West Devon Hub Committee

West Devon Borough Council

Title:	**Agenda**
Date:	**Tuesday, 20th June, 2017**
Time:	**2.00 pm**
Venue:	**Chamber - Kilworthy Park**
Full Members:	***Chairman*** Cllr Sanders ***Vice Chairman*** Cllr Samuel *Members:* Cllr Edmonds, Cllr Jory, Cllr Moody, Cllr Mott, Cllr Oxborough, Cllr Parker, Cllr Sampson
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:	Member.Services@swdevon.gov.uk

Page No

At a Meeting of the **HUB COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park**,** Drake Road, **TAVISTOCK** on **TUESDAY** the **16th** day of **MAY, 2017** at **2.00pm**

Present: Cllr P R Sanders – Chairman
Cllr R E Baldwin – Vice-Chairman

Cllr C Edmonds
Cllr N Jory
Cllr J B Moody
Cllr R J Oxborough
Cllr G Parker
Cllr R F D Sampson
Cllr L Samuel

In attendance: Executive Director (Service Delivery and Commercial Development)
S151 Officer
Commissioning Manager (Waste)
Joint Procurement Officer
Specialist Democratic Services

Other Members in attendance:

Cllrs Cann OBE, Davies, Lamb, Leech, Mott, Musgrave and Yelland

***HC 71 WELCOME**
As this was the first meeting since his recent election, the Chairman took the opportunity to welcome Cllr Brian Lamb on to the membership of West Devon Borough Council.

***HC 72 DECLARATIONS OF INTEREST**
Members were invited to declare any interests in the items of business to be discussed but none were made.

***HC 73 MINUTES**
The Minutes of the Hub Committee meeting held on 28th March 2017 were confirmed and signed by the Chairman as a correct record.

***HC 74 LEAD MEMBER UPDATE – CLLR SAMUEL – HEALTH AND WELLBEING**
Cllr Samuel began by explaining how the Health and Wellbeing portfolio covered a vast area of responsibility across the Council and her update today was intended to highlight some key areas of work over the last year.

In making her presentation, Cllr Samuel advised Members of the following:

Members had been asked to allocate some of the Public Health grant funding from Devon County Council for a pilot scheme for Social Prescribing. The scheme had been in operation since August 2016. It was set up to offer social advice and information at three GP surgeries in the Borough at Chagford, Lifton and Yelverton. The project aim was to help tackle underlying social factors affecting patients by intervening at an early stage.

In the first quarter of operation, 37 unique clients had been seen of which 21 were new to Citizens Advice. 91 advice issues were presented and £46,345 income had been gained for those individuals in accessing new benefit claims. This was a positive step forward in helping residents within the Community who were in need.

Partnerships with the CAB and CVS had been reviewed to ensure the outcomes were linked to the Councils priority themes.

The Council awarded £164,000 Disabled Facility Grant (DFG) which equated to 43 projects to facilitate independent living through the adaptation of homes such as level shower access, stair lifts and rails.

The DFG delivery had improved and performance had moved from 'average' to 'very good'. The main success was in processing applications quicker, which had enabled the Council to access further funding from the better care fund.

The Council had adopted the Five Year Homeless Strategy and 226 cases of homelessness had been prevented (down from 282 last year). The next year would be challenging for the homeless sector as recently the Homeless Reduction Bill passed its reading in the House of Lords and was now awaiting Royal Assent prior to becoming legislation which would change and reform housing benefit, particularly for under 21s, people in supported housing and funding for temporary accommodation.

Aspirations for the following year included linking to the Homes agenda, particularly looking at fuel poverty and energy efficiency; working with existing schemes such as the Local Energy Advice Programme and signposting customers to the schemes and looking to develop a healthy workforce as it was vital that we remained healthy ourselves.

In response to a request for a geographical breakdown of the homeless cases prevented, the Lead Member advised that whilst she did not have the information with her, it would be circulated to Members at a later date.

Members thanked and praised the Lead Member for the report, and noted that the examples of work undertaken on behalf of the community should be drawn to public attention.

***HC 75 T18 TASK AND FINISH GROUP – FINAL REPORT**

Members were presented with a report that presented the findings of the T18 Review Task and Finish Group, as endorsed by the Overview and Scrutiny (Internal) Committee.

Cllr Mott, as Chairman of the Task and Finish Group, introduced the report. Members stated that the report was concise and well presented. There was a detailed discussion on this item and the following points were raised:

- It was confirmed that, at this time, the Senior Leadership Team was unaware of any desire for South Hams District Council to conduct a similar review;

- A Member noted that despite the challenges faced by staff the T18 project had been delivered within budget and there were now improving performance trends in most areas. As a result, a debt of gratitude was owed to staff;
- Members felt the conclusions in the presented appendix should be worked into a document that could be embedded into existing Codes of Practice so that lessons were learned from the review. In further discussing this point, Members requested a Working Group of Members consider the conclusions and report back to the Hub Committee at a later date. This was agreed and the membership of the Working Group would comprise of the Task and Finish Group Members with Cllrs Edmonds and Moody; representing the Hub Committee;
- One Member noted that the recommendation that monthly monitoring reports be produced for projects may be onerous. In response, Cllr Mott stated that, in some cases the report may only be a short report to confirm that the project was still live and ongoing, but this would be sufficient to remind Members that the project continued and progress was being made;
- The Executive Director (SD&CD) responded to comments related to the relationship between SLT and Members by stating that in the early days of the T18 Programme there were new Members and a new management team and there was some uncertainty around how information should be shared. However, she concurred with the recommendations within the report and felt they were positive in how to take things forward;
- In response to comments from one Member relating to the need to keep the wider membership updated, the Leader outlined the latest position in respect of the IT contract. In so doing, he noted that the planning portal on the Council website was a good example of where the purchased system did not work well but that staff within IT had developed a bespoke portal that was working much more effectively.

It was then **RESOLVED** that:

1. the findings and conclusions of the Task and Finish Group (as outlined in Appendix 1) be noted; and
2. a Working Group of Members to comprise of the Task and Finish Review Group and Cllrs Edmonds and Sampson from the Hub Committee consider the conclusions presented and report back in due course.

***HC 76 FUTURE GARDEN WASTE DESIGN**

Members were presented with a report that detailed the operational changes that required implementation timing for an opt-in charged garden waste service in West Devon and addressed the minute of Council on 7 February 2017 (Minute CM 55 refers).

The Lead Member introduced the report and responded to questions. In response to concerns that the price was being set until 2019, the Group Manager Commercial Services reminded Members that inflationary pressures that could impact on the cost of the service such as fuel were built into the contract with the service provider and therefore would not result in a budget deficit for the Council.

It was then **RESOLVED** that:

1. The annual subscription for the opt-in, garden waste service be set at £40 and be fixed for the duration of the current waste contract (to 31 March 2019);
2. The service started as soon as possible which, subject to confirmation of container delivery times, is estimated to be late summer 2017;
3. A structured campaign be delivered to promote the scheme and also to promote home composting as the best environmental option; and
4. Any changes considered necessary to the terms as highlighted be delegated to the Commissioning Manager (Waste) in consultation with the Lead Hub Committee Member for Commercial Services.

HC 77 USING THE CORNWALL AND WEST DEVON MINING LANDSCAPE WORLD HERITAGE SITE SUPPLEMENTARY PLANNING DOCUMENT IN DECISION MAKING

Members were presented with a report that outlined how the World Heritage Site Supplementary Planning Document (WHS SPD), which had been prepared by the Cornish Mining WHS Partnership to support the protection of the asset through the UK planning system and had been adopted by Cornwall Council, was being presented to Hub Committee to consider with a view to recommending to full Council that the document be adopted.

It was further requested that the Committee endorse two further actions in order to further strengthen the status of the WHS in the planning process:

- That the Thriving Towns and Villages Supplementary Planning Document (TTV SPD) included clarification and detail with respect to Policies SPT11, TTV 20, DEV21 and DEV23 of the emerging Joint Local Plan, drawing on the WHS SPD as its evidence base; and
- A review of the Tavistock Conservation Area Management Plan is undertaken and that this incorporates a WHS element, again drawing on the WHS SPD as its evidence base.

The Lead Member for Strategic Housing introduced the report. Members discussed the importance of the World Heritage Site listing. The Lead Member confirmed that an officer had been identified to undertake the review of the Tavistock Conservation Area Management Plan.

It was then **RESOLVED** that Council be **RECOMMENDED** to:

i. Agree to adopt Cornwall and West Devon Mining Landscape World Heritage Site Supplementary Planning Document as a guidance document in planning decision making;
ii. Agree the approach of including clarification on and further detail to Policies SPT11, TTV20, DEV21 and DEV23 of the emerging Joint Local Plan in the Thriving Towns and Villages Supplementary Planning Document; and
iii. Agree to a review of the Tavistock Conservation Area Management Plan with the specific purpose of incorporating a World Heritage Site element into that document.

HC 78 **100% BUSINESS RATES RETENTION CONSULTATION RESPONSE**

Members were presented with a report that set out the Council's response to a consultation document published by the Department for Communities and Local Government (DCLG) entitled '100% Business Rates Retention: further consultation on the design of the reformed system'.

The Lead Member introduced the report, and the s151 Officer outlined the main areas within the consultation response for Members information and responded to queries. Members were advised that a number of existing grants were likely to be rolled up into the new Business Rates payments. Members asked that the right message was communicated to the public, as there was currently evidence of misunderstanding in respect of the Council receiving 100% of business rates, giving the perception that the Council could receive significant additional funding in the future. In fact, the Council will only receive a share of the 100% of business rates and the share is currently to be determined. The risk is that the Council could end up with less funding from business rates in the future.

It was then **RESOLVED** that:

1. The response to the 100% Business Rates Retention consultation as presented at Appendix A to the report be noted; and

2. Council be **RECOMMENDED** that West Devon Borough Council agrees 'in principle' to apply to DCLG to become a business rates pilot for 2018/19, in alliance with the County Council, subject to the financial modelling being undertaken by Local Government Futures (on behalf of the Devon s151 Officers Group) demonstrating that there is no financial detriment to Authorities in doing so.

***HC 79** **INSURANCE CONTRACT**

(Paragraph 3 – Information relating to the financial or business affairs of any particular person including the authority holding that information)

Members were presented with an exempt report that sought agreement to extend the current insurance contract by 3 months to end on 31 December 2017.

The Lead Member for Support Services presented the report.

It was then **RESOLVED** that the Hub Committee agrees to extend the current insurance contract by 3 months to end on 31 December 2017.

(The meeting terminated at 4.05pm)

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Chairman

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Report to:	**Hub Committee**
Date:	**20 June 2017**
Title:	**Investment in Commercial Property**
Portfolio Area:	**Cllr Philip Sanders, Leader of the Council, Strategy & Commissioning**
Wards Affected:	**All**
Relevant Scrutiny Committee:	**Overview & Scrutiny Committee**
Approval and clearance obtained:	**Yes**
Urgent Decision:	**No**
Date next steps can be taken:	**After Full Council**
Author:	**Darren Arulvasagam, Group Manager, Business Development** Darren.Arulvasagam@swdevon.gov.uk

RECOMMENDATIONS

That the Hub Committee RECOMMEND to Council to:

1. **APPROVE & IMPLEMENT the proposed commercial property investment strategy as detailed in Appendix A;**
2. **AGREE that officers conclude an appropriate procurement process to commission specialists to work on behalf of the Council in relation to the proposed commercial property investment strategy;**
3. **DELEGATE individual commercial property portfolio purchase and disposal decisions to the Head of Paid Service, in consultation with the Council's S151 officer, the Leader and the appointed Chair of the 'Invest to Earn' Working Group; and**
4. **BORROW funds on fixed rate terms from the appropriate source in order to pursue this strategy. To complete tranche 1 this would require borrowing of up to £26.75m (£25m plus acquisition costs of 7%).**

1.0 **Executive Summary**

1.1 On 28th March 2017, the Hub noted the proposed commercial property investment strategy and direction of travel. It also approved the allocation of resources to commission specialist advice in order to develop a full business case. This report sets out that business case based on the advice received.

1.2 The objective of this proposed strategy is to generate revenue streams to contribute to the financial sustainability of the Council, enabling it to continue to deliver, and where possible improve, frontline services in line with the Council's adopted strategy & objectives.

1.3 Revenue generation would be achieved by the focussed acquisition of existing commercial property assets using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt.

1.4 If ultimately approved in this form, the strategy could see the Council building a commercial property investment portfolio with a maximum budget of £75m plus an additional 7% of that sum in acquisition costs. Any property acquired would conform to the proposed strategy detailed in Appendix A. This report seeks approval to the first tranche of £25m plus the additional 7% acquisition costs.

1.5 Other opportunities to close the budget gap are being pursued concurrently. If pursued, this recommendation presents the Council with significant achievable revenue streams in-year, whereas other opportunities will take longer to realise and are not solely capable of achieving the required quantum.

2. Background

2.1. During 2015/16 the Council reviewed its priorities and Members agreed that their top priority was to achieve financial sustainability. The Members also stated that they did not want to see a reduction in the level and quality of the services delivered to their communities.

2.2. The Council's adopted Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2021/22 which helps ensure that resources are aligned to the outcomes in Our Plan.

2.3. The following table illustrates the forecasted budget gap from 2018/19 onwards as reported to Council on 7th February 2017:

	2018/19	2019/20	2020/21	2021/22	TOTAL
	£	£	£	£	£
In Year Budget Gap/(Surplus)	**974,460**	**Nil**	**Nil**	**(128,874)**	**845,586**
***Cumulative Budget Deficit**	**974,460**	**1,948,920**	**2,923,380**	**3,768,966**	**3,768,966**

*Cumulative position is for illustrative purposes only. In reality, Councils must submit a balanced budget each year.

2.4. The above table shows that the budget gap facing the Council for 2018/19 is £0.974m. This means that over the period to 2021/22 the above amounts need to be found by way of savings or additional income generation.

2.5. A variety of investment instruments are available to the Local Authority market. These were discussed in the March 28th report entitled "Investment in Commercial Property" and are not repeated here. Please refer to that report for more information or to understand why pursuing a commercial property investment strategy is being proposed above other options and how the strategy being proposed has been justified. This strategy and direction of travel was noted by Members at that time.

2.6. To achieve financial sustainability, based on the current MTFS, the Council needs to generate or save c.£1m pa. Assuming a target gross investment yield of 5.85% and taking borrowing over 50 years at current Public Works Loan Board (PWLB) rates, the Council would need to invest £80.25m to generate the £1m required. Further detail about this can be found in Appendix A and B.

3.0 Investment in Commercial Property

3.1 Members recently approved the formation of a Member 'Invest to Earn' working group. This group have worked with officers to formulate the Commercial Property Investment Strategy and Business Plan shown at Appendix A and B.

3.2 If the proposed strategy as shown in Appendix A is adopted, it is proposed that the Council commits a maximum budget of £80.25m to invest £75m in commercial property acquisitions, plus a further 7% of that sum (£5.25m) to cover related acquisition costs towards this strategy, in order to build a commercial property portfolio within 24 months. It is proposed that this spend is split into tranches, with the first tranche of spend totalling £25m plus acquisition costs. The remaining £50m would be requested in future tranches, once Members are satisfied with the success of the strategy.

3.3 The portfolio objective is to generate recurrent revenue streams to contribute to the financial sustainability of the Council, enabling it to continue to deliver frontline services in line with the Council's adopted strategy & objectives.

3.4 Purchases will be made using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt. Borrowing will be undertaken, over a maximum 50 year term.

3.5 The portfolio will target a gross investment yield of 5.85%. The strategy will be reviewed on an annual basis.

3.6 Following the Finance & Investment principles workshop, held on December 5th 2016, a Member survey was undertaken to understand Member appetite for acquiring a commercial property portfolio. 16 elected Members participated in the survey. Of those:

3.6.1 94% said the Council should acquire a commercial property portfolio to sustain the Council's revenue position

3.6.2 69% said investment should be made into a mixed estate (no sector preferred) but with the decision based on availability and acceptable risk

3.6.3 94% said it was acceptable or desirable to acquire properties outside of the district

3.6.4 94% said it was acceptable for the Council to take on borrowing to acquire such an estate

3.7 Initially, it is proposed that the Council appoint property specialists to work on its behalf to source investment opportunities.

3.8 Specialist legal and treasury management advice has been obtained. This confirmed that the Council has the legal powers to pursue its intended strategy, purchasing properties in and outside of the Borough, utilising prudential borrowing and holding the properties on its balance sheet.

4.0 **Options available and consideration of risk**

4.1. Members could opt to follow, amend or reject the recommendations.

4.2. The overall investment quantum and strategy is designed to provide sufficient income to cover the current predicted budget gap in its entirety. This approach has been assessed as part of the treasury management advice procured (affordability requirements). If the total investment amount were to be reduced, the income generated would not be sufficient to create financial sustainability.

4.3. If Members chose to vary the portfolio investment yield target, overall budget, or funding source, different financial outcomes would be achieved.

4.4. There are risks that should not be discounted. It is proposed that the Council takes in a significant sum in borrowing to finance the acquisition of a commercial property portfolio.

4.5. The capital value of any property can go down as well as up, and therefore the capital redeemed at the end of the investment could be less than the sum initially invested.

4.6. This investment strategy is based on revenue income. Capital value fluctuations have not been factored into the financial calculations. A drop in capital value would only affect the Council's cash flow position if it chose to dispose of the investment whilst its value was less than at acquisition.

4.7. PWLB lending is not secured against property, so the Council could opt to lose money on one property if the overall capital value of the portfolio is greater than the lost capital value.

4.8. The strategy and business plan allow for the costs needed to acquire and manage the portfolio, e.g. acquisition, disposal, maintenance and management.

4.9. The strategy looks to mitigate risks by setting specific criteria for purchases and necessary due diligence must be completed before officers and the 'Invest to Earn' group recommend any purchase.

4.10. The target yield, less costs, will comfortably outperform the current investment returns achieved by the Council – 0.5% is forecast in the MTFS as an average for 2017/18 rising to 1.0% by 2021/22.

4.11. A breakeven position, where the loan interest, maintenance and management are covered by the rental income earned by the portfolio is achieved with a portfolio gross yield of 3.88% in year one. This breakeven point will vary depending on the financial treatment chosen to provide for the borrowing obtained. Individual purchase decisions and portfolio management would be taken with this in mind. It is felt there is significant distance between the target yield and the breakeven point.

4.12. In the recent past, the Council has adopted a very cautious and prudent approach to treasury management. Lending has only been made to banks and building societies which have strong credit limits and meet the criteria set by the Council, using information published by the three major credit rating agencies.

4.13. This policy has been maintained in the knowledge that putting security before liquidity or yield impacts on the income being generated from these investments. This strategy needs to be updated if this direction of travel is pursued. A revised Treasury Management Strategy will be brought to Members at the July Council meeting for approval if this report's recommendations are approved.

5.0 Proposed Way Forward

5.1 It is proposed that if the Hub Committee approve this report's recommendations, a property specialist will be commissioned to work on behalf of the Council in relation to this proposed strategy. As and when suitable properties have been sourced, the Invest to Earn group will convene to appraise the available options and recommend action to the delegated parties (as described in Appendix A) as appropriate.

6.0 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	Advice on the relevant powers and appropriate vehicles for delivering these proposals has been sought from external specialist advisers and legal counsel. Legal counsel opinion has been obtained (31st May 2017) which sets out the various powers available to the Council, which supports the Council's proposed strategy as described in this report. This proposal is consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence) and / or section 120 Local Government Act 1972 (power to acquire land).

		The Council is empowered to buy pursuant to section 120 of the Local Government Act 1972. Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment. Disposal of any of the acquired properties will have to be undertaken in accordance with the provisions of section 123 Local Government Act 1972. In order to lawfully implement the investment strategy, each proposal (including the funding strategy for purchases) should be reviewed as part of a decision to purchase or sell, and tested for value for money, and regulatory compliance. There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer owe a fiduciary duty in relation to given transactions. Given the limited nature of the investment work, the current levels do not suggest that the Council is engaged in commercial investment work, though this matter would need to be reviewed as this strategy develops: concluding that it is commercial work, would necessitate conducting business through a company.
Financial	Y	The Council will purchase assets directly on balance sheet and therefore the direct costs of purchase and acquisition can be capitalised. This will include costs such as stamp duty, legal fees, due diligence and agency fees. When individual purchase decisions are made, a bespoke business case will be produced alongside a package of due diligence information to support the decision making process. The delegated authorities approving a purchase will need to be satisfied that any proposed acquisition not only delivers best value but also meets the criteria contained within the Commercial Property Investment Strategy and has proper regard to the following: • The relevant capital and revenue costs and income resulting from the investment over the whole life of the asset. • The extent to which the investment is expected to deliver a secure ongoing income stream. • The level of expected return on the investment. • The payback period of the capital investment. Part of the business case for each commercial property investment will be an assessment of the Internal Rate of Return (IRR) calculation. Any PWLB borrowing to fund the acquisition of commercial property is not secured on the property acquired. PWLB borrowing rates are fixed for the term of the loan. Individual borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines. If this report's recommendations are approved, a revised Treasury Management Strategy will be presented to Council before this strategy is implemented. If successful, the proposed commercial property investment strategy has the potential to make a significant contribution to the current predicted cumulative budget gap for the Council. If a portfolio yield of 5.85% is achieved, the financial model suggests that an investment of £80.25m could generate a surplus of between £0.57m to

		£1.365m per annum depending on the treasury management strategy employed in order to provide for Minimum Revenue Provision (MRP). An explanation of MRP can be found in Appendix C of this report. This is net of forecast administration and maintenance (sinking fund) costs. Using the same basis, a £25m investment could generate a surplus of between £0.19m to £0.45m per annum. Further financial considerations are discussed in Appendix B. Investment interest income is reported quarterly to SLT and Hub.
Risk	Y	The security risk is that the capital value of an acquired property falls. Whilst this would have an effect on the Council's balance sheet, the value of the property only becomes an issue if the Council chooses to sell the property and realises a capital loss. The liquidity risk is the risk of failure of a tenant within one of the acquired properties. The yield risk is that the income derived from the acquired assets will alter during the life of the asset. This will be actively managed; with specialist agents commissioned to manage the asset and its tenants. Properties will only be acquired if they have a minimum of 5 years unexpired lease term and are located in areas deemed to be attractive for future lettings / sales, limiting the risk to the Council's portfolio. The Council already owns and operates a property estate valued at c.£25m. It therefore has experience of managing such an estate and can act as an intelligent client to fulfil the proposed strategy, with the aid of commissioned property specialists. The cost of these specialists has been included in the net yield.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not Applicable
Safeguarding	N	Not Applicable
Community Safety, Crime and Disorder	N	Not Applicable
Health, Safety and Wellbeing	N	Not Applicable
Other implications	N	Not Applicable

Supporting Information

Appendices:

Appendix A - Commercial Property Investment Strategy & Criteria
Appendix B - Further Financial Considerations
Appendix C - Explanation of Minimum Revenue Provision (MRP)

Background Papers:

- Investment in Commercial Property, presented to Hub Committee March 28th 2017
- MTFS, presented to Hub Committee September 20th 2016
- Revenue & Capital Budget Proposals Report – 2017/18, presented to Council, February 7th 2017
- Annual treasury strategy in advance of the year (Audit 15/03/16 – AC32)

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Appendix A – WDBC Commercial Property Investment Strategy & Criteria

Overall Objective:

Increase revenue streams to contribute to the financial sustainability of Council, enabling it to continue to deliver and/or improve frontline services in line with adopted strategy & objectives.

This will be achieved by the focussed acquisition of existing commercial property assets using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt.

Strategy

- Invest in commercial properties to provide rental income with a minimum gross yield of 5.85% across the portfolio (once complete)
- Achieve a spread of risk across a greater number of assets and by acquiring properties across the range of different property asset classes, namely retail, leisure, office, industrial or alternative (e.g. health, PRS, energy)
- Properties will be acquired to hold for the short to medium term rather than to dispose
- The Council will operate independently - The Council is not reliant on another Council to progress with this strategy
- The Council will invest so that the portfolio's net revenue receipt delivers sufficient income to fund the initiative and make a significant contribution to the Council's forecast budget gap (with the potential to meet the budget gap)
- Acquisition costs are forecast not to exceed 7% (Stamp Duty Land Tax (SDLT) / Legal / Agents / Due Diligence). These services are to be commissioned via a procurement exercise.
- Management of the acquired assets will be outsourced to property professionals. The cost of this management will be included within the target return
- The legal work required to complete transactions is to be outsourced
- Specialists will be commissioned to act on behalf of the Council to source suitable properties and manage the acquisition due diligence process

Risk

- The risks of investing in property may be mitigated through the acquisition of assets with secure, long income streams
- This needs to be balanced against the requirement for a given level of income yield on capital invested in a careful and controlled manner, with specific analysis of risk criteria carried out in the 'due diligence' stage prior to the completion of each purchase
- Once fully invested, should the portfolio yield drop below 5.85%, a review of the strategy will be triggered
- The portfolio of investments being acquired should be diversified in order to spread risks via a balanced portfolio, such diversification principally being across geographical locations and the use type of properties
- The portfolio will be relatively risk-averse, when appropriate, limiting fresh investment to properties with minimum unexpired lease terms of five years at the date of acquisition, and tenants of strong financial standing

Initially, investment decisions will be taken as long as they fit within the below criteria:
Location:

- Neutral – wherever opportunities arise in order to quickly acquire good investment properties which deliver the minimum prescribed yield and are deemed an acceptable risk

- In order to not over expose the Council to one particular geographical area, properties outside of the Council's area will be favoured
- As the portfolio gets larger, a mix of locations will be sought to create a balanced portfolio
- A maximum exposure of 25% per location is sought once the investment budget is exhausted
- Good, commercially strong locations to protect capital value and ensure ongoing occupier demand. E.g. for retail good out-of-town retail clusters/parks; for offices close to transport infrastructure and catchment for employees; for industrial close to major road / rail hubs

Sector:
- Neutral – Wherever opportunities arise in order to quickly acquire good investment properties which deliver the minimum prescribed yield and are deemed an acceptable risk
- As the portfolio gets larger, a mix of sectors will be sought to create a balanced portfolio
- A maximum exposure of 25% to one sector will be sought once the full investment budget is exhausted

Tenant mix:
- As the portfolio gets larger, a mix of tenants will be sought to create a balanced portfolio
- A maximum exposure of 15% to one tenant will be sought once the full investment budget is exhausted
- The final decision over the appropriateness of any tenant would be reviewed at the time of acquisition

Lease length:
- Minimum 5 years unexpired (mean unexpired term for multi-let properties)
- Unless in exceptional circumstances (e.g. the property is being purchased with a view to re-development or the property is located in a prime location), single-let properties will not be favoured
- For multi-let properties, a mix of lease expiry dates are preferred, thereby limiting void risk (unless the property is purchased with a view to re-development)
- Properties are to be well-let to sound tenants on leases with a preference for 'Full Repairing and Insuring' leases for single occupiers and through internal repair obligations and a service charge for multi-let properties
- The final decision over the definition of "well-let" and "sound" will be agreed between the property acquisition advisers (including legal due diligence) and the individuals delegated with the responsibility to conclude the acquisition of the properties
- This decision will be based on both the risk to the capital investment and revenue returns

Investment Yield:
- Per investment lot, a minimum gross yield of 4.0% will be sought, before management, maintenance and funding costs
- A maximum gross yield in excess of 11% will not normally be sought
- As the portfolio gets larger, a mix of yields will be sought to create a balanced portfolio
- The overall portfolio will have a target balanced portfolio yield of 5.85%

Cost:
- Individual lot sizes of up to £15m
- Larger lot sizes are favoured - smaller size properties have disproportionately higher management costs and expose the Council to greater property void risks
- All investments will normally be subject to a minimum lot size of £3m

For all of the above, flexibility of +/- 15% (relative to the measure) is allowable in order to conclude a deal without recourse to reviewing the terms of this strategy. The overall budget for acquisitions is not subject to this flexibility.

Funding:

- This is to be secured on a case by case basis on the most favourable terms available predominantly through prudential borrowing or any other unallocated or available Council reserve or capital receipt
- The term will not exceed the expected remaining life of the property, but as a rule, the Council wishes to secure borrowing over a maximum 50 year term
- The Council will opt to borrow monies on the most commercially advantageous terms, seeking advice from its retained Treasury Management Advisors

Exit Strategy:

- The Council is investing to hold for the short to medium term. It is not looking to actively trade commercial property in this timeframe
- If capital values determine that the most prudent action is to sell an individual asset, this will be considered on a case by case basis and will be acted upon in consultation with the 'Invest to Earn' group Chair, Leader, S151 officer and Head of Paid Service
- It is proposed that all properties will be held as Council Assets. This may change if the Council were to set-up an arms-length management organisation (ALMO) or trading company and it was found to be commercially advantageous for such a vehicle to hold the asset
- It is important to note that there would be early repayment charges if the loan used to acquire the commercial property were to be repaid before the end of the loan term. However, Public Works Loan Board (PWLB) lending is not secured against property, so this would not inhibit the asset being traded during the loan period. An alternative asset would need to be purchased (& held) with any sale proceeds

Tax Implications:

- Due to the Council holding the asset, it is not anticipated that there will be any corporation tax or income tax implications from this strategy
- Some properties may be VAT elected, meaning VAT must be charged to tenants. This will be dealt with on a case by case basis and will be covered by the due diligence connected with that acquisition. The Council is able to charge and recover VAT
- Capital Gains Tax would not apply to assets sold from Council ownership. This position may change if a company were to be used to hold the acquired asset

Governance Arrangements:

Purchase

Purchases must conform to the adopted commercial property investment strategy. Any deviation from the agreed strategy (beyond the flexibility parameters) will require Council approval.

Delegated authority to be given to the Head of Paid Service, in consultation with the S151 officer and Leader and Chair of the 'Invest to Earn' group. Each receive one vote to proceed with purchase. In the event of a split decision, the S151 officer has the casting vote. Only purchases which are in line with the agreed strategy will be considered by this group. The 'Invest to Earn' group will determine its chair and will receive details of potential purchases from the Assets CoP. They will vote on whether to bring a potential purchase decision to the Head of Paid Service.

Running / Review
Assets to be managed by a contracted third party initially, with overview by Assets CoP, Group Manager, Business Development and the S151 officer. Invest to Earn group to receive regular reporting to confirm portfolio composition and performance. Regular reporting to Audit Committee.

Disposal
Once acquired, decisions relating to the ownership of any acquired properties will be dealt with in line with the Council's constituted scheme of delegation

Disposal will be considered if the portfolio breaches the approved strategy. Decisions to be made in consultation with the 'Invest to Earn' group Chair, Leader, S151 officer and Head of Paid Service.

Appendix B – Further Financial Considerations

Based on information available at the time of writing (June 2017), WDBC require c£1m of revenue income and/or savings per annum in order to be financially sustainable, in line with its published Medium Term Financial Strategy (MTFS). Below is a breakdown of how an investment of £75m plus acquisition costs can derive c£1m of revenue after costs to support the financial sustainability of the Council. The investment proceeds from the first tranche of £25m are also shown.

	First Tranche	Entire Investment
Capital Investment	**25,000,000**	**75,000,000**
Acquisition fees @ 7%	1,750,000	5,250,000
Total Borrowing / Expenditure	**26,750,000**	**80,250,000**

Borrowing		
Term (Years)	50	50
Maturity PWLB Loan Interest Rate %	*2.32*	*2.32*
Interest Payments pa	**620,600**	**1,861,800**

Profit & Loss Example *(Income less Costs)*		
Target Portfolio Yield %	*5.85*	*5.85*
Rent Receivable *(Yield x Investment)* pa	**1,462,500**	**4,387,500**
Interest Payments pa	(620,600)	(1,861,800)
Management costs @ 3% of Rent Receivable	(43,875)	(131,625)
Sinking fund @ 5% of Rent Receivable	(73,125)	(219,375)
Surplus Generated (before MRP*) pa	**724,900**	**2,174,700**

Option 1 - Straight Line MRP* Treatment		
Surplus Generated (before MRP*) pa	724,900	2,174,700
Minimum Revenue Provision (MRP*)	(535,000)	(1,605,000)
Surplus (after Straight Line MRP*) pa	**189,900**	**569,700**

Option 2 - Annuity MRP* Treatment		
Surplus Generated (before MRP*) pa	724,900	2,174,700
Annuity MRP* Treatment	(270,000)	(810,000)
Surplus (After Annuity MRP*) pa	**454,900**	**1,364,700**

**Minimum Revenue Provision (MRP), the provision for the repayment of borrowing, is explained in more detail in Appendix C of this report.*

Sensitivity analysis in change in gross rental income

The business plan identifies a target gross rental yield of 5.85%, which if achieved would generate £2.175m per annum in income after costs. The table below shows the impact a change in the gross income yield could have on the annual investment income estimates:

Sensitivity Analysis	£25m	£75m
Change in income yield 0.5%	£ 125,000	£ 375,000
Change in income yield 1.0%	£ 250,000	£ 750,000
Change in income yield 1.5%	£ 375,000	£ 1,125,000
Change in income yield 2.0%	£ 500,000	£ 1,500,000
Change in income yield 2.5%	£ 625,000	£ 1,875,000

For example, if the income yield were to increase from 5.85% to 6.85% (an increase of 1%), this would generate additional income of £250,000 per annum on a £25m portfolio. A reduction in yield would have the opposite effect.

Sensitivity Analysis on the Surplus Generated

A sensitivity scenario analysis is shown in the table below to illustrate the effect that the yield has on the return achievable from the portfolio – assuming an investment of the full £75m or the tranche 1 investment of £25m. This highlights that the portfolio needs active management and care in choosing the right acquisitions to ensure the minimum yield is achieved.

All of the figures below are based on the annuity MRP treatment shown above, providing either £810,000 (for the £75m investment) or £270,000 (for the £25m investment) of MRP in year one. The provision for the repayment of borrowing (level of MRP) would increase year on year, as described in Appendix C of this report.

Portolio Size	**25,000,000**	**75,000,000**
Projected Annual Surplus @ 5.85%	454,900	**1,364,700**
Projected Annual Surplus @ 4.00%	29,400	88,200
Projected Annual Surplus @ 4.50%	144,400	433,200
Projected Annual Surplus @ 5.00%	259,400	778,200
Projected Annual Surplus @ 5.50%	374,400	**1,123,200**
Projected Annual Surplus @ 6.00%	489,400	**1,468,200**
Projected Annual Surplus @ 5.32%	333,000	**999,000**
Breakeven: Projected Annual Surplus @ 3.88%	1,800	5,400

Breakeven
A minimum yield of 3.88% is required in order for the £75m investment to breakeven in year one, i.e. cover the cost of loan repayments, the alternate Minimum Revenue Provision, the sinking fund for maintenance and the expected management / administration costs.

Indicative Borrowing Financial Implications
The Council will consider a number of factors when assessing how much the Council will borrow to finance the commercial property strategy. It is likely that the majority of the commercial property acquisition strategy will be funded via Public Works Loan Board (PWLB) borrowing.

When assessing affordability, the Council will consider the annual cost of financing the investment, the income generated, the costs of running and maintaining the property and the factors that could potentially affect the net income to the Council (which is needed to repay the financing costs of the proposed property investment of £25m or £75m).

Council officers who have responsibility for treasury management will, in consultation with the S151 officer, determine the most appropriate product(s) for the Council's borrowing requirements. There are a number of options available to them and they will be advised by the Council's treasury management advisors and guided by the Council's adopted treasury management strategy and CIPFA regulations.

Percentage Increase in Council Tax
It is clear that a significant reduction in rental income (a yield below 3.88%) would result in a revenue budget deficit being created. If the Council did not have the available budget surplus to cover this additional cost, it may be forced to cut expenditure or increase Council tax to cover the deficit. The table below shows the impact on Council Tax and the additional income that a % increase in Council Tax generates (using the existing Council Tax base).

Impact on Council Tax	**£**
Increase of 1.0%	£ 45,000
Increase of 2.0%	£ 90,000
Increase of 3.0%	£ 135,000
Increase of 4.0%	£ 180,000
Increase of 5.0%	£ 225,000
Increase of 6.0%	£ 270,000
Increase of 7.0%	£ 315,000
Increase of 8.0%	£ 360,000
Increase of 9.0%	£ 405,000

The business case for property investment allows for reserves to be built up in a sinking fund to cover any shortfall in rent or maintenance cost for which the council would be liable. The strategy that is to be adopted by the Council addresses the risk that changes in rental income could affect overall portfolio profitability by virtue of being spread across asset types, classes and geographies. Different tenant classes and lot sizes and indeed borrowing terms will mean that a loss on one asset could well be compensated by a profit on another asset. It also important to note that the strategy has excluded any profit or loss for a change in capital values.

Summary

If a portfolio yield of 5.85% is achieved, the above figures show that an investment of £80.25m could generate a surplus of between £0.57m to £1.365m per annum depending on the treasury management strategy employed in order to provide for Minimum Revenue Provision (MRP). This is net of forecast administration and maintenance (sinking fund) costs. Using the same basis, a £25m investment could generate a surplus of between £0.19m to £0.45m per annum.

As part of the Annual Treasury Management Strategy setting process, Members have the opportunity to set the Council's policy for providing for MRP (Minimum Revenue Provision). There are various methods which can be employed and members will be able to determine the most prudent method of provision. The accounting method chosen will have a fundamental impact on the surplus that can be generated from this strategy. *MRP is further explained in Appendix C.*

Appendix C - Explanation of Minimum Revenue Provision (MRP)

What is MRP?

Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget.

Who approves the Council's MRP policy?

The Guidance from the Department of Communities and Local Government (DCLG) recommends the preparation of an annual statement of policy on making MRP, which has to be submitted to Council for approval. This is part of a Council's Treasury Management Strategy.

What different methods are there for MRP?

i) Equal Instalment Asset Life Method (i.e. over 50 years)

One method of calculating MRP is on the Equal Instalments of Principal (the Asset Life method). In this instance, MRP is an equal annual charge every year which is calculated by dividing the original amount of borrowing by the useful life of the asset.

An example is therefore, if an amount of £26.75 million is borrowed for the first tranche, the calculation of MRP is £26,750,000 divided by 50 years (asset life) = annual MRP charge of £535,000. (This is shown in Option 1 in Appendix B).

So every year the Council makes a provision in its revenue budget to repay the borrowing of £535,000 annually (the same amount for each of the 50 years)

ii) Annuity Method (over the 50 years)

Another method the Council could use is the Annuity Method for calculating MRP. Under this calculation, the revenue budget bears an equal annual charge (for principal and interest) over the life of the asset by taking into account the time value of money. Since MRP only relates to the 'principal' element, the amount of provision made annually gradually increases during the life of the asset. The interest rate used in annuity calculations will be referenced to prevailing average PWLB rates.

Under this example, the MRP charge in Year 1 on a £26.75 million borrowing would be £270,000, this rises to £277,000 in Year 2, £284,000 in Year 3, £292,000 in Year 4 and £299,000 by Year 5. (This is shown in Option 2).

What's the difference between the two methods for MRP?

The first method (equal instalment) means £535,000 is the revenue charge every year for 50 years.

In the second method (annuity), the payments start off lower e.g. £270,000 and then gradually increase every year for each of the 50 years. So for the first 30 years there is a lower revenue charge using the annuity method, this then becomes higher in the latter years. The Annuity method may benefit the strategy as it develops and allows time for revenue income streams to materialise.

Are there other methods for calculating MRP?

Yes. Under the current guidance, Councils have some discretion over how they provide for MRP over the asset life. For example the Council could decide that it would be appropriate to make MRP based upon the rental income received each year, or a percentage thereof, until the debt liability is repaid.

Is a recommendation being made (as part of this report) on the method of MRP for the Council to adopt?

No – No recommendations have been made on this yet and further advice will be sought on this subject. This will be the subject of a future Council report.

Report to:	**Hub Committee**
Date:	**20 June 2017**
Title:	**Write Off Report**
Portfolio Area:	**Resources and Performance**
Wards Affected:	**All**

Relevant Scrutiny Committee: Internal O&S

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

Author: **Lisa Buckle** Role: **Section 151 Officer**

Contact: **Ext. 3644 lisa.buckle@swdevon.gov.uk**

Recommendations:

The Committee notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual West Devon Borough Council debts totalling £96,248.56 as detailed in Tables 1 and 2.

The Committee approves the write off of individual debts in excess of £5,000 totalling £5,898.04, as detailed in Table 3.

1. Executive summary

The Council is responsible for the collection of: Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

The report informs members of the debt written off for these revenue streams. Debts up to the value of £5,000 being written off by the s151 Officer, under delegated authority. Permission needs to be sought from the Committee to write off individual debts with a value of more than £5,000.

This report covers the period 1st January 2017 to 31st March 2017.

2. Background

The Council's sound financial management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services.

This report forms part of the formal debt write-off procedures included in these financial arrangements.

West Devon Borough Council's collection rates for 2015/16 were; Council Tax 97.4% & Business Rates 98.8%.

In the final quarter of 2016/17 the Council has collected £4.76 million in Council Tax and £1.34 million in Business Rates. The total collectable debt for 2016/17 (as at 31st March) for Council Tax is £35.5 million and for Business Rates is £11.3 million.

Debts are recovered in accordance with the Council's Recovery Policy which is published on our website.

3. Outcomes/outputs

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £1,733,376. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a reminder will be issued promptly to the debtor. If this fails to secure payment, a final reminder and/or a summons will also be issued and if necessary the debt passed to an appropriate collection agent such as the Civil Enforcement Agents or the Council's Legal Department in order to secure payment.

Sometimes, however, if the debtor is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period of time to collect the debt.

In some cases pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £5,000 are written off by the Section 151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by the Committee prior to the debt being written off.

A record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.

The Service has access to Experian's Citizenview database which is currently the most reliable means of tracing absconded debtors. Each case is checked against this system before a decision is taken to write off the debt. A periodic review of write offs against this system may also be carried out to resurrect debts where appropriate.

4. Options available and consideration of risk

5. Proposed Way Forward

The Committee approves the write off of individual debts in excess of £5,000 as detailed in Table 3.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The relevant powers for this report are contained within the following legislation; Section 151 Local Government Act 1972 Section 44 Local Government Finance Act 1988 (Non Domestic Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
Financial		West Devon Borough Council debts totalling £102,146.60 to be written-off
Risk	Reputation Write Off	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in issues for consideration. Any individual debt exceeding £5,000 is referred to members for consideration prior to write-off which accords with Financial regulations.

Comprehensive Impact Assessment Implications		
Equality and Diversity		All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		A bad debt provision is built into the financial management of the Authority

<u>Supporting Information</u>

Appendices:

Table 1 – Council debt under £5,000 written off by the Section 151 Officer
Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer
Table 3 – Summary of items over £5,000 where permission to write off is requested
Table 4 – National & Local Collection Statistics re 2015 / 16 Collection Rates
Table 5 – Quarterly income in 2015 / 16 relating to all years
Table 6 – Previous Year Write Off Totals

Background Papers:

Section 151 Local Government Act 1972
Section 44 Local Government Finance Act 1988 (Non Domestic Rate)
Section 14 Local Government Finance Act 1992 (Council Tax)
Recovery Policy

<u>Approval and clearance of report</u>

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)	**Yes**

TABLE 1 SUMMARY OF WEST DEVON BOROUGH COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2016/17			Totals for Comparison purposes			
			Quarter 4	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	41	Overpaid Entitlement	17,627.41	55	24,956.71	-	-	76	27,451.60
COUNCIL TAX BENEFIT	2	Bankruptcy/DRO/IVA/CVA etc	1,280.02	3	1,392.42	-	-	1	137.40
	1	Deceased	923.45	1	923.45	-	-	-	-
	-	Other	-	-	-	-	-	-	-
	1	Absconded	172.00	1	172.00	-	-	6	4,134.02
	14	Not Cost Effective to Pursue	253.48	19	821.33	-	-	13	322.25
	1	Uncollectable Old Debt	75.81	1	75.81	-	-	9	5,754.73
Total	60		20,332.17	80	28,341.72	-	-	105	37,800.00
COUNCIL TAX	31	Absconded	24,759.64	54	37,523.84	1	239.07	39	25,744.67
	27	Bankruptcy/DRO/IVA/CVA etc	28,477.58	33	32,604.84	-	-	32	28,826.08
	3	Deceased	4,453.16	8	8,941.58	-	-	3	3,188.73
	4	Other	919.02	12	6,423.34	-	-	3	2,133.96
	2	Small Balance	5.22	2	5.22	1	10.66	9	265.88
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	-	Administration	-	-	-	-	-	-	-
Total	67		58,614.62	109	85,498.82	2	249.73	86	60,159.32
SUNDRY DEBTS	-	Small Balance	-	1	0.01	-	-	1	0.15
	-	Bankrupt/DRO/IVA/CVA etc	-	-	-	-	-	-	-
	-	Not Cost Effective to Pursue	-	-	-	-	-	1	60.00
	41	Uncollectable Old Debt	15,855.00	41	15,855.00	-	-	2	960.00
	-	Absconded	-	-	-	-	-	-	-
	-	Other	-	1	40.00	-	-	5	2,000.00
Total	41		15,855.00	43	15,895.01	-	-	9	3,020.15
Grand Total	**168**		**94,801.79**	**191**	**129,735.55**	**2**	**249.73**	**200**	**100,979.47**

Breakdown of Absconded Council Tax Debt

(Some cases have debts over more than one year)

Year	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	Pre 2007/08	Total
Value	477.58	6,549.43	6,744.18	6,175.30	4,100.28	443.54	269.33	-	-	-	-	24,759.64
Number	4	19	14	10	8	4	1	-	-	-	-	60

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2016/17			Totals for Comparison purposes			
			Quarter 4	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	1	Bankruptcy/DRO/IVA/CVA etc	1,140.33	3	5,804.15	-	-	1	1,582.78
	1	Absconded	304.44	1	304.44	-	-	1	1,000.53
	-	Deceased	-	-	-	-	-	-	-
	-	Liquidation	-	-	-	-	-	4	3,310.15
	-	Other	-	2	4,407.15	-	-	1	756.54
	1	Small Balance	2.00	1	2.00	-	-	-	-
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	-	Administrative Receivership	-	-	-	-	-	-	-
Total	**3**		**1,446.77**	**7**	**10,517.74**	**-**	**-**	**7**	**6,650.00**

TABLE 3 SUMMARY OF ITEMS OVER £5000 WHERE PERMISSION TO WRITE OFF IS REQUESTED

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2016/17			Totals for Comparison purposes			
			Quarter 4	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Liquidation	-	1	6,124.02	-	-	3	29,217.16
	-	Administrative Receivership	-	-	-	-	-	-	-
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy/DRO/IVA/CVA etc	-	1	10,676,01	-	-	-	-
	-	Deceased	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-	-
Total	-		-	2	16,800.03	-	-	3	29,217.16
HOUSING BENEFIT	1	Bankruptcy/DRO/IVA/CVA etc	5,898.04	1	5,898.04	-	-	1	5,898.04
	-	Overpaid Entitlement	-	1	17,821.39				
	-	Deceased	-	1	5,839.59	-	-	1	9,787.06
Total	1		5,898.04	3	29,559.02	-	-	2	15,685.10
COUNCIL TAX	-	Bankruptcy/DRO/IVA etc.	-	-	-	-	-	-	-
	-	Absconded	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
Grand Total	**1**		**5,898.04**	**5**	**46,359.05**	**-**	**-**	**5**	**44,902.26**

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2015-16 COLLECTION RATES

Total amount collected in 2015-16 relating to 2015-16 financial year only (net of refunds relating to 2015-16)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 15/16 - £000s	Net Cash Collected* i.r.o. 15/16 - £000s	Amount Collected i.r.o. 15/16 - %age	Collectable Debit i.r.o. 15/16 - £000s	Net Cash Collected* i.r.o. 15/16 - £000s	Amount Collected i.r.o. 15/16 - %age
All England	25,521,990	24,781,788	97.1	24,056,816	23,621,127	98.2
Shire Districts	11,687,667	11,455,297	98.0	7,797,294	7,677,010	98.5
East Devon	88,917	87,973	98.9	33,134	32,414	97.8
Exeter	55,246	53,310	96.5	79,238	78,123	98.6
Mid Devon	44,888	44,020	98.1	15,579	15,436	99.1
North Devon	52,351	50,837	97.1	32,936	32,194	97.7
Plymouth	108,365	104,837	96.7	91,540	91,053	99.5
South Hams	60,131	59,032	98.2	31,887	31,308	98.2
Teignbridge	75,440	74,256	98.4	32,516	32,065	98.6
Torbay	67,254	64,344	95.7	37,666	36,040	95.7
Torridge	36,621	36,028	98.4	11,132	10,956	98.4
West Devon	**34,009**	**33,113**	**97.4**	**10,847**	**10,713**	**98.8**

* Net Cash Collected is total 2015-16 receipts net of refunds paid, in respect of 2015-16 only

TABLE 5 QUARTERLY INCOME IN 2015-16 RELATING TO ALL YEARS

Total amount collected in 2015-16 relating to any financial year (net of all refunds in 2015-16)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1st April – 30th June	10,011	3,398
Quarter 2 - Receipts collected between 1st July – 30th September	9,395	3,140
Quarter 3 - Receipts collected between 1st October – 1st December	9,481	2,549
Quarter 4 - Receipts collected between 1st January – 31st March	4,530	1,428

* Net Cash Collected is total receipts in 2015-16 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS

		2015 - 16	2014 - 15	2013- 14	2012 - 13	2011 - 12
HOUSING BENEFIT	Under £5,000 cases	37,800.00	77,477.87	48,315.96	47,636.80	21,103.31
HOUSING BENEFIT	£5,000 or over cases	15,685.10	25,488.58	0.00	0.00	0.00
Total		53,485.10	102,966.45	48,315.96	47,636.80	21,103.31
COUNCIL TAX	Under £5,000 cases	60,159.32	67,271.83	33,385.96	199,475.48	133,748.27
COUNCIL TAX	£5,000 or over cases	0.00	5,265.60	15,940.10	25,924.46	5,658.27
Total		60,159.32	72,537.43	49,326.06	225,399.94	139,406.54
SUNDRY DEBTS	Under £5,000 cases	3,020.15	887.47	818.09	4,449.99	5,719.72
SUNDRY DEBTS	£5,000 or over cases	-	0.00	0.00	0.00	0.00
Total		3,020.15	887.47	818.09	4,449.99	5,719.72
NON DOMESTIC RATES	Under £5,000 cases	6,650.00	17,699.12	35,095.48	18,780.31	32,463.90
NON DOMESTIC RATES	£5,000 or over cases	29,217.16	89,506.07	38,882.41	26,680.71	55,949.62
Total		35,867.16	107,205.19	73,977.89	45,461.02	88,413.52
GRAND TOTAL		152,531.73	283,596.54	172,438.00	322,947.75	254,643.09

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