understand the data and methodology that underpinned this Report.

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Progress Report and Sector Update be acknowledged.

A.34/19 **ACTUARIAL PENSION POSITION**

The Committee considered a report that presented the results (as at 31 March 2019) of the Triennial Revaluation of the Pension Fund.

Whilst the Committee recognised that the report was to be welcomed, a Member did highlight that, in light of the high degree of financial uncertainty, a degree of caution should still be exercised.

It was then:

RESOLVED

That the contents of the Annual Audit Letter for 2018/19 be noted.

A.35/19 UPDATE ON PROGRESS ON THE 2019/20 INTERNAL AUDIT PLAN

A report was considered that informed the Committee of the principal activities and findings of the Council's Internal Audit service for 2019/20 to 31 December 2019 by:

- Showing the progress made by Internal Audit against the 2019/20 Annual Internal Audit Plan (as approved by the Committee in March 2019); and
- Highlighting any revisions to the 2019/20 Internal Audit Plan.

In debate, the following points were raised:-

- (a) It was noted that the Risk Management audit was to be deferred pending the outcome of an extensive review into the Council's approach to Risk Management that was being led by the Director of Governance and Assurance;
- (b) With regard to the 'Insurance – Review of Cover' Audit, Members felt that the potential of joining a Local Government Mutual was an interesting concept that merited further consideration.

It was then:

RESOLVED

That the progress made against (and any key issues arising on) the 2019/20 Internal Audit Plan be noted and approved.

A.36/19 PROPOSED COMMITTEE WORKPLAN FOR THE 2019/20 FINANCIAL YEAR

In considering the Annual Committee Workplan for the remainder of the 2019/20 Financial Year, reference was made to:

- the need to add the 'Grant Thornton External Audit Plan' agenda item to the next Committee meeting agenda on 26 March 2020 (Minute A.33/19 above refers); and
- a request for an additional item to be included on the Committee agenda for 25 June 2020 meeting entitled: 'Devon Audit Partnership – Service and Offer'.

(Meeting commenced at 2.00 pm and concluded at 3.00 pm)

Chairman

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**MINUTES OF THE MEETING OF THE DEVELOPMENT MANAGEMENT
COMMITTEE HELD AT FOLLATON HOUSE, TOTNES, ON WEDNESDAY,
12 FEBRUARY 2020**

Members in attendance			
* Denotes attendance			
∅ Denotes apologies			
*	Cllr V Abbott	*	Cllr K Kemp
*	Cllr J Brazil (Chairman)	*	Cllr M Long
*	Cllr D Brown	*	Cllr G Pannell
*	Cllr R J Foss (Deputy Chair)	*	Cllr K Pringle
*	Cllr J M Hodgson	*	Cllr R Rowe
*	Cllr T R Holway	*	Cllr H Reeve (substituting for Cllr B Taylor)

Other Members also in attendance and participating:
Cllrs K Baldry, H Bastone, D O’Callaghan, J A Pearce, D Thomas

Officers in attendance and participating:

Item No:	Application No:	Officers:
All agenda items		HOP Development Management; Planning Specialists; Deputy Monitoring Officer; and Specialist – Democratic Services
DM.53/19 6e)	2434/18/ARM	Affordable Homes Officer; Joint Local Plan Officer;

DM.49/19 MINUTES

The minutes of the meeting of the Committee held on 15th January 2020 were confirmed as a correct record and signed by the Chairman, subject to the following amendments being made:

1. Minute Ref. DM.45/19: Cllr G Pannell had declared a personal interest in application **3498/19/FUL** as it is sited *close to* the Dartmoor National Park Authority (DNPA) by virtue of being married to a Member of the DNPA who had submitted a letter of representation. He remained in the meeting and took part in the debate and vote thereon; and
2. Minute Ref.DM.47/19 b) the application **3021/19/HHO** was sited in Ivybridge West ward and not Ivybridge East as had been indicated in the published minutes.

DM.50/19 URGENT BUSINESS

The Chairman confirmed that the following application had been deferred from the published agenda to a subsequent meeting:

3703/18/OPA **Land at SX 651 560, Filham, Ivybridge**
Town: Ivybridge East
Parish: Ugborough
Ward: Ivybridge East

READVERTISEMENT (Revised Plans Received) Hybrid application for the erection of up to 200 dwellings, comprising the following: Phase 1 – detailed application for the erection of 94 dwellings (C3), formation of access with Exeter Road (B2131), new spine road, internal roads and footpaths, surface water infiltration ponds, landscaping, ground and utilities works and associated infrastructure; and Phase 2 - outline application for up to 106 dwellings (C3) with all matters reserved except for access; strategic landscaping, surface water drainage works, highway works and diversions and associated infrastructure.

DM.51/19 **DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered and the following were made:

Cllr G Pannell declared a personal interest in application **3197/19/OPA** as he was a lifetime Member of Ivybridge Rugby Club who may be a recipient of S106 monies linked to this application. He remained in the meeting and took part in the debate and vote thereon:

Cllr K Pringle declared a personal interest in application **3197/19/OPA** as her son played for Ivybridge Rugby Club who may be a recipient of S106 monies linked to this application. She remained in the meeting and took part in the debate and vote thereon:

Cllr R Rowe declared a personal interest in application **3197/19/OPA** as she was a Member of the South Devon AONB Partnership Committee. She remained in the meeting and took part in the debate and vote thereon:

Cllrs R Foss and H Reeve both declared a personal interest in application **2655/19/FUL** as they used the veterinary practice for all their livestock needs. Both Councillors withdrew from the meeting and took no part in the debate nor vote. Cllrs J Brazil and K Pringle also declared a personal interest in this application. However, since they only used the practice for domestic pets, they both remained in the meeting and took part in the debate and vote thereon:

DM.52/19 **PUBLIC PARTICIPATION**

The Chairman announced that a list of members of the public and town and parish council representatives, who had registered their wish to speak at the meeting, had been circulated.

DM.53/19 **PLANNING APPLICATIONS**

The Committee considered the details of the planning applications prepared by

the Planning Case Officers as presented in the agenda papers, and considered also the comments of Town and Parish Councils, together with other representations received, which were listed within the presented agenda reports, and **RESOLVED** that:

**b) 2499/18/FUL Land adj. to The Old Mill, Woodland Road,
Harbertonford, TQ9 7RS**

**Parish: Harberton
Ward: West Dart**

Demolition of existing barn structure and erection of 4 new residential dwellings with associated landscaping (Re submission of 2564/17/FUL)

Case Officer Update: None

Speakers included: Against – Mr Christopher Bowley; For – Mr Ashley Piggot; Harberton Parish Council – Cllr George Waite; Ward Member – Cllr John M^cKay

Recommendation: Conditional Approval

During discussion, concerns were raised over the turning circle for cars to enter the ground floor garages and the number of cars using the area around the development and the existing properties. There were also concerns raised over the use of zinc for the roof as it had a life span of only 60 – 70 years, and the use of brick slip instead of stone. It was felt by some Members that the application was an overdevelopment of the site and therefore unneighbourly.

Committee Decision: Refusal, with delegated authority being given to the Head of Practice for Development Management to determine the wording of the reasons, in consultation with the Chairman and Vice Chairman of the Committee and the proposer (Cllr Hodgson) and the seconder (Cllr Rowe) of the motion.

Reasons:

Delegated reasons for refusal to Chair, Vice Chair, Proposer of refusal (Cllr Hodgson), and Secunder of refusal (Cllr Rowe) Namely: Overdevelopment, scale and massing with blank wall facing neighbour therefore unneighbourly; Insufficient parking and manoeuvring space; Inappropriate materials and design – dormers

**c) 2655/19/FUL Land at New Mills Industrial Estate, Modbury,
PL21 0TA**

**Parish: Modbury
Ward: Charterlands**

Proposed provision of Equine Veterinary Facilities

Case Officer Update: The drainage issues had been resolved and the drainage objection removed

Speakers included: None

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Time limit
2. Accord with plans
3. The premises hereby permitted shall be used solely for the purposes of veterinary surgeons to practice associated with the veterinary practice currently known as 'South Moor Veterinary' and for no other purposes.
4. Hedgebank provided prior to occupation
5. Hours, no operation outside of business hours unless in the case of emergency
6. No external lighting
7. Drainage conditions (if recommended by SHDC Drainage Specialist)

d) 3795/19/FUL Higher Yetson Farm, Ashprington, Totnes, TQ9 7EG

Parish: Ashprington

Ward: West Dart

Demolition of agricultural building and construction of new residential dwelling following Class Q approval (1021/19/PDM)

Case Officer Update: None

Speakers included: None

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Time limit for commencement
2. Accordance with plan
3. Foul drainage details
4. Surface water details
5. Unsuspected contamination
6. Accord with ecology survey
7. Works outside bird nesting season
8. Materials

9. Compliance with dev 32 (renewables/energy efficiency)
10. Remove PD rights

e) 2434/18/ARM

Allocated Site K5, Land at SX 729 440, West Alvington Hill, Kingsbridge

Town Council: Kingsbridge

Parish Council: West Alvington

Wards: Kingsbridge and Salcombe & Thurlestone

READVERTISEMENT (Revised Plans Received and Amended Description)
Application for approval of reserved matters following outline approval 28/0508/15/O for erection of up to 52 no. dwellings, 0.5 hectares of employment land, 2 no. vehicular accesses, open space, play provision and drainage.

Case Officer Update: Clarification to the ecological impact (pg 88, para 2 of the published agenda) “in keeping with outline consent would **enable** delivery of employment site”. Also on page 72 of the published agenda, remove the S106 legal agreement as the reserved matters already had an extant S106 so there was no need for a new one.

The Case Officer clarified that the conditions relating to outline consent differed from those on the notice because some of the conditions had been combined.

New letters of representation had been received and another Letter Of Representation (LOR) from the South Hams Society had been circulated to the Committee. Objections had been received from West Alvington Parish Council and Kingsbridge Town Council. One LOR from a local business had been received regarding the impact on his coach business. A number of objections had also been received regarding biodiversity impact.

It was clarified that the reserved matter to the outline planning application related to the second outline application as the first application was refused, with the appeal subsequently being turned down.

The amendments to the bin stores were highlighted.

Speakers included: Objector – Ms Didi Alalyi; Supporter – Mr Graham Hutton; Town Council representative – Cllr Dena Bex; Ward Members – Cllrs O’Callaghan, Long and Pearce

Recommendation: Conditional Approval via delegation to HoP Lead Development Management, in conjunction with Chairman, subject to a Section 106 legal Obligation, and discharge conditions 11 (foul drainage), 12 (surface water drainage), 18 (LEMP), 14 (landscaping) of 8/0508/15/O.

However, in the event that the Section 106 legal Agreement remains unsigned six months after this resolution, that the application is reviewed by the HoP Lead Development Management, in consultation with the Chairman of the Committee, and if no progress is being made delegated authority is given to the HoP to refuse to application in the absence of an agreed S106 Agreement

Members had a detailed discussion regarding the merits of the application, seeking clarification on various points including: access to the car park and bins from the flats, disabled access to flats in relation to the 25% lifetime homes required from the outline permission, and achieving net gain in biodiversity. The previous refusal had, in part, been due to the non-integration of affordable homes across the site – Members felt this had not been suitably addressed. Members also felt strongly that the housing mix did not reflect that of the Joint Local Plan for South Hams, which detailed 4+ beds being at 18% whereas this application had a ratio of 50% for 4+ bedrooms. It was also felt that the 3.5 floored buildings at the entrance to the AONB did not enhance the AONB, contributing to issues with the scale and massing at the lower edge of the site.

Committee Decision: Deferral

Reasons for Deferral:

The siting of affordable homes
Clarity over Dev 23 biodiversity enhancement
Steps and parking too remote from flats
Landscaping throughout estate
Housing mix
Scale and massing

f) 3197/19/OPA **Land adjacent to New Park Road, Lee Mill, Nr Ivybridge**

Parish: Sparkwell
Ward: Newton & Yealmpton

Outline application with some matters reserved for residential development of up to 25 residential units including vehicular access, estate roads, landscaping, open space, drainage, infrastructure and all associated development.

Case Officer Update: One more letter of representation with no new issues raised, and one correction: S106 obligations, contribution to unclassified Sparkwell Road (301) should read £15,000. One new condition added - Any reserved matters application for layout shall include details of a parking strategy that also seeks to

provide some off-street parking for existing dwellings on New Park Road if community support for the parking is demonstrated. The reason for this additional condition is: In the interests of the safety and convenience of users of the highway and in the interests of amenity.

Speakers included: Objector – Ms Lesley Hughes; Supporter – Mr Neal Jillings; Ward Members – Cllrs Thomas and Baldry.

Recommendation: Conditional Approval - delegated to HoP Lead Development Management, in conjunction with Chairman to conditionally grant planning permission, subject to a Section 106 legal obligation. However, in the event that the Section 106 legal Agreement remains unsigned six months after this resolution, that the application is reviewed by the HoP Lead Development Management, in consultation with the Chairman of the Committee, and if no progress is being made delegated authority is given to the HoP to refuse to application in the absence of an agreed S106 Agreement.

The debate about this application covered the amenity availability within Lee Mill itself, the potential increased congestion of traffic around Lee Road, and with S106 monies being ear-marked for Ivybridge rather than Lee Mill. It was previously reported that Lee Mill had no identifiable housing needs, with the Joint Local Plan earmarking the potential for 20 houses. Some Members felt this would be better met by infill rather than a new estate. The parking issues were clarified by the Case Officer who confirmed that the new estate had provision for extra parking onsite and would be providing more parking on the access road, which would be provided without charge.

Committee Decision: Conditional Approval

Conditions:

The terms of the Section 106 Obligation are:

- 30% affordable housing which shall include 70% social rent and 30% intermediate home ownership.
- Occupants (to be calculated based on Table 3 of the SPD) x £595 towards *'Provision of a MUGA at Bottlepark and/or improvements to sports facilities in Ivybridge as identified in the South Hams Playing Pitch Strategy 2015 and subsequent updates.'*
- Occupants (to be calculated based on Table 3 of the SPD) x £380 towards *'improvements to, and ongoing maintenance of, play facilities at the adjacent Bottlepark play area'*
- Public access and on-going management and maintenance of the on-site public open space in perpetuity.
- On-going management and maintenance of retained boundary features in accordance with LEMP

- Primary school infrastructure: £29,863
- Secondary school infrastructure: £82,203
- Primary school transport: £31,504
- Secondary school transport: £12,433
- £6000 per dwelling towards a capacity, safety, amenity and air quality mitigation scheme in and around Lee Mill
- Contribution of £15,00 towards the unclassified road 301 in Sparkwell
- Implementation of LEMP and SUDs
- Clause securing delivery of offsite delivery of compensation/appropriate Biodiversity Net Gain in the event that it is not possible to evidence sufficient onsite provisions at Reserved Matters when applying the Defra Biodiversity Metric Calculator. This may be by way of a monetary sum or offsite delivery of habitat creation or enhancement on land owned by the landowner, and should be consistent with the detail within the JLP SPD.
- Prior to first occupation of any residential unit, a contribution in accordance with Table 3 of the Plymouth Sound and Estuaries European Marine Site Recreation Mitigation and Management Scheme (November 2019) shall be paid to the Local Planning Authority

Conditions

1. Std outline time condition
2. Reserved matters to be submitted
3. Accords with plans
4. Submission and agreement of details (including on-going management and maintenance) of the public open spaces at reserved matters stage
5. CEMP
6. Proposed estate roads etc details to be agreed and provided
7. Access road – first 20m to be laid out before any other development continues
8. Footway(s) to Holly Berry Road to be provided prior to occupation
9. Housing mix to be agreed at reserved matters stage and shall meet local housing need.
10. Detailed design of surface water management to be agreed at reserved matters stage.
11. Prior to commencement - Construction phase surface water management to be agreed
12. Prior to commencement – exceedance route to be agreed
13. Prior to commencement – details of the adoption and maintenance to be agreed.
14. PROW diversion order to be made prior to commencement of development if required
15. Details of any works to the PROW to be agreed
16. Unsuspected contamination
17. Prior to commencement - to secure the implementation of a programme of archaeological work in accordance with a written scheme of investigation agreed with the LPA
18. Lighting strategy at RM showing no more than 0.5 lux within 5m of western and northern boundary features and reflecting recommendations of section 9 of the Bat Activity Report (Ecological Surveys Ltd, Nov 2017).
19. Submission of a LEMP at RM detailing ongoing management and

application is reviewed by the HoP Lead Development Management, in consultation with the Chairman of the Committee, and if no progress is being made delegated authority is given to the HoP to refuse to application in the absence of an agreed S106 Agreement

Committee Decision: Conditional approval subject to the completion of Section 106 Legal Agreement and the addition of two further conditions re minimum hedge height and ridge height maintenance

Conditions

1. 3 year time limit for commencement of development
2. Development to be carried out in accordance with approved plans
3. Details of surface water drainage to be provided
4. No mud, stones, water or debris deposited on the highway
5. Visibility improvements to be undertaken in accordance with drawing 033.PA.11
6. Parking/turning to be provided before dwellings are occupied
7. Adherence to recommendations set out within ecology report
8. Details of carbon reduction measures to be provided
9. Woodland management plan
10. Tree protection methodologies (new woodland edge and Copper Beech)
11. Landscaping
12. Bin/recycling
13. Use of garage associated with Paddyacre
14. Natural stone
15. Natural slate to the roof
16. Joinery
17. Roof lights
18. Flue/ducts/vents, etc
19. Verge/eaves details
20. No openings within west elevation of garage
21. Removal of PD rights
22. Privacy screens (fencing) to be provided
23. Road hedge to be maintained at a minimum height of (to be measured as it is today)
24. Ridge height to be as per plan – existing height of building to be measured

Section 106 contributions:

Financial contributions of £6,337.50 towards the improvement of existing facilities at Stray Park and £903.80 to secure mitigation of the additional recreational pressures upon the Plymouth Sound and Estuaries European Marine Site

- h) **3217/19/FUL** **Haydens Farm, Wrangaton, TQ10 9HB**
- Parish: Ugborough**
- Ward: Ermington and Ugborough**

Erection of Skystream 3.7, 2.4Kw Wind Turbine on 13.7m tower

Case Officer Update: Three letters of representation in support

Speakers included: Supporter – Ms French; Ward Member – Cllr Holway

Recommendation: Refusal

During the debate about this application, Members acknowledged that the guidance was for there to be a minimum of 50 metres from the wind turbine to any hedges, to help prevent damage to local bats. However, with this particular application, the siting of the wind turbine, although the distance to any hedges was slightly less than the 50 metres required, it was to be sited as far as possible from any hedges, it was helping to sustain those living off the grid (a particularly powerful argument in light of the declared environmental emergency), and the site was far from any other habitation. Members confirmed that each application was judged on its own merits and therefore, on balance, for this application, they were happy to approve this application, against officer recommendation.

Committee Decision: Conditional Approval

Conditions:

1. 3 year time limit for commencement of development
2. Development to be carried out in accordance with approved plans

DM.53/19 **PLANNING APPEALS UPDATE**

Members noted the list of appeals as outlined in the presented agenda report.

The Head of Development Management provided further details on specific recent appeal decisions.

DM.54/19 **PLANNING PERFORMANCE INDICATORS**

Members reviewed the performance indicators as outlined in the presented agenda report.

In discussion, particular reference was made to:

- (a) Officer caseload. Whilst acknowledging that planning officer caseload had recently reduced, Members also noted that imminent staff changes were likely to, at least in the short term, reverse this trend;
- (b) an anomaly in the enforcement statistics. In response to an apparent anomaly in the number of planning enforcement cases, the Head of Practice committed to providing clarification to Members outside of this meeting.

Chair gave thanks to the HoP DM Lead Officer and his team in being able to bring the workload down. However, he acknowledged the imminent changes in staff

which may impact on workload in the next quarter.

(Meeting commenced at 10:00 am and concluded at 5:55 pm)

Chairman

Voting Analysis for Planning Applications – DM Committee 12 February 2020

Application No:	Site Address	Vote	Councillors who Voted Yes	Councillors who Voted No	Councillors who Voted Abstain	Absent
2499/18/FUL	Land adj to The Old Mill, Woodland Road, Harbertonford	Delegate – conditional approval	Cllrs Abbott, Brazil, Brown, Pannell (4)	Cllrs Hodgson, Holway, Kemp, Long, Pringle, Reeve, Rowe (7)	Cllr Foss (1)	(0)
2499/18/FUL	Land adj to The Old Mill, Woodland Road, Harbertonford	Refusal	Cllrs Hodgson, Holway, Kemp, Long, Pringle, Reeve, Rowe (7)	Cllrs Abbott, Brazil, Brown, Pannell (4)	Cllr Foss (1)	(0)
2655/19/FUL	Land at New Mills Industrial Estate, Modbury	Conditional Approval	Cllrs Abbott, Brazil, Brown, Hodgson, Holway, Kemp, Long, Pannell, Pringle, Rowe (10)	(0)	(0)	Cllrs Foss, Reeve (2)
3795/19/FUL	Higher Yetson Farm, Ashprington, Totnes	Conditional Approval	Cllrs Abbott, Brazil, Brown, Foss, Hodgson, Holway, Kemp, Long, Pannell, Pringle, Reeve, Rowe (12)	(0)	(0)	(0)
2831/18/ARM	Allocated Site K5, Land at SX 729 440, West Alvington Hill, Kingsbridge	Deferral	Cllrs Abbott, Brown, Foss, Hodgson, Holway, Kemp, Long, Pannell, Pringle, Reeve, Rowe (11)	Cllr Brazil (1)	(0)	(0)
3197/19/OP A MAJOR	Land adjacent to New Park Road, Lee Mill, Ivybridge	Conditional Approval	Cllrs Abbott, Brazil, Brown, Foss, Hodgson, Holway, Kemp, Long, Reeve, Rowe (10)	Cllrs Pannell, Pringle (2)	(0)	(0)
3889/19/FUL	Paddyacre, Bowden Hill, Yealmpton	Conditional Approval	Cllrs Abbott, Brazil, Brown, Foss, Hodgson, Holway, Kemp, Pannell, Reeve, Rowe (10)	Cllrs Long, Pringle (2)	(0)	(0)
3217/19/FUL	Haydens Farm, Wrangaton – wind turbine	Refusal	Cllrs Abbott, Brazil, Brown, Foss, Holway, Kemp, Long, Pannell, Pringle, Reeve, Rowe (11)	(0)	(0)	Cllr Hodgson (1)

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