

South Hams Executive



Title:	Agenda
Date:	Thursday, 15th September, 2016
Time:	10.00 am
Venue:	Repton Room - Follaton House
Full Members:	<p style="text-align: center;">Chairman Cllr Tucker</p> <p style="text-align: center;">Vice Chairman Cllr Ward</p> <p><i>Members:</i> Cllr Bastone Cllr Hicks Cllr Gilbert Cllr Wright</p>
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

- | | |
|--|----------------|
| 1. Minutes | 1 - 6 |
| to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 21 July 2016; | |
| 2. Urgent Business | |
| brought forward at the discretion of the Chairman; | |
| 3. Division of Agenda | |
| to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information; | |
| 4. 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; | |
| 5. Public Question Time | 7 - 8 |
| a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules; | |
| 6. Annual Treasury Management Report 2015/16 | 9 - 20 |
| 7. Medium Term Financial Strategy 2017/18 - 2021/22 | 21 - 68 |
| 8. Write Off Report Q4 2015/16 | 69 - 76 |
| 9. Write Off Report Q1 2016/17 | 77 - 84 |
| 10. Consultation Response on 'Self Sufficient Local Government - 100% Business Rates Retention' | |

Report to follow

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY, 21 JULY 2016**

Members in attendance:			
* Denotes attendance			
∅ Denotes apologies			
*	Cllr H D Bastone	*	Cllr R J Tucker
*	Cllr R D Gilbert	*	Cllr L A H Ward
*	Cllr M J Hicks	*	Cllr S A E Wright

Also in attendance and participating		
Item 8	E.14/16	Cllrs Brazil, Hodgson, Hopwood, Pearce, Pennington, Saltern, Vint and Wingate
Item 9	E.15/16	Cllr Vint
Item 10	E.16/16	Cllrs Baldry, Brazil, Pearce and Smerdon
Item 11	E.17/16	Cllrs Brazil and Vint
Also in attendance and not participating		
Cllrs Brown, Steer, Bramble, Holway and Pringle		

Officers in attendance and participating		
All items		Executive Director Strategy and Commissioning (S&C) (SJ), Executive Director Service Delivery and Commercial Development (SD&CD) (SH) and Senior Case Manager (KT)
Item 8	E.14/16	COP Lead Finance (LB), Solicitor (AO), Group Manager Commercial Services, Tim Ward and Peter Donson (PWC representatives)
Item 10	E.16/16	Group Manager Support Services (SM)
Item 11	E.17/16	Operational Manager Environment Services (CA)

E.10/16 MINUTES

The minutes of the Executive meeting held on 6 June 2016 were confirmed as a true record and signed off by the Chairman.

E.11/16 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.

However, Cllr Bastone advised that, in accordance with the requirements contained within the Council Constitution, he would abstain from the vote on Item 11: 'Operational Amendments to the South Hams Off Street Parking Places Order' (Minute E.17/16 below refers) by virtue of being a local Ward Member. He remained in the meeting for the duration of the discussion on this item.

E.12/16 **PUBLIC QUESTION TIME**

It was noted that no public questions had been tabled in line with Executive Procedure Rules.

E.13/16 **ANNUAL REPORT OF THE COUNCIL**

Members were presented with a report that asked that the Annual Report be considered and any recommendations be made to full Council.

The Leader introduced the report and Members generally felt that it was a good Annual Report that contained a lot of information that would be very useful for all Members and for Parish and Town Councils.

It was then:

RECOMMENDED

That the Council be **RECOMMENDED** that the Annual Report has been considered and should be approved as outlined in Appendix A of the presented agenda report.

E.14/16 **LOCAL AUTHORITY CONTROLLED COMPANY**

Members were asked to consider a report that set out and commented on the findings of a detailed business case which had been prepared by PriceWaterhouseCoopers (PWC) at the request of Members on the potential establishment of a Local Authority Controlled Company (LACC). The preparation of the business case followed the Council's decision on 16 February 2016 (minute reference 63/15) that a detailed business case and implementation plan be produced to enable further consideration of the merits of establishing a LACC jointly with West Devon Borough Council.

The Leader introduced the report and in doing so set out the background to the decision to progress with a LACC. He proposed an additional recommendation to those tabled (shown below as recommendation 3).

During discussion, the following points were raised:

- The Executive Director (SD&CD) responded to detailed questions regarding the set-up of the Joint Steering Group (JSG), the background to the proposal in terms of other options considered, capacity and the value of the existing contracts that would be transferred to the LACC;
- Local authorities in Oxfordshire were progressing with a similar proposal and where possible the Council was exchanging information and learning points with them;

- PWC representatives responded to questions on whether the changing political climate would affect their current advice, on VAT matters, on additional management skills; and advised how they had erred on the side of prudence in their assumptions;
- One Member asked that meetings of the JSG were properly resourced and that minutes were taken and published for the benefit of all Members;
- Members of the Informal Market Analysis Group set out the background to their supplementary paper;
- One Member felt any future budget deficit could be addressed by increasing council tax and also raised concerns over the risks of the proposal;
- The Section 151 Officer responded to detailed questions regarding pensions;
- One Member asked for assurance that, if appropriate, SHDC and WDBC would each receive separate legal advice;
- One Member asked if the Council was exploring Central Government funding towards the start-up costs for the LACC;
- Senior Officers stated that the Leader's additional proposed recommendation was appropriate as it enabled the opportunity to assess the best time to transfer to the LACC. Members supported the additional recommendation.

It was then:

RECOMMENDED

That Council be **RECOMMENDED:**

1. to proceed with the implementation of a Local Authority Controlled Company (LACC) jointly owned with West Devon Borough Council scheduled for 1st April 2017, subject to there being a satisfactory outcome to the outstanding pension, tax and governance questions and actions as set out in paragraph 5.4 of the presented report;
2. that a Joint Steering Group (JSG) be established to deal with matters concerning the implementation of the LACC as detailed in paragraph 5.5 of the presented agenda report and the terms of reference at Appendix B;
3. that the date of transfer of staff to the Company and the commencement of the contract between the Council and LACC is to be decided by Council on the recommendation of the Joint Steering Group; and
4. to approve the use of up to £126,750 of the 2016/17 budget surplus contingency Earmarked Reserve for the set-up costs of the LACC as detailed in paragraph 5.8 of the presented agenda report.

E.15/16

HEART OF THE SOUTH WEST FORMAL DEVOLUTION BID – COMBINED AUTHORITY PRINCIPLE

Members were asked to consider a report that sought approval to sign up 'in principle' to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub region to administer the powers and funding devolved through the Deal. An 'in principle' agreement from all of the local authorities, partners and MPs involved in the Heart of the South West devolution process would open up negotiations with HM Treasury to work towards a Deal.

The Leader introduced the report and the Executive Director (S&C) added that work was ongoing behind the scenes in terms of the detailed governance of the proposed Combined Authority.

One Member raised a number of concerns over whether the prospectus included matters of most importance to residents and whether the process was democratic. In response, the Leader reiterated that more detailed work was taking place behind the scenes but at this stage it was a high level document. He then advised of the consultation process that would take place later in the year. He concluded that in his view it was important at this stage to be a part of the process rather than being on the outside.

It was then:

RECOMMENDED

That the Council be **RECOMMENDED** to:

1. endorse the Leader's current approach to devolution and agree to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area; and
2. note that giving this endorsement does not commit the Council to entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

E.16/16

T18 BUDGET MONITORING TO END OF MARCH 2016

Members were presented with a report that set out the latest position of the T18 Transformation Programme in terms of the budget.

The Leader introduced the report and the Portfolio Holder for Support Services added detail on the telephony system now in place, an update on the recruitment of transitional staff and the Council website.

During discussion, Members repeated a previous request that calls from the Council would show as being from the Council, rather than from a private number. One Member queried whether the predicted final spend figure was correct in view of the additional spending on planning enforcement. In response, the Executive Director (SD&CD) advised that backlogs of work within planning enforcement had occurred before the Transformation Programme and therefore the expenditure involved to address the backlog was mainly a result of addressing historic backlogs that had built up prior to T18. Going forward, new cases were being processed in accordance with the T18 Future Operating Model.

It was then:

RESOLVED

That the budget monitoring position of the T18 Transformation Programme (where the predicted final spend is £28,000 less than the budget of £4.614 million) be noted.

E.17/16

OPERATIONAL AMENDMENTS TO THE SOUTH HAMS OFF-STREET PARKING PLACES ORDER

Members were asked to consider a report that requested a recommendation to Council to make amendments to the South Hams Off-Street Parking Places Order.

The Portfolio Holder for Commercial Services introduced the report. Members discussed the issue of restricted parking in Dartmouth however one local Ward Member stated that the Ward Members supported the proposals being put forward.

It was then:

RECOMMENDED

That the Council be **RECOMMENDED** to:

1. limit the permit parking on the South Embankment in Dartmouth to a maximum waiting time of four hours;
2. add the South Hams District Council owned land on the North Embankment in Dartmouth to the South Hams Off-Street Parking Places Order, and that loading only be permitted in this area; and
3. add the South Hams District Council owned land at the Rotherfold in Totnes to the South Hams off-Street Parking Places Order, and that parking be permitted only with the express permission of the District Council.

E.18/16 EXCLUSION OF PUBLIC AND PRESS

RESOLVED

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 item of business as the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Schedule 12A to the Act is involved.

E.19/16 BEACH AND WATER SAFETY

Members were presented with an exempt report that was introduced by the lead Executive Member for Commercial Services. The report set out a number of recommendations arising from the Beach Management Working Group in respect of beach and water safety related matters.

It was then:

RESOLVED

1. That Public Rescue Equipment (PRE) be removed from locations where Risk Assessments have indicated that its' retention is not appropriate';
2. That the Beach Management Working Group arrange to meet representatives of privately-owned estates on which the Council currently provides Public Rescue Equipment (PRE) or subsidises the provision of life-guarding services to discuss future funding arrangements;
3. That the existing Beach Safety Policy be reviewed to ensure it remains fit for use;
4. That the staffing matter described in the presented agenda report be funded for one further year, with a comprehensive review taking place during this period; and
5. That a more detailed report be provided to the Overview and Scrutiny Panel in the autumn in order to inform future budgetary considerations.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.13/16, E.14/16, E.15/16 and E.17/16, WHICH ARE RECOMMENDATIONS TO THE SPECIAL COUNCIL MEETING TO BE HELD ON 28 JULY 2016, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY, 1 AUGUST 2016 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 2.30 pm and concluded at 4.55 pm)

PUBLIC QUESTIONS AT EXECUTIVE MEETINGS

The Council at its meeting on 21 June 2001 agreed that 15 minutes should be set aside at the beginning of the Council's monthly Executive meetings to allow members of the public to ask questions.

Any member of the public who wants to raise a question at a meeting should:-

- (a) submit the question in writing to the Democratic Services Manager by 5.00 pm on the Monday prior to the Executive meeting. This will allow a detailed answer to the question to be given at the meeting. If advance notice of the question cannot be given, the Chairman of the meeting has the discretion to allow questions on matters which are felt to be urgent;
- (b) ensure that normally questions are no longer than 50 words in length;
- (c) ensure that the question does not relate to a specific planning matter (this is specifically excluded from the public question time);
- (d) ensure that the question relates to something over which the Council has some control and is suitable to be considered, ie, that it is not derogatory to the Council or relates to matters which the Council could consider confidential.

For any further advice on questions for Executive meetings, please contact Kathryn Trant (Member Services Manager).

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Agenda Item 6

Report to: **Executive**

Date: **15th September 2016**

Title: **ANNUAL TREASURY MANAGEMENT REPORT
2015/16**

Portfolio Area: **Support Services – Councillor S Wright**

Wards Affected: **ALL**

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

Author: Lisa Buckle Role: **Finance Community of
Practice Lead**
David Bennett **Specialist Accountant**

Contact: **Email Lisa.buckle@swdevon.gov.uk 01803 861413**

Recommendations:

That the Executive

1. Approves the actual 2015/16 prudential and treasury indicators in this report
2. Notes the Annual Treasury Management Report for 2015/16

1. Executive summary

Income from investments this year was £155,687 which is £32,687 higher than the budget of £123,000 at an average return of 0.71%. The comparable performance indicator (Benchmark) is the average 7-day LIBID rate which was 0.36%. Therefore the Council achieved 0.35% return on investments over the benchmark for 15/16.

2. Background

Introduction

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Treasury management is defined as:

"The management of the local authority's 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 "

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports

- An annual treasury strategy in advance of the year (Executive 05/03/2015 – E72/14)
- A mid-year (minimum) treasury update report (Executive 10/12/2015 – E49/15)
- An annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Executive Committee before they were reported to the full Council.

The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year for the period up to 31st March 2016. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

UK vote to leave the European Union

The full implications of the decision on 23 June 2016 by the UK to negotiate an exit from the European Union (EU) will become apparent over time. There may be changes in Government policy and any significant changes in the economy may have an impact on local government financing. The Medium Term Financial Strategy will contain the latest high level forecasts in the public domain for budgeting purposes (those announced in the Local Government Finance Settlement in February 2016) and the Council will continue to monitor any impact on public sector funding and the Council's treasury management activity closely.

Overall Treasury Position as at 31 March 2016

At the beginning and the end of 2015/16 the Council's treasury position was as follows:

	As at 31/03/2015		As at 31/03/2016	
	Principal	Interest	Principal	Interest
	£	%	£	%
Investment Type				
Call Account	400,000	0.30	-	-
Short Fixed	15,000,000	0.64	15,000,000	0.73
Money Market Funds	5,750,000	0.40	2,850,000	0.49
Heritable Bank	72,368	-	22,483	-
Total	21,222,368	0.57	17,872,483	0.71

The Following is a list of our fixed investments at 31 March 2016

	Fixed to	£	Interest Rate
Barclays Bank	21/04/2016	5,000,000	0.69%
Nationwide B S	06/07/2016	5,000,000	0.71%
Lloyds Bank	175 day notice	5,000,000	0.80%

Icelandic Bank

The Council placed a deposit of £1,250,000 on 25th September 2008 with the Heritable Bank which is a subsidiary of Landsbanki, one of the Icelandic Banks that was affected by the world economic crisis. Of this amount £1,227,517 (98%) has already been repaid to the Council by the Administrators. As at today, the Council has £22,483 frozen in the Heritable Bank.

At the time the deposit was placed, the risk rating of Heritable was 'A' (long term deposits) and F1 (short term deposits). Both ratings indicated low risk and were within the deposit policy approved by the Council. Heritable Bank is registered in Scotland with an address in Edinburgh. Heritable Bank Plc is authorised and regulated by the Financial Services Authority and is on the FSA Register. The bank's shares are owned by Icelandic bank, Landsbanki.

Administrators have kept the bank trading and are winding down the business over a period of years. The Administrators have paid fifteen dividends amounting to 98% of the original deposit. The administrators estimate that the return to all unsecured creditors is now between 98-100 pence in the pound. There is no information currently available as to when the Heritable administration will be completed.

The Strategy for 2015/16

The Treasury Management Strategy is risk averse with no investments allowed for a period of more than a year and very high credit ratings are required together with a limit of £6m per counterparty. This has resulted in only a small number of institutions in which we can invest (see Appendix A).

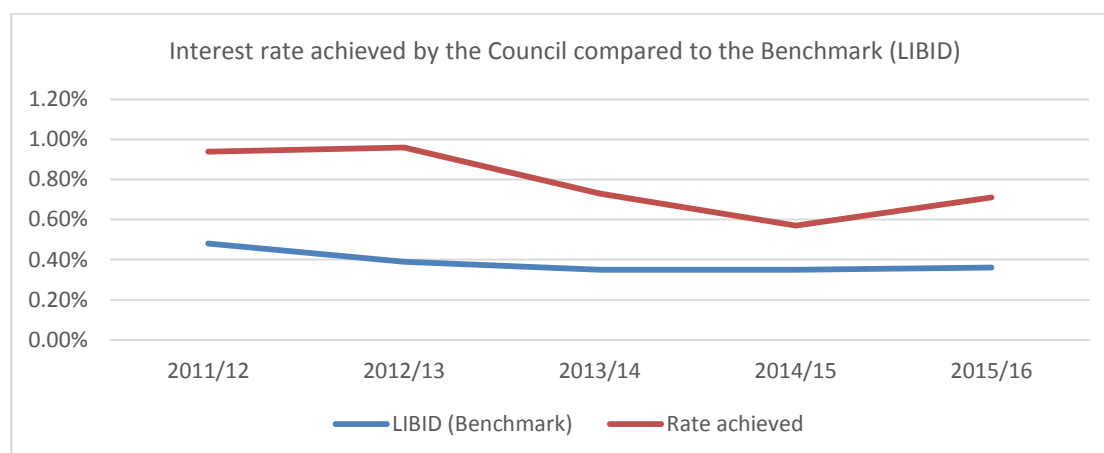
Investment Rates in 2015/16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. On 4th August the bank rate was cut from 0.5% to 0.25%. This occurred after 31st March 2016 that this report covers

Investment Outturn for 2015/16

Investment Policy – the Council’s investment policy is governed by the Department for Communities and Local Government (DCLG) guidance, which has been implemented in the annual investment strategy approved by the Executive on 05/03/2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

Investments held by the Council - Income from investments this year was £155,687 which is £32,687 higher than the budget of £123,000 at an average return of 0.71%. The comparable performance indicator (Benchmark) is the average 7-day LIBID rate which was 0.36%. Therefore the Council achieved 0.35% return on investments over the benchmark for 15/16. Below is a summary of the last 5 years Interest rate achieved by the Council compared to the Benchmark (LIBID)



	2011/12	2012/13	2013/14	2014/15	2015/16
LIBID (Benchmark)	0.48%	0.39%	0.35%	0.35%	0.36%
Rate achieved	0.94%	0.96%	0.73%	0.57%	0.71%

In 2012/13 and 2013/14 the Council was able to take advantage of a fixed term investment which offered an interest rate of 3% on an investment of £5 million.

In 2014/15 and 2015/16 these higher interest rates were not available and therefore the interest rate achieved was lower.

3. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Statutory powers are provided by the Local Government Act 1972 Section 151 and the Local Government Act 2003
Financial	Y	Income from Treasury Management activities amounted to £155,687 in 2015/16. Consideration of the Annual Treasury Report forms an essential component of the Council's systems for public accountability. It also provides a platform for future investment planning.
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.</p> <p>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.</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.</p>
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

Appendices:

Appendix A – Lending list as at 31 March 2016

Appendix B – Prudential and Treasury Indicators 2015/16

Background Papers:

Annual treasury strategy in advance of the year (Executive 05/03/2015 – E72/14)

A mid-year (minimum) treasury update report (Council 10/12/2015 – E49/15)

Approval and clearance of report

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

APPENDIX A

SOUTH HAMS DISTRICT COUNCIL LENDING LIST AS AT 31 MARCH 2016.

Barclays Bank Plc
HSBC Bank plc
Lloyds Banking Group Plc: <ul style="list-style-type: none">• Bank of Scotland plc• Lloyds Bank plc
Nationwide Building Society
Royal Bank of Scotland Group Plc: <ul style="list-style-type: none">• The Royal Bank of Scotland plc• National Westminster Bank plc
Government UK Debt Management Facility
Local Authorities (as defined under Section 23 of the Local Government Act 2003)
AAA rated Money Market Funds

APPENDIX B

PRUDENTIAL AND TREASURY INDICATORS 2015/16

CAPITAL PRUDENTIAL INDICATORS

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

Capital Expenditure.

This prudential Indicator is a summary of the Council's capital expenditure.

Capital Expenditure	2014/15 Actual £000	2015/16 Estimate £000	2015/16 Actual £000
Total spend	3,544	2,875	4,357

The table below summarises the financing of the Council's capital programme. Any shortfall of resources would result in a funding need (borrowing). However, the Council is currently debt-free.

Capital Expenditure	2014/15 Actual £000	2015/16 Estimate £000	2015/16 Actual £000
Total spend	3,554	2,875	4,357
Financed by:			
Capital receipts	542	1,501	1,087
Capital grants	1,604	366	764
Revenue reserves (Including New Homes Bonus reserve)	1,408	1,008	2,506
Total funding	3,554	2,875	4,357

Nb. Please note that the estimate for 2015-16 represents the approved capital programme for that year. However, actual capital spend includes not only expenditure on projects within that capital programme, but also expenditure on schemes carried forward from previous capital programmes.

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). It is essentially a measure of the Council's underlying need to borrow if the figure is greater than zero. The negative figure reflects the fact that the Council is debt-free and has a nil borrowing requirement.

	2014/15 Actual £000	2015/16 Estimate £000	2015/16 Actual £000
Total CFR	(98)	(98)	(98)
Movement in CFR	Nil	Nil	Nil
Net borrowing requirement (the Council is debt free)	Nil	Nil	Nil

AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the receipt of net investment income against the net revenue stream. It is calculated by dividing investment income and interest received by the Council's Net Budget.

	2014/15 Actual	2015/16 Estimate	2015/16 Actual
Ratio of net investment income to net revenue stream (surplus).	1.5%	1.4%	1.8%

Estimates of the incremental impact of capital investment decisions on council tax

This indicator calculates the notional cost of the impact of lost investment income on the Council Tax, from spending capital resources.

Incremental impact of capital investment decisions on the band D council tax (notional cost as explained above)

	2014/15 Actual £	2015/16 Estimate £	2015/16 Actual £
Future incremental impact of capital investment decisions on the Band D council tax (Notional cost)	0.21	0.20	0.30

TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

The Operational Boundary – This is the limit beyond which external debt is not normally expected to exceed. This is the maximum level of external debt for cash flow purposes.

Operational Boundary	2014/15 £	2015/16 £
Borrowing	2,000,000	2,000,000
Other long term liabilities	-	-
Total	2,000,000	2,000,000

The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by 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.

This provides headroom over and above the operational boundary for unusual cash movements. This is the maximum amount of money that the Council could afford to borrow.

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 no control has yet been exercised.

Authorised limit	2014/15 £	2015/16 £
Borrowing	7,000,000	7,000,000
Other long term liabilities	-	-
Total	7,000,000	7,000,000

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Agenda Item 7

Report to: **Executive**

Date: **15 September 2016**

Title: **Medium Term Financial Strategy for the five year period 2017/18 to 2021/22**

Portfolio Area: **Support Services – Cllr S Wright**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

Author: **Lisa Buckle** Role: **Finance Community of Practice Lead**

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

Recommendations: It is recommended that the Executive:

- i) Considers the five year Medium Term Financial Strategy and provides an indication of the budget principles to be adopted, with particular reference to;
 - the level of council tax increase,
 - the use of New Homes Bonus to support the revenue budget,
 - bringing forward income generation and budget savings and
 - maintaining the current Council policy on the minimum level of unearmarked reserves being £1.5 million (see Section 10).
- ii) Recommends to Council to accept the four year financial settlement being offered by the Government as set out in Section 2,
- iii) Recommends to Council that the approval of the Efficiency Statement (for the four year funding settlement) is delegated to the Head of Paid Service in consultation with the Leader, Executive Member for Support Services and the S151 Officer (Finance Community of Practice Lead).
- iv) Recommends to Council to commence consultation with Town and Parish Councils, on an annual grant reduction of 9.85% for the next three years in the Local Council Tax Support Grant, as shown in Appendix E.

1. Executive summary

- 1.1 This is the annual review of the Council's Medium Term Financial Strategy (MTFS). It is based on a financial forecast over a rolling five year timeframe to 2021/22 which will help ensure resources are aligned to the outcomes in Our Plan (see Section 5). The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees South Hams District Council's longer term viability.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. The Queen's Speech delivered on 27 May 2015 stated that the government will "continue the work of bringing the public finances under control and reducing the deficit, so that Britain lives within its means". The economic backdrop continues to be challenging, resulting in significant on-going reductions in Government funding, with the Council needing to focus on long term financial planning. Looking ahead, given the deficit in public finances, there will undoubtedly be more difficult times ahead in terms of reducing Government grants, which could be as much as 30% to 40% over the next 4 to 5 years. This will result in continuing pressures to find further significant savings, efficiencies and additional income.
- 1.3 In response, in 2013 the Council alongside its shared services partner, West Devon Borough Council, approved an innovative Transformation Programme (T18). This is delivering a new operating model to ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £4.6 million was approved, to deliver annual recurring revenue savings of £3.3 million. The payback period for the Programme was 2.5 years (see 6.25). The Transformation Programme received the backing of Central Government with an award of £434,000 of Government funding.
- 1.4 The Council's Transformation Programme, coupled with savings from the re-procurement of contracts and other areas, has meant that in 2017/18 the Council has a projected Budget Surplus of just over £115,000. In 2018/19 there is a projected Budget Gap of £277,000 (this is after the budget surplus in 17/18 has been taken as an on-going saving in 2018/19). Over the five years, the cumulative projected budget gap is £284,000 as shown below.
- 1.5 South Hams and West Devon are working together to deliver common strategies and priorities and design new ways of working differently, although how these will apply to the different localities and communities may still vary. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending as outlined in the Comprehensive Spending Review announcement.

1.6 At the same time though, there are also funding sources and opportunities that the Councils must fully exploit as part of the business model. In this context, and like many other Councils, South Hams and West Devon have to make a number of sometimes difficult and complex financial decisions. The Councils are confident that their budgets and the approaches being adopted represent a sound platform for the medium term.

1.7 The following table illustrates the predicted budget gap from 2017/18 onwards for the Council as shown in Appendix B:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£
Annual budget gap	Nil	277,673	Nil	Nil	5,974
CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 21/22					£283,647
In the years 2017/18, 2019/20 and 2020/21, a budget surplus arises and the modelling assumes that these surpluses are used for one-off investment and are taken as a saving in the next financial year.					

1.8 If New Homes Bonus (NHB) were to be used as outlined in Section 8.4 of the report, this would mean that there would potentially be £472,100 of NHB which is uncommitted in 2017/2018. This assumes that £0.5 million of NHB will be used annually to support the Revenue Base Budget. An allocation for Dartmoor National Park would need to be deducted from the £472,100.

1.9 The Budget for 2016/17 was approved by Council on 11th February 2016. This is the starting point for producing the refreshed MTFs and the detailed budget proposals for 2017/18. The 2016/17 Net Budget approved by South Hams District Council was £8.752 million.

1.10 Whilst there remains a great deal of uncertainty about various elements of income and expenditure, the forecast has been based on a set of assumptions (set out in Section 3) which represent a cautious estimate in order to focus attention on the revised funding gap. The figures will be continually updated as we progress through the financial year.

1.11 The Council's approach to financial planning over the medium term will include a focus on income generation and commercial opportunities. This will strengthen the position of the District Council by developing financial resilience through less exposure to reductions in Government funding.

- 1.12 The budget setting process is an iterative process that will constantly change over the next five years. As the Council becomes aware of new cost pressures or further reductions in funding over the next 5 years, this will increase the predicted budget gap. The converse is true for any savings or additional income which are identified over the next five years. Announcements during 2015 that local authorities will be able to retain 100% of business rates income from 2020 and that Revenue Support Grant will be phased out, mean that the Council will need to keep its financial strategy under constant review and adapt the Council's business model to continue to respond to the challenges.

BUDGET PRINCIPLES

- 1.13 The MTFs sets out the key Budget Principles for how the Council will be developing its approach to achieving financial sustainability. These are set out below:-

A clear financial strategy, including a revenue budget and capital investment strategy that supports the above and sets out how the Council aims to tackle the Budget gap over the next five years.

To continue working in partnership with West Devon Borough Council, to embed the new business model, to enable the Council to respond to changes in Government funding that will support the delivery of strategic priority outcomes and the medium term financial sustainability.

To adopt an investment strategy that maximises funding streams e.g. New Homes Bonus and Business Rates and that delivers additional income and savings in the future e.g. doing things on an 'Invest to Save' basis.

Achieving efficiencies and cost reductions, through collaborative working and getting the basics right.

A more commercial approach, which could include the establishment of a local authority controlled company, through which we can generate additional income with a 'Profit for Purpose' basis.

2 FOUR YEAR SETTLEMENT FUNDING OFFER

- 2.1 The Government has offered a four year settlement funding offer to Councils. The deadline for accepting the offer is Friday 14th October.
- 2.2 The offer requires Councils to produce an Efficiency Plan if they wish to accept a four-year settlement. It also states that Efficiency plans do not need to be a separate document and can be combined with Medium Term Financial Strategies. There has been no guidance from the Government on the content of the Efficiency Statement although the Local Government Association (LGA) has issued some top tips on what

an Efficiency Plan should contain. This is attached in Appendix H. This says that practitioners are expecting the Efficiency Plan to be a short 2 – 4 page narrative, with typical documents to support this narrative to include the latest budget, corporate plan, transformation plan, asset-management plan and baseline organisational structure.

- 2.3 The offer letter from the Department for Communities and Local Government (DCLG) confirms that the four year offer is entirely optional and states:-
'It is open to any Council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement'.
- 2.4 If the Council accepted the four year offer, this would guarantee the levels of funding over the next four years (to 2019/20) for:-
- Revenue Support Grant (this reduces to Nil in 2018/19)
 - Transitional Grant
 - Rural Services Delivery Grant allocations
(These funding levels are shown in Appendix A)
- 2.5 For Business Rates, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.
- 2.6 It is recommended by the S151 Officer that the Council accepts the four year funding offer from the Government, as this would guarantee the allocations that the Council will receive of Rural Services Delivery Grant over the four year period. The allocations are between £251,000 and £327,000 over Years 2 to 4 of the settlement.

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

- 3.1 A two year employee pay settlement has been agreed which equates to 1% in 2016/17 and 1% in 2017/18. Future levels of pay settlement will be determined by national negotiation between the Local Government Employers and the Trade Unions. A budget provision of 1% for 2017/18 onwards has been modelled. The MTFS is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.2 The MTFS assumes inflation will run at 2% (Government target) over the five year period. The Office for National Statistics (ONS) has said that the annual inflation rate as measured by the Consumer Prices Index (CPI) rose to 0.6% in July 16. Rising fuel prices, more expensive alcoholic drinks and hotel rooms helped to push the rate higher, the ONS said. The Retail Prices Index measure of inflation rose to 1.9% in July 2016.

3.3 The MTF5 has included a cost pressure of £310,000 for Inflation and increases on Goods and Services. The main items are:-

£80,000 – Staff salary increments

£60,000 – Business Rates increases (Revaluation 2017/18 onwards)

£40,000 – Apprenticeship Levy

£30,000 – Utilities inflation

£26,000 - Development Surveyor post – build into salary establishment
(O & S 17 March and Council 7th April – see 10.6 as year
1 costs were being funded from an Earmarked Reserve)

£20,000 – Fuel inflation

£10,000 – Insurance premiums

An amount of just over £40,000 is to fund a 2% uplift on other expenditure budgets (£2 million).

3.4 The predicted interest rate forecast from our treasury management advisors, Sector, is shown below. On 4th August, the Bank Base Rate was cut from 0.5% to 0.25%. The Council's budgeted investment income in 2016/17 is £148,000. It is assumed that the interest rate return for our investments will average 0.5 % for 2017/18 rising to 1.0% by 2021/22 as shown below:-

2017/18	-	0.5%
2018/19	-	0.5%
2019/20	-	0.5%
2020/21	-	0.75%
2021/22	-	1.0%

It is possible that there will be a further reduction in the Bank Base Rate to 0.1% by the end of 2016 and this is predicted to rise back to 0.5% by 2019. A cost pressure of £25,000 has been included within 2017/18. The Council is investigating alternative investment vehicles in order to be able to reduce this cost pressure.

3.5 An increase in council tax of £5 for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £155.42 in 2017/18 as shown in Appendix B.

3.6 It has been assumed that the number of properties within the District will increase by 400 per annum from 2017/18 to 2021/22 – this is an increase of just over 1% - the Council had £37,003.99 Band D equivalent properties in 2016/17. These additional properties have been used to calculate the amount of additional Council Tax and also the potential for New Homes Bonus. These figures will be updated when actual figures are known around November.

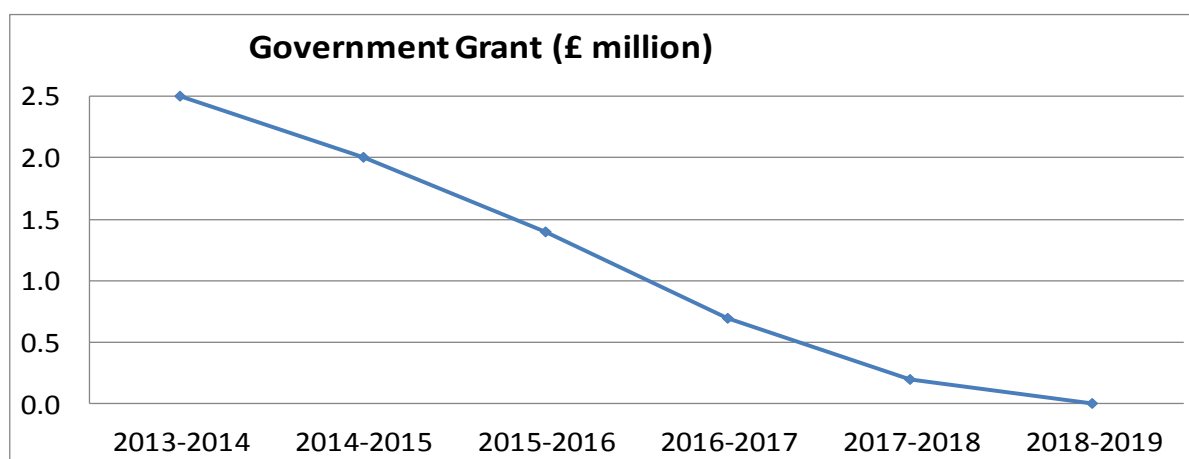
3.7 It is predicted that the houses at Sherford which are within the South Hams area will commence occupation in April 2019 and conservative estimates have been built into the MTF5.

4. GOVERNMENT FUNDING, BUSINESS RATES AND COUNCIL TAX

4.1 Revenue Support Grant (Government Grant funding)

By 2018/19 the Council will receive no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. The withdrawal of Government funding has happened two years earlier than expected.

4.2 Since 2013, the Council has seen a 40% reduction in Government funding. In 2013/14 the Council received £2.5 million in Revenue Support Grant and this will be reduced to zero by 2018-19 as shown.



4.3 The reductions in Revenue Support Grant (RSG), as shown in the four year funding settlement offer by the Government, are as follows:

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Revenue Support Grant (RSG) (2015/16 RSG was £1.406m):	£749,451	£245,393	Nil	Nil	Nil

4.4 **Rural Services Delivery Grant** - The Council will receive rural funding through a separate Rural Services Delivery Grant. This is something that was lobbied for through our work with SPARSE to reflect the fact that it costs more to deliver services in rural communities. The Council's grant allocations (from the four year settlement offer) are shown in Appendix B and are:

2016-17	£405,536
2017-18	£327,451
2018-19	£251,886
2019-20	£327,451

- 4.5 There is no information available on whether the Rural Services Delivery Grant will continue from 2020/21 when 100% Business Rates Retention (BRR) is introduced. It is potentially one of the grants that could be rolled into the 100% BRR Scheme. The financing of Local Government may look very different and an assumption has been made in the MTFS that funding of £100,000 will be available in 2020/21 and 2021/22 in some form.
- 4.6 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline.
- 4.7 In line with good financial management principles, a provision has been made in the Accounts for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals. The Council has withdrawn from the Devonwide Business Rates pool in 2015/2016, due to the risk of some significant business rates appeals.
- 4.8 In 2015/16 there has been a £26.7 million increase in the provision for appeals within the Collection Fund. This has resulted in a deficit in the Business Rates Collection Fund of £26 million. South Hams District Council's share of the deficit is 40% (£10.4 million).
- 4.9 The Council will need to pay additional sums into the Collection Fund in future years to bring the Fund back into balance. Monies have been set aside in the Business Rates Retention Earmarked Reserve (see Appendix G) to mitigate the impact of this in future years and to fund volatility in Business Rates income. The balance on this reserve is £9.9 million at 31 March 2016 which is mainly due to the Council accounting for a safety net payment of £9.9 million in 2015/16. Depending on when and at what value the appeals are settled, the Council will either receive future years' safety net payments or will be able to use resources from the £26.7 million.
- 4.10 The Council's Business Rates Gross amount payable has increased from £26.9 million in 2012/13 to £31.8 million in 2016/17. Therefore over the last 4 years, the District Council's business rates base has grown on average by 4.5% per annum. Of the Business Rates collected of £31.8 million, the Council is predicted to retain in funding only £1.765 million of this in 2016/17. So the District Council retains approximately 6 pence in every £1 to run our services.

- 4.11 The estimates of Business Rates income all assume that the Council will be in the safety net position for 2017/18 onwards, until the reset happens in 2020, due to the high level of business rates appeals. For example, in 2017-18, the business rates baseline funding level is £1.799 million. The safety net threshold is £1.664 million (this is 7.5% below the baseline). It is assumed in the MTFS that the Council will only receive funding of £1.664 million, due to the high level of appeals.

Self-sufficient local government: 100% Business Rates Retention

- 4.12 The Government is currently consulting on the implementation of 100% Business Rates Retention for local government. This will be implemented by the end of Parliament. The consultation paper asks questions about the principles underlying the system, with a detailed technical paper planned to be issued for consultation in Autumn 2016. The Council's response to the consultation document is also an item on the agenda for the September Executive meeting.
- 4.13 The consultation paper confirms that the move from 50% to 100% Business Rates Retention (BRR) will see new responsibilities given to local government, with certain central government grants being phased out (such as Revenue Support Grant). The Government has previously announced that the move to 100% BRR will be fiscally neutral.
- 4.14 **Business Rates Revaluation** - There will be a Business Rates Revaluation which will go live on 1 April 2017. A flyer from the Valuation Office was included with all business ratepayers bills in March 2016.
- 4.15 South Hams District Council's share of the council tax bill in 2016/17 was **9%**, being £150.42 out of an average Band D council tax bill of £1,660.73. The total income from council tax in 2016/17 is £5,566,140.

- 4.16 Income from **Council Tax** – The table below shows how an average Band D council bill is made up for South Hams for the last two years:

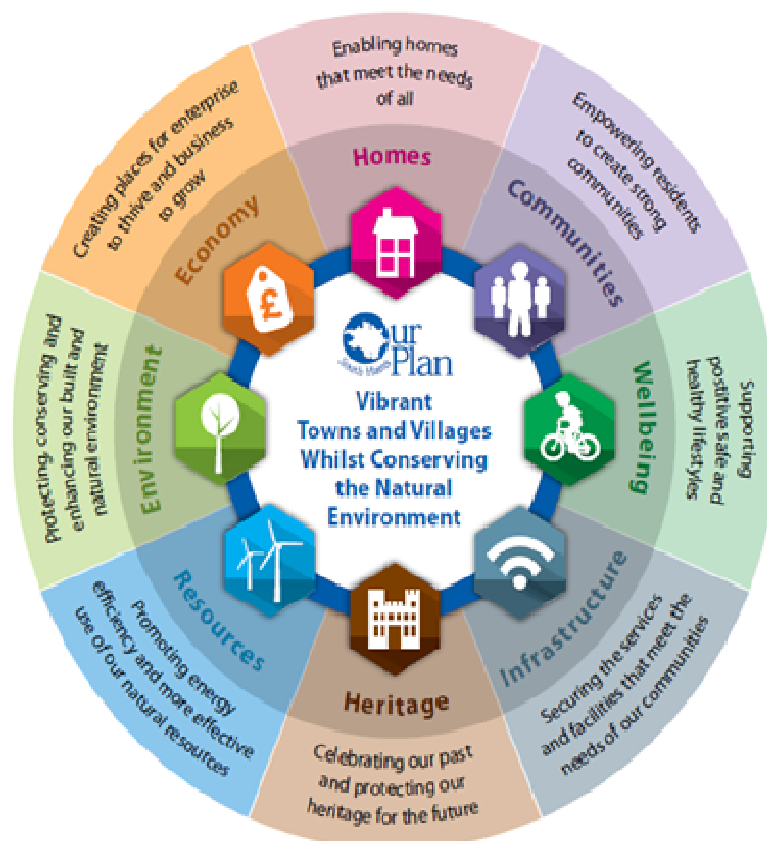
Precepting Authority	Band D 2015/16	Band D 2016/17	£ Increase	% Increase
South Hams District Council	£145.42	£150.42	£5.00	3.44%
Devon County Council Precept	£1,161.27	£1,184.39	£23.12	1.99%
Adult Social Care Precept *		£23.23	£23.23	2.00%
Devon & Cornwall Police & Crime Commissioner	£169.47	£172.84	£3.37	1.99%
Devon & Somerset Fire & Rescue	£78.42	£79.98	£1.56	1.99%
Average Parishes/Towns	£45.94	£49.87	£3.93	8.55%
TOTAL	£1,600.52	£1,660.73	£60.21	3.76%

£5 council tax referendum limit for District Councils for four years

- 4.17 The final Finance Settlement announced in February 2016 stated that the Council Tax referendum limit for all District Councils for the next four years (2016/17 to 2019/20) is the higher of 2% or more than £5. This means the Council would have the flexibility to increase its Band D council tax by £5 per year until 2019/20. (An increase of £5.01 triggers a council tax referendum).
- 4.18 District Councils lobbied for the ability to be able to increase council tax by up to £5. The Council made the point that given the dramatic cuts to funding in Revenue Support Grant and New Homes Bonus, Councils must be given the freedom to set the council tax locally based on local need and local understanding of the services and demands on those services. The Band D council tax level for 2016-17 was set by Council at £150.42.
- 4.19 **Collection Fund Surplus** – At the end of March 2016, the Council has a balance on its Collection Fund (council tax collection fund) of £2.120 million. A large part of this has been distributed in 16/17 but there is a predicted £1.18 million to distribute in 2017/18. This means that the District Council's share of this distribution is £140,000 which is funding available towards the 2017/18 Budget.

5 THE COUNCIL'S STRATEGIC PRIORITIES – OUR PLAN

- 5.1 The Council's 'Our Plan' describes the Council's vision and its aspirations for our communities. It does this by setting out what the Council wishes to deliver to our communities under eight themes. These themes are: Homes; Economy; Communities; Wellbeing; Infrastructure; Environment; Heritage; and Resources.
- 5.2 There is then a plethora of external policies and strategies which support the delivery of 'Our Plan' (e.g. Planning Policy Guidance, or Homelessness Strategy) helping the Council to deliver this vision. Underpinning these outward looking policies and strategies is a raft of internal policies and strategies to help us to deliver Our Plan (e.g. ICT policies, or agile working, or staff appraisals to help develop our workforce). The Council posts all of its strategies and policies, both internal and external, on its website.



- 5.3 The Council has a number of strategic documents and plans that guide its approach to achieving its vision and ensuring that it remains financially sustainable. The most impactful and important of these are: Our Plan; Joint Local Plan; Medium Term Financial Strategy (MTFS); and the Asset Management Plan.



6 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION FOR 2017/18 ONWARDS

- 6.1 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 6.2 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **These figures in Appendix A show the changes to the existing base budget.** A description of the larger budget pressures are set out below.
- 6.3 **Inflation and increases on goods and services** – There is a cost pressure of £310,000 in the MTFS for Inflation and increases on goods and services, the detail of which is shown in 3.3.
- 6.4 **Triennial Pension revaluation** – The Council's Pension Fund is valued every three years. A revaluation was due for March 2016. Any new employer's pension contribution rates will apply from April 2017. No detailed information is yet available on the results of the Triennial revaluation, although it is expected that there will be an increase in the contributions due to the continued increase in life expectancy and the economic conditions. An estimate of £150,000 has been built into the

MTFS, with further stepped increases of £25,000 in 18/19 and £25,000 in 19/20. The Council currently pays just under £1.4 million a year in employer's pension contribution rates.

- 6.5 **Salaries** – A 1% provision for a pay award has been included for 2017/18 which totals £90,000. This is explained in section 3.1.
- 6.6 **National Living wage and National Insurance** – The Summer Budget 2015 announced plans for a National Living wage for the over 25s of £7.65 per hour in 2017 increasing to £9.00 per hour by 2020. There will also be a small increase in national insurance contributions. A cost pressure of £50,000 has been included for these elements.
- 6.7 **Sherford project team** – The external funding for the Sherford project team is projected to cease at the end of this year. Therefore the salary costs of the team will need to be funded by the Council after this point. It is envisaged that this cost can be met from extra planning fee income. A cost pressure of £45,000 has been included for 2017/18 and the income target from planning fees has also been increased by £45,000.
- 6.8 **Housing Benefit administration subsidy and Council Tax Support Admin Grant** - The Council currently receives grant income of £245,000 in Housing Benefit administration subsidy and £89,000 in Council Tax Support Admin Grant. It is anticipated that these grants could reduce by £40,000 a year in total (between both grants) for the next few years and a cost pressure has been included for these amounts.
- 6.9 **Treasury management income** – A reduction of £25,000 in 2017/18 is anticipated as detailed in Section 3.4. The Council is investigating alternative investment vehicles in order to be able to reduce this cost pressure.
- 6.10 **Deferment of the Waste Rounds review to consider a four day working week** – A budget of £85,000 was included within the 2016/17 budget for this. This is not needed in 2017/18 and therefore this budget can be taken out in 2017/18.
- 6.11 **Waste services** - A one-off cost pressure for £30,000 was included within the 2016/17 Budget for a specialist temporary staffing resource for the Waste and Cleansing options review and delivery. This resource is not needed in 2017/18 and therefore this budget can be taken out in 2017/18.

EARMARKED RESERVES

- 6.12 As part of the compilation of the MTFs, a review has been carried out of the Council's Earmarked Reserves to assess the adequacy of the level of Earmarked Reserves. A schedule of Earmarked Reserves is shown in Appendix G.
- 6.13 **Vehicle Fleet Replacement programme** - The Council operates a seven year depreciation policy for all its vehicles and plant. The last seven year rolling programme has come to an end and officers are seeking approval for the next rolling programme for vehicle replacement. This report will be a separate item at a future Executive meeting following consideration by the Waste and Recycling Task and Finish Group. The Base Budget for 2016/17 contains a contribution to the Vehicle Replacement Reserve of £541,000. This reserve funds the replacement of vehicles and plant. Based upon the 'worst case scenario', some preliminary modelling has suggested that the contribution to this reserve may need to increase by £146,000 in 2017/18 to meet the vehicle requirement. This could then be reduced by £43,000 for 2018/19 onwards. Therefore, from 2018/19 onwards the contribution to the reserve may be £644,000 annually. The MTFs reflects this modelling.
- 6.14 **Land and Development Reserve** - There is a housing policy coming forward that will give the Council the option of buying plots back, if after 12 months of advertising, the self builds haven't happened. This would help the Council meet its affordable housing targets. It would however need funding and an estimate is £50,000 a year is anticipated to be required. A cost pressure for this amount has been included within the MTFs.
- 6.15 **IT Development Reserve** – It is recommended that the Council makes an annual contribution of £25,000 per year into this reserve to fund IT expenditure. An ICT Strategy will be reported to the Executive in October 2016 outlining areas of future spend.
- 6.16 **Sustainable Waste Management Reserve** – It is recommended that the Council makes an annual contribution of £25,000 into this reserve, to fund the replacement of wheeled bins. This reserve has been fully utilised and there is only a balance of £3,000 remaining. Therefore the reserve needs replenishing.
- 6.17 **Planning Policy and Major Developments Reserve** – An annual contribution to the Planning Reserve is recommended, in order to be able to make a provision for the cost of the Council defending planning appeals. The Planning Reserve is projected to have a balance of £67,000 at 31 March 2017 and the level of this reserve is recommended to be increased.

- 6.18 **Contribution to the Strategic Change Reserve (T18)** – The Business Case for the Transformation Programme (T18) approved by Council on 11 December 2014, outlined in Appendix C of the report that the contribution to the Strategic Change Reserve would need to increase from £219,000 in 2016/17 to £285,000 in 2017/18. This is an increase of £66,000 which is shown as a cost pressure in Appendix A for 2017-18. This cost is to meet pension strain costs. The £285,000 then reduces over the Years 2 to 4 to Nil. The reductions are £75,000 in Year 2, £150,000 in Year 3 and then £60,000 in Year 4.

SAVINGS AND INCOME GENERATION

- 6.19 **Income from fees and charges** - On 24 November 16, a report will be presented to the Overview and Scrutiny Panel, to consider the fees and charges for 2017/18. Therefore no figure for savings/additional income has yet been shown in the MTFS and this is shown as 'To be agreed'.
- 6.20 **Re-procurement of contracts** – The MTFS shows the savings in Appendix A from the re-procurement of outsourced contracts.
- 6.21 **Income from Commercial Developments** – Estate management rental income will increase by £95,000 due to the commercial developments at Batson, Salcombe, Burke Road, Totnes and Admiral Court, Dartmouth.
- 6.22 **Follaton House** – Additional rental income and reduced running costs of £20,000 per annum for the next two years have been included within the MTFS. This is in addition to £23,000 in 16/17 and £50,000 in 15/16 that was included as additional rental income in the Budget.
- 6.23 **Income from business rates domestic properties for trade waste collection** – This followed the implementation of charging business rated domestic properties for trade waste services. As stated in the Executive Budget report on 4 February 2016, a conservative estimate of £50,000 income target for trade waste was put into the 2016/17 budget process as additional income, with an extra £25,000 in 2017/18.
- 6.24 **Transformation Programme 2018 (T18)** – In 2014/15 the Council achieved £290,000 of T18 salary savings. In 2015/16 the salary savings achieved were £1.2 million. By 2016/17, the T18 salary savings realised will total £2.6 million. The £2.6 million is an annual salary saving from 16/17 onwards. In addition there are predicted to be £305,000 annual savings from the Delivery Unit and £280,000 savings from Accommodation.

6.25 On 30th June 2016, Council approved additional fixed term (12 – 18 months) temporary transitional staffing resources, of which the South Hams District Council share of the cost is £545,972. The temporary additional cost of £545,972 will add approximately 8.5 weeks to the payback period of the T18 Programme (the payback period was 2 years and 6 months).

7. OVERALL POSITION – BUDGET (SURPLUS)/GAP

7.1 Appendix B illustrates the overall financial forecast for the forthcoming five years. Although the Council's Net Budget is £8.75 million in 2016/17, the Gross Expenditure of the Council is around £43 million as shown in Appendix C.

7.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if the Council Tax is increased by £5 (shown in Appendix B).

7.3 The Council's Transformation Programme, coupled with savings from the re-procurement of contracts and other areas, has meant that in 2017/18 the Council has a projected Budget Surplus of just over £115,000. In 2018/19 there is a projected Budget Gap of £277,673 (this is after the budget surplus in 17/18 of £115,882 has been taken as an on-going saving in 2018/19). Over the five years, the cumulative projected budget gap is £283,647 as shown below.

7.4 The following table illustrates the predicted budget gap from 2017/18 onwards for the Council as shown in Appendix B:

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Annual budget gap	Nil	277,673	Nil	Nil	5,974
CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 21/22					£283,647
In the years 2017/18, 2019/20 and 2020/21, a budget surplus arises and the modelling assumes that these surpluses are used for one-off investment and are taken as a saving in the next financial year.					

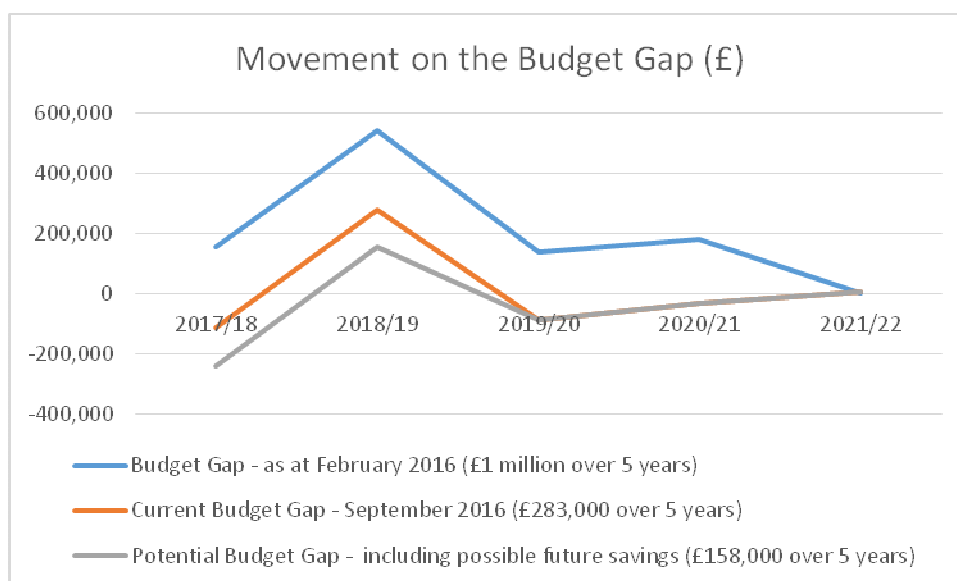
7.5 **Identification of further savings and income generation** – There are several areas where further work is being carried out by officers to identify further savings and income generation and to robustly challenge existing funding levels within the base budget:

- Fees and charges (see 6.19) – To be reported to the Overview and Scrutiny Panel on 24th November.

- Budget scouring – All of the existing base budgets will be challenged by the Senior Leadership Team in an exercise with the Extended Leadership Team (ELT), in order to identify further savings. The outcome of this process will be reported to the Overview and Scrutiny Panel meeting on 24th November also.
- Review of partnership funding levels - Significant partners will be invited to submit a business plan to the Overview & Scrutiny Panel setting out what they would spend the funding on, how it will benefit our residents, links to the Council's Strategic Priorities, what value for money it will provide and what success measures they would use, so that the Overview and Scrutiny Panel can make recommendations to Executive/Council on the funding arrangements.

7.6 There are areas which are shown as possible future savings (shown in grey on Appendix A) which are being progressed by the Business Development Group Manager and which were the subject of a report to the Overview and Scrutiny Committee on 17th March 2016. These total £125,000 as shown on Appendix A.

7.7 The graph below demonstrates how the Budget Gap has moved from the position in February 2016 where it totalled £1 million over the 5 years. The position shown in this MTFS is that the current Budget Gap is now £283,000 over the next 5 years, due to the level of savings being realised. If the areas currently being progressed by the Business Development Group Manager (in 7.6) are confirmed, this would further reduce the Budget Gap to £158,000 over the next 5 years.



8 NEW HOMES BONUS (NHB)

8.1 This grant was introduced in 2011/12 and provides incentives for local authorities and local communities to be supportive of housing growth. It is not ring fenced and can be spent on anything.

8.2 Members have approved the following use of the New Homes Bonus to date:

Year	2013/14 £	2014/15 £	2015/16 £	2016/17 £
NHB Grant received	1,026,018	1,365,325	1,693,533	2,079,908
Housing Capital Projects	460,000	460,000	464,000	464,000
Community Reinvestment Projects	153,900	153,900	153,900	153,900
To fund the Revenue Base Budget	100,000	564,043	959,126	500,000
To fund the one-off set up costs of the Local Authority Controlled Company (LACC)				150,000
Community Grants (CAB Outreach worker)	10,000	10,000	10,000	10,000
Dartmoor National Park		17,277	5,779	24,606
Transferred to the Capital Programme Reserve	302,118	160,105	100,728	
Transferred into an Innovation Fund (Invest to Earn) Earmarked Reserve (see 10.6)				777,402
TOTAL	1,026,018	1,365,325	1,693,533	2,079,908

8.3 New Homes Bonus allocations for future years are estimates and cannot be taken with any certainty as the whole NHB system is subject to change following a Government consultation exercise in March 2016.

8.4 The table below shows estimated amounts of NHB receivable in future years:-

	2017-18 (£)	2018-19 (£)	2019-20 (£)	2020-21 (£)	2021-22 (£)
Potential NHB amount	1,600,000	1,250,000	1,150,000	1,100,000	1,100,000
Potential uses of the NHB:-					
Housing Capital Projects	464,000	464,000	464,000	464,000	464,000
Community Reinvestment Projects	153,900	153,900	153,900	153,900	153,900
To fund the Revenue Base Budget	500,000	500,000	500,000	450,000	450,000
Community Grants (CAB Outreach worker)	10,000	10,000	10,000	10,000	10,000
Dartmoor National Park allocation	TBA	TBA	TBA	TBA	TBA
Funding remaining	472,100	122,100	22,100	22,100	22,100

8.5 The figures above in 8.4 are based on the NHB consultation proposals to reduce the number of years from 6 years to 4 years (with 5 years funding for 2017/18 as a transitional year).

8.6 The modelling in 8.4 assumes a contribution from NHB of £500,000 per annum towards the revenue base budget, with this decreasing to £450,000 from 2020/21 onwards.

8.7 Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members consider this on an annual basis as part of the Budget process.

8.8 One consideration for Members would be whether to allocate the funding remaining of £472K to the Innovation Fund (Invest to Earn) Earmarked Reserve (see 10.6).

9. CAPITAL PROGRAMME 2017/18 to 2019/20

- 9.1 The Capital Programme for 2016/17 was approved by Council in February 2016. The Capital Programme report contained preliminary estimates for the Capital Programme for 2017/18 and 2018/19 which totalled £1,616,000 and £1,430,000 respectively. These capital bids are being reviewed for 17/18 and 18/19 and a Capital Programme budget proposals report for the three years 2017/18 to 2019/20 will be presented to the Executive in December 2016.
- 9.2 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.
- 9.3 As part of the budget proposals, it is necessary to review the level and phasing of schemes within the Capital Programme. It is important that the programme is matched with available resources and the impact on reserves and the revenue budget is fully assessed. This will form part of the December report.
- 9.4 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.
- 9.5 In July 2016 (Minute 33/16), the Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract, with a further £1.5 million of prudential borrowing for a loan facility being subject to a business case.

10. EARMARKED AND UNEARMARKED RESERVES

- 10.1 The Council's Net Budget is £8.75 million in 2016/17. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £1.5 million. The summary below shows the position at 31 March 2016:

The Use of Unearmarked Revenue Reserves	2014/15 £'000
Balance B/fwd 1.4.2015	1,741
Revenue Outturn Underspend for 2015-16	69
Unearmarked revenue reserves at 31.3.2016	1,810
Earmarked revenue reserves at 31.3.2016 (see Appendix G)	15,197

The Unearmarked General Fund Revenue Reserve balance at 31st March 2016 was £1,810,000 and the Earmarked Reserves balance was £15,197,000. This gave total Revenue Reserves of £17,007,000.

The predicted earmarked and unearmarked reserves for 2016/17 are shown below:-

	£'000
Unearmarked Reserves balance as at 31 st March 2016	1,810
Earmarked Reserves	15,197
Predicted movement in Earmarked Reserves (Appendix G)	82
Total Predicted Reserves as at 31st March 2017	17,089
(Unearmarked Reserves of £1,810,000 and Earmarked Reserves of £15,279,000 as shown in Appendix C)	

- 10.2 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £1.5 million the following have been taken into account:
- The size of the authority
 - The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
 - The risks faced by the Council with regard to funding unforeseen events
 - Uncertainty over future Government funding
 - Uncertainty over future New Homes Bonus allocations
- 10.3 The Unearmarked Reserves (General Fund) balance of £1.8 million stands above the minimum balance of £1.5 million and acts as a safeguard against unforeseen financial pressures.
- 10.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance). Sections 6.12 to 6.18 of the report set out where the adequacy of the level of Reserves has been assessed and where recommendations have been made to increase the annual contribution to Earmarked Reserves.
- 10.5 A schedule of predicted Earmarked Reserves for 16/17 is shown in Appendix G. Earmarked Reserves are predicted to be £15,279,000 at the end of March 2017.

- 10.6 The tables below show the movements on the two Earmarked Reserves that were set up as part of the Budget approved for 2016/17.

2016/17 Budget Surplus Contingency Earmarked Reserve (£)	
Opening Balance – This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve.	767,995
Less known Commitments against this Reserve:	
Council 30 June 2016 – To fund the T18 Transitional Resources	(278,972)
Council 28 July 2016 – To fund the LACC set up costs	(126,750)
Balance left uncommitted	362,273

Innovation Fund (Invest to Earn) Earmarked Reserve (£)	
Opening Balance - Council on 11 Feb 2016 agreed to transfer the unallocated New Homes Bonus of £777,402 into an Innovation Fund (see 8.2)	777,402
Less known Commitments against this Reserve:	
Purchase of Ropewalk (including stamp duty) to aid Kingsbridge K2 development (Council 7 th April 2016)	(472,500)
Admiral Court, Dartmouth, Phase 4 (Executive 16 June 16)	(250,000)
Year 1 funding of Development Surveyor (Overview and Scrutiny Panel 7 th April 2016)	(26,400)
Balance left uncommitted	28,502

- 10.7 **Sensitivity analysis and risk analysis** – The figures within the Medium Term Financial Strategy have been subject to a sensitivity analysis of the figures and a risk analysis. A copy is attached at Appendix F.

11 OTHER BUDGET ITEMS

- 11.1 **Members' Budget Workshop** – On 30th September 2015 a Members' Budget Workshop was held. This was to give all Members the opportunity to influence and shape the budget setting process.
- 11.2 At this workshop, there was early support for increasing council tax by the maximum allowable percentage. At this event it was recognised that this measure would increase the base budget for ensuing years and protect the delivery of services and the Council's financial resilience. (At the time the workshop was held in September 2015, the maximum council tax increase allowable was 1.99%). The Final Finance Settlement announced in February 2016 increased the maximum council tax increase allowable to £5.
- 11.3 A Members' Budget Workshop will be held this year on Wednesday 21st September in order to carry out a full review of the MTFs and to look at the eight themes within Our Plan.
- 11.4 **Council Tax Reduction Scheme** – Following Council Tax Benefit being abolished, Council annually approves a local Council Tax Reduction Scheme which was introduced in 2013. This scheme is a discount scheme rather than a state welfare benefit and means that working age claimants will pay at least 20% of their Council Tax. The scheme for 2017/18 was considered by the Executive on 16 June 2016 (Minute E. 7/16) and the consultation ended on 4th September. There is a vulnerability/hardship fund to help those claimants experiencing financial difficulties.
- 11.5 In the December 2013 Statement, the Minister reminded local authorities that within the funding for Council Tax Support Schemes there is an element to specifically reflect reductions in the parish tax base resulting from the introduction of Localised Support for Council Tax (following Council Tax Benefit being abolished from 1 April 2014). The Minister confirmed that the funding is not separately identified because it is not ring-fenced. There is recognition that as caseloads change and schemes evolve, the amount that different parishes need will also change. There is also an expectation by the Government that billing authorities will continue to pass on support to town and parish councils to help mitigate any reduction in their tax base due to the local Council Tax support scheme.
- 11.6 It is therefore considered appropriate that the Council Tax Support Grant to Town and Parish Councils should reduce in line with the reduction that the District Council is experiencing with its Settlement Funding Assessment (SFA). The Council approved a grant distribution of £101,658 for 2016-17. It is estimated that the Council's funding (Revenue Support Grant, Business Rates, Rural Services Delivery Grant and Transition Grant) will decrease by 29.6% in the next three years of the funding settlement (see Appendix B). The average of this is 9.85% each year over the next three years.

- 11.7 Many Towns and Parishes would like more certainty of their grant allocations for planning purposes and therefore it is proposed to consult with Towns and Parishes on a three year funding reduction of 9.85% each year for the next three financial years (2017/18 to 2019/20). This is an overall reduction of £10,014 for 2017-18. Appendix E illustrates the effect for each Town and Parish. This would mean the grant distribution of £101,658 for 2016-17 would reduce to £74,473 by 2019-20.

Devolution

- 11.8 The Council plays an active part in the Heart of the South West LEP's devolution project. In September 2015 the Heart of the South West (HotSW) submitted its devolution Statement of Intent to Government. The partners are 17 local authorities, two National Parks, the Local Enterprise Partnership and the three Clinical Commissioning Groups.
- 11.9 In July 2016 (Minute 34/16) Council agreed to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area. It was noted that giving endorsement did not commit the Council to entering into a Devolution Deal or becoming a member of the Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

Local Authority Controlled Company (LACC)

- 11.10 On 28 July 2016 (Minute 32/16), Council considered a report on the findings of a business case that had been prepared by PriceWaterhouseCoopers (PWC) at the request of Members, on the merits of establishing a Local Authority Controlled Company (LACC). The company would be wholly owned by South Hams and West Devon Councils, to deliver the full range of District Council services. In doing so, it is anticipated that this would create an opportunity to sell these services to other organisations to generate income.
- 11.11 It was agreed that the Council proceed with the work which enables a more considered decision to be made with regard to the implementation of a LACC, subject to there being a satisfactory outcome to the outstanding pension, tax and governance questions. It was also agreed that a Joint Steering Group (JSG) with West Devon be established to deal with matters concerning the implementation of the LACC.

UK vote to leave the European Union

11.12 The full implications of the decision on 23 June 2016 by the UK to negotiate an exit from the European Union (EU) will become apparent over time. There may be changes in Government policy and any significant changes in the economy may have an impact on local government financing. The MTF5 contains the latest high level forecasts in the public domain for budgeting purposes (those announced in the Local Government Finance Settlement in February 2016) and the Council will continue to monitor any impact on public sector funding and the Council's treasury management activity closely.

Income generation opportunities and the Council's asset management strategy

11.13 In this financial climate, income generation becomes a key priority area. Efficient and effective management of the Council's commercial property portfolio is inextricably linked to the Council's response to expected reduction in funding support and increasing the revenue from commercial property will help to bridge future funding gaps.

11.14 The commercial property portfolio is run as a commercial enterprise so as to generate a revenue stream for the Council. It is the aim of the Council to continue to run the commercial estate and over time, to increase its size, by developing out sites in its ownership, as well as through the purchase of new land where required. The development programme will form part of the capital programme, which is predicated on robust and compelling business cases. Whenever financially viable, the Council will consider and deploy renewable energy / environmentally friendly solutions and technologies.

11.15 In summary, the Council's asset management strategy is to:

- Pro-active dispose of non-strategic land to reduce operational expenditure
- Use funds realised from asset disposals for future development
- Bring forward strategic sites for development or disposal as appropriate (investment will be required)
- Actively grow Commercial Asset Portfolio - Focus on Housing (Affordable, Rental, Market) & Employment Units

11.16 Other income generation initiatives will be pursued in tandem with extending the commercial property portfolio; linked to driving more value from Council assets and resources. This could be from providing customers with added value services.

12 Timetable for the Budget Setting Process

12.1 Appendix D sets out the timetable for the Budget Setting Process.

13 Looking Forward to the Future

13.1 Overall, the Council's finances remain strong. In order to maintain this position, the Council operates continuous monitoring of both income and expenditure. This ensures that services are delivered within approved budgets and that all three elements of value for money (economy, efficiency and effectiveness) are achieved for our residents.

14. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Executive is responsible for recommending to Council the budgetary framework. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of this MTFs is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>
Financial	Y	The financial implications are set out in Sections 1.7 to 1.8 of the Executive Summary.
Risk	Y	The financial risks are as set out in the report and in Appendix F.
Comprehensive Impact Assessment Implications		
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 – Budget pressures and savings

Appendix B – Modelling of council tax increasing by £5

Appendix C – Summary of Budget by Service Area

Appendix D – Budget Timetable for 2017/18 onwards

Appendix E – Council Tax Support Grant for Towns and Parishes – Indicative figures 2017/18 to 2019/20

Appendix F – Sensitivity analysis and risk analysis

Appendix G – Schedule of Reserves

Appendix H – LGA Top Tips on Efficiency Plans

Approval and clearance of report

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

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MEDIUM TERM FINANCIAL STRATEGY
(This shows the changes to the existing Base Budget)

APPENDIX A

	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
BUDGET PRESSURES					
Inflation and increases on goods and services (see 6.3 and 3.3)	310,000	270,000	270,000	270,000	270,000
Triennial Pension revaluation (see 6.4)	150,000	25,000	25,000		
Salaries - provision for pay award at 1% (see 6.5)	90,000	90,000	90,000	90,000	90,000
National Living Wage and National Insurance (see 6.6)	50,000	50,000	50,000	25,000	25,000
Sherford project team (see 6.7)	45,000				
Reduction in Housing Benefit administration subsidy and Council Tax Support Admin Grant (see 6.8)	40,000	40,000	40,000		
Reduction in treasury management income (see 6.9)	25,000	10,000	10,000		
Deferment of Waste Rounds review (see 6.10)	(85,000)				
Specialist resource - Waste and Cleansing options review and delivery (see 6.11) - one-off	(30,000)				
TOTAL BUDGET PRESSURES	595,000	485,000	485,000	385,000	385,000

Changes to contributions to Earmarked Reserves

Vehicle Fleet Replacement Reserve (see 6.13)	146,000	(43,000)			
Contribution to Land and Development Reserve (see 6.14)	50,000				
Contribution to IT Development Reserve (see 6.15)	25,000				
Contribution to Sustainable Waste Management Reserve (see 6.16)	25,000				
Contribution to Planning Policy and Major Developments Reserve (see 6.17)	25,000	25,000	25,000		
Transformation Project (T18) - Approved at 11 December 2014 Council <i>Contribution to Strategic Change Reserve to meet pension strain costs (see 6.18)</i>	66,000	(75,000)	(150,000)	(60,000)	
Total changes in contributions to Earmarked Reserves	337,000	(93,000)	(125,000)	(60,000)	0

SAVINGS AND INCOME GENERATION IDENTIFIED

	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
Income from fees and charges (see 6.19)	TBA				
Savings from re-procurement of contracts (see 6.20)	(695,000)	0	(73,000)	(146,000)	(31,000)
Income from commercial developments (see 6.21)	0	(95,000)			
Planning Income fees (meeting cost of Sherford team) (see 6.7)	(45,000)				
Reduced running costs at Follaton and additional rental income (see 6.22)	(20,000)	(20,000)			
Income from business rated domestic properties for trade waste collection (see 6.23)	(25,000)				
TOTAL SAVINGS AND INCOME GENERATION	(785,000)	(115,000)	(73,000)	(146,000)	(31,000)

MEMORANDUM

	Yr1 2017/18	Yr2 2018/19	Yr3 2019/20	Yr4 2020/21	Yr5 2021/22
	£	£	£	£	£
POSSIBLE FUTURE SAVINGS (see 7.6)					
Beach and Water Safety Changes	(25,000)				
Dartmouth Lower Ferry	(100,000)				

Note: These savings have not yet been built into the Budget for 2017/18 but are shown for illustration purposes as to possible future savings. These areas are currently being worked upon by officers but are not yet confirmed.

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Line No.	Appendix B - Council Tax is increased by £5 each year Modelling for the financial years 2017/18 onwards	BASE 2016/17 £	Yr1 2017/18 £	Yr2 2018/19 £	Yr3 2019/20 £	Yr4 2020/21 £	Yr5 2021/22 £
1	Base budget brought forward	8,839,401	8,751,722	8,246,609	8,130,054	8,505,578	8,678,892
2	Budget pressures (as per Appendix A)	1,690,000	595,000	485,000	485,000	385,000	385,000
3	Savings already identified (as per Appendix A)	(1,283,800)	(785,000)	(115,000)	(73,000)	(146,000)	(31,000)
4	Reverse T18 contributions to reserves	(1,950,000)					
5	Reduce New Homes Bonus contribution from £969,126 to £500,000 for years 2016/17 to 2019/20 - further reduce to £450,000 in 2020/21	469,126				50,000	
6	Changes in contributions to Earmarked Reserves (App A)	219,000	337,000	(93,000)	(125,000)	(60,000)	0
7	Contribution to Contingency Reserve (16/17 Budget Surplus)	767,995					
8	Reversal of budget surplus in the following year (assumes budget surpluses are only used to fund one-off investment in the year that they occur and that they do not permanently increase the base budget). Surpluses are used in the next financial year as a saving.		(767,995)	(115,882)		(88,524)	(32,838)
9	Projected Net Expenditure:	8,751,722	8,130,727	8,407,727	8,417,054	8,646,054	9,000,054
	Funded By:-						
10	Council Tax income - Modelling a £5 increase each year	5,566,140	5,813,328	6,064,516	6,319,704	6,578,892	6,842,080
11	Collection Fund Surplus	210,000	140,000	100,000	90,000	90,000	90,000
12	Revenue Support Grant	749,451	245,393	0	0	0	0
13	Localised Business Rates	1,764,500	1,664,547	1,713,652	1,768,423	1,910,000	1,962,000
14	Rural Services Delivery Grant (see 4.4 and 4.5)	405,536	327,451	251,886	327,451	100,000	100,000
15	Transition Grant	56,095	55,890	0	0	0	0
16	Total Projected Funding Sources	8,751,722	8,246,609	8,130,054	8,505,578	8,678,892	8,994,080
17	Budget (surplus)/ gap per year (Projected Expenditure line 9 - Projected Funding line 16)	0	-115,882	277,673	-88,524	-32,838	5,974
			Budget Surplus	Budget Gap	Budget Surplus	Budget Surplus	Budget Gap

Less: Contribution of Budget Surplus to an Earmarked Reserve for one-off investment. (This means a total of £237,244 is available for one-off investment for the five year period)		115,882	0	88,524	32,838	0
Resulting Budget Gap		0	277,673	0	0	5,974
Actual Predicted Cumulative Budget Gap (Assumes any Budget Surpluses are used for one-off investment in the year they occur and that budget surpluses are used in the following year as a saving - shown in Line 8)		0	277,673	277,673	277,673	283,647
Possible Cumulative Budget Gap (including possible future savings which are not yet confirmed, as shown in grey on Appendix A and in section 7.6)		0	152,673	152,673	152,673	158,647

Modelling Assumptions:	An assumption of an additional 400 Band D equivalent properties per year has been included in the TaxBase and modelling above for 2017/18 onwards					
Council Tax (Band D) (Modelling a £5 a year increase)	150.42	155.42	160.42	165.42	170.42	175.42
Council TaxBase	37,003.99	37,403.99	37,803.99	38,203.99	38,603.99	39,003.99

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APPENDIX C

Summary 2016/17 Budget By Service Area (all figures are £'s)

Group	Sum of Base Budget 16/17
Business Development	176,000
Commercial Services	2,574,000
Customer First	2,158,900
Strategy & Commissioning	1,882,758
Support Services	2,899,769
Grand Total	9,691,427

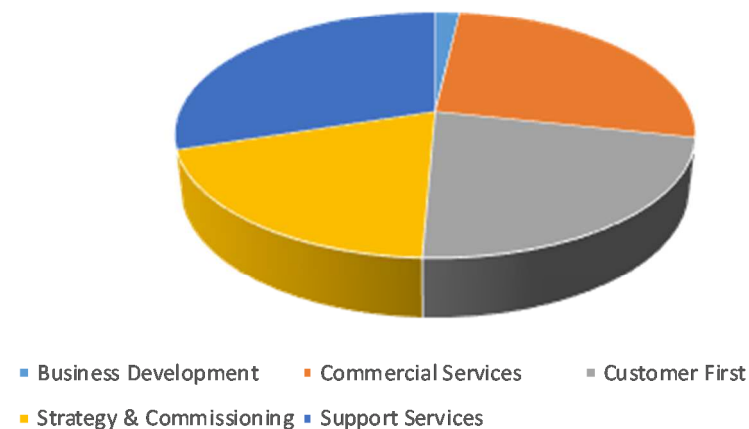
Adjustments between accounting basis & funding basis under regulations

Reversal of Depreciation	(1,933,000)
Reversal of pension costs (IAS 19)	(500,000)
Contributions To/From Reserves	1,493,295

Total Net Budget 2016/17	8,751,722
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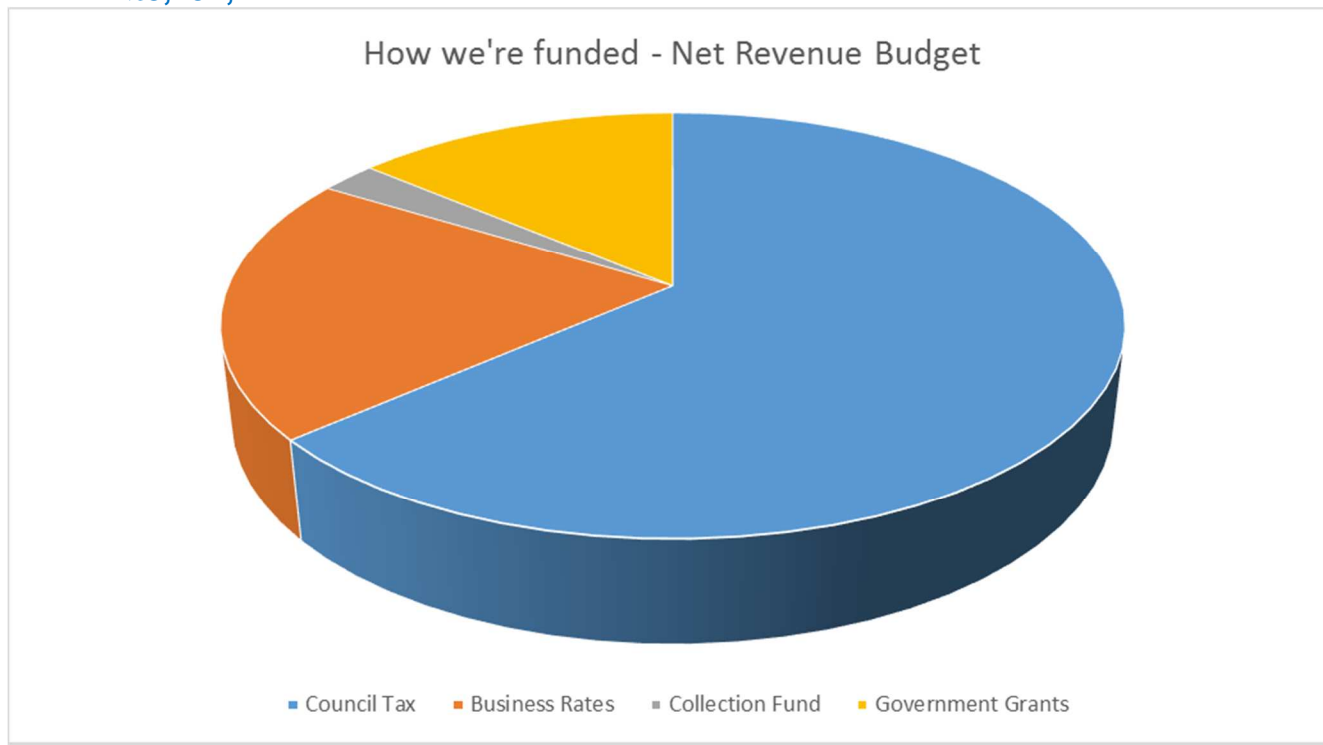
Gross Revenue Budget	43,098,040
Net Revenue Budget	8,751,722

Expenditure by Group



Net Revenue Budget (2016/17) - How we're funded;

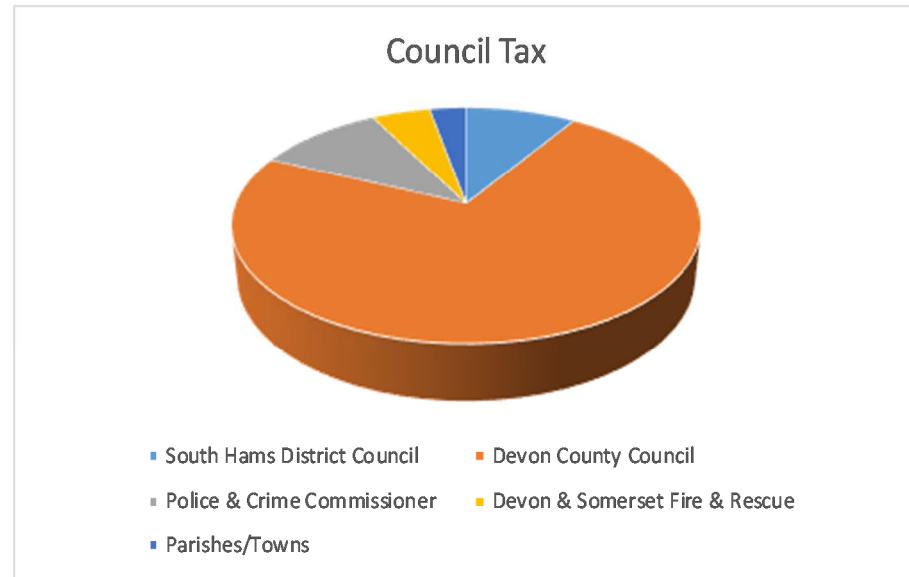
Council Tax	£5,566,140
Business Rates	£1,764,500
Collection Fund	£210,000
Revenue Support Grant	£749,451
Transition Grant	£56,095
Rural Services Grant	£405,536
Total	£8,751,722



Council Tax

Average Band D Council Tax

	£	%
South Hams District Council	(150.42)	9%
Devon County Council	(1,207.62)	73%
Police & Crime Commissioner	(172.84)	10%
Devon & Somerset Fire & Rescue	(79.98)	5%
Parishes/Towns	(49.87)	3%
Total	(1,661)	100%



Total South Hams Council Tax Receipts (5,566,140)

Average Band D Cost per week (2.89)

Staff

Total Salary Bill (including on-costs such as national insurance and pensions) = £9.735 million

Number of Full Time Equivalent (FTE) Staff = 330 FTE

APPENDIX D

South Hams District Council - Budget Timetable for 2017/18 onwards

Date	Committee
4 th August 16	Overview and Scrutiny Panel – To consider the process and timetable for the annual review of the Medium Term Financial Strategy (MTFS)
15 th September 16	Executive – To consider the draft MTFS
21 st September 16	Members’ Budget Workshop – To carry out a full review of the MTFS
24 November 16	Overview and Scrutiny Panel – To consider Fees and Charges for 2017/18 and the outcome of the Budget Scouring exercise and the Members’ Budget Workshop
1 December 2016	Executive – Draft Budget Proposals for 2017/18
19 January 2017	Overview & Scrutiny Panel – To comment on the Draft Budget Proposals for 2017/18
2 February 17	Executive – To recommend Final Budget Proposals to Council for 2017/18
6 February 17	Date which Council Procedure Rule 16 applies
9 February 17	Full Council – To approve Final Budget Proposals for 2017/18 and set the SHDC share of the Council Tax
23 February 17	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2017/18 (This is SHDC share plus all other precepting authorities share).

Note 1- Council Procedure Rule 16 states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Monday 6th February.

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Council Tax Support Grant For Towns & Parishes - Indicative figures 2017/18 - 2019/20

<u>Parish/Town</u>	Council Tax Support Grant allocation for 2016/17	Illustrative Grant Reduction of 9.85%	Indicative Council Tax Support Grant allocation for 2017/18	Illustrative Grant Reduction of 9.85%	Indicative Council Tax Support Grant allocation for 2018/19	Illustrative Grant Reduction of 9.85%	Indicative Council Tax Support Grant allocation for 2019/20
	£	£	£	£	£	£	£
1 Ashprington	129	13	116	11	105	10	95
2 Aveton Gifford	784	77	707	70	637	63	574
3 Berry Pomeroy	587	58	529	52	477	47	430
4 Bickleigh	3,005	296	2,709	267	2,442	241	2,201
5 Bigbury	219	22	197	19	178	18	160
6 Blackawton	594	59	535	53	482	47	435
7 Brixton	954	94	860	85	775	76	699
8 Buckfastleigh West	96	9	87	9	78	8	70
9 Buckland-Tout-Saints	55	5	50	5	45	4	41
10 Charleton	197	19	178	18	160	16	144
11 Chivelstone	109	11	98	10	88	9	79
12 Churchstow	163	16	147	14	133	13	120
13 Cornwood	864	85	779	77	702	69	633
14 Cornworthy	82	8	74	7	67	7	60
15 Dartington	1,308	129	1,179	116	1,063	105	958
16 Dartmouth	9,298	916	8,382	826	7,556	744	6,812
17 Dean Prior	149	15	134	13	121	12	109
18 Diptford	126	12	114	11	103	10	93
19 Dittisham	223	22	201	20	181	18	163
20 East Allington	628	62	566	56	510	50	460
21 East Portlemouth	179	18	161	16	145	14	131
22 Ermington	524	52	472	46	426	42	384
23 Frogmore & Sherford	429	42	387	38	349	34	315
24 Halwell & Moreleigh	208	20	188	19	169	17	152
25 Harberton	559	55	504	50	454	45	409
26 Harford	22	2	20	2	18	2	16
27 Holbeton	214	21	193	19	174	17	157
28 Holne	174	17	157	15	142	14	128
29 Ivybridge	22,181	2,185	19,996	1,970	18,026	1,776	16,250
30 Kingsbridge	9,379	924	8,455	833	7,622	751	6,871
31 Kingston	224	22	202	20	182	18	164
32 Kingswear	869	86	783	77	706	70	636
33 Littlehempston	111	11	100	10	90	9	81
34 Loddiswell	1,085	107	978	96	882	87	795
35 Marlborough	835	82	753	74	679	67	612
36 Marldon	758	75	683	67	616	61	555
37 Modbury	1,402	138	1,264	125	1,139	112	1,027
38 Newton & Noss	1,246	123	1,123	111	1,012	100	912
39 North Huish	44	4	40	4	36	4	32
40 Rattery	241	24	217	21	196	19	177
41 Ringmore	81	8	73	7	66	7	59
42 Salcombe	1,843	182	1,661	164	1,497	147	1,350
43 Shaugh Prior	622	61	561	55	506	50	456
44 Slapton	240	24	216	21	195	19	176
45 South Brent	3,373	332	3,041	300	2,741	270	2,471
46 South Huish	74	7	67	7	60	6	54
47 South Milton	183	18	165	16	149	15	134
48 South Pool	82	8	74	7	67	7	60
49 Sparkwell	750	74	676	67	609	60	549
50 Staverton	521	51	470	46	424	42	382
51 Stoke Fleming	673	66	607	60	547	54	493
52 Stoke Gabriel	700	69	631	62	569	56	513
53 Stokenham	1,257	124	1,133	112	1,021	101	920
54 Strete	377	37	340	33	307	30	277
55 Thurlestone	413	41	372	37	335	33	302
56 Totnes	27,353	2,694	24,659	2,429	22,230	2,190	20,040
57 Ugborough	678	67	611	60	551	54	497
58 Wembury	505	50	455	45	410	40	370
59 West Alvington	237	23	214	21	193	19	174
60 Woodleigh	10	1	9	1	8	1	7
61 Yealmpton	1,432	141	1,291	127	1,164	115	1,049
	101,658	10,014	91,644	9,029	82,615	8,142	74,473

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Sensitivity analysis and risk analysis of the Medium Term Financial Strategy (MTFS)

1. The budget assumes approximately £7.5 million of income from fees and charges, recycling and investments. Whilst this assumption is realistic, given the position of the economy there is a risk that income could fall or be less than anticipated. A 5% reduction in income would result in a loss of £375,000.
2. The MTFS relies on proposed savings over the next 5 years of £1.2 million. A 5% reduction in the savings would equate to £60,000.
3. The MTFS assumes budget pressures over the next 5 years of £2.3 million. A 5% increase in the budget pressures would equate to £115,000.
4. Council Tax Income and New Homes Bonus have been modelled based on an extra 400 Band D Equivalent properties per annum increase. Each extra property attracts just under £1,200 in NHB. If this figure were to actually be say 350 properties (i.e. 50 properties less), this would mean that Council Tax Income would be £7,800 less and New Homes Bonus income would be £60,000 less.
5. Council Tax has been assumed in the MTFS to increase by £5 per annum to £155.42 in 2017/18. The additional council tax income this would generate is £187,000. If council tax for 2017/18 were to remain at £150.42, the income from council tax would be overstated by this amount in the MTFS.
6. If Council Tax income collection fell by 1% (collection in 15/16 was 98.17%), this would mean a reduction of council tax income of £56,000. Similarly if Business Rates income collection fell by 1% (collection in 15/16 was 98.18%), this would mean a reduction in business rates income of £18,000.
7. Income from investments has been assumed to increase in line with the expected interest rate forecasts in Section 3.4 i.e. 0.5% in 2017/18 and rising to 0.75% by 2020/21. A 0.25% variation in interest rates on investment income equates to £50,000.
8. An allowance of 2% for inflation is included in the budget. Inflation costs are being managed through cost effective procurement.

9. The capital programme is funded by receipts, grants, and contributions. Realistic assumptions about these have been made for the future.
10. Known liabilities have been provided for and there are no significant outstanding claims.

Summary & conclusion

Sensitivity analysis and risks are identified above with a potential total adverse revenue effect for 2017/18 of £928,800. However, revenue reserves are recommended to be maintained at a minimum of £1.5 million. I therefore confirm the robustness of the Medium Term Financial Strategy and the adequacy of the reserves.

Mrs Lisa Buckle, Finance Community of Practice Lead (S151 Officer)

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					APPENDIX G
			Opening balance	Projected Balance	
		2016/17 Contribution £000	1 April 2016 £000	31 March 17 £000	Comments
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
S0820	Capital Programme	182	1,089	542	Includes a commitment of £441k for In cab technology
S0821	Revenue Grants		368	368	Comprises grants with no repayment conditions - created as a result of International Financial Reporting Standards (IFRS)
S0822	Affordable Housing		540	71	Due to Capital Programme commitments
S0823	Renovation Grant Reserve		7	7	Comprises proceeds from repayments
S0804	New Homes Bonus		480	0	
S0824	Business Rates Retention		9,916	11,716	The opening balance includes a safety net payment of £9.9 million for 15/16. The projection for 16/17 is based on the Council being eligible for a safety net payment of £1.8m for business rates in 16/17 due to the level of appeals outstanding.
S0826	Community Parks and Open Spaces	17	98	115	
S0710	Pension Fund Strain	99	0	0	
S0827	Repairs & Maintenance	55	420	440	
S0828	Marine Infrastructure	46	47	93	The annual contribution is made by Salcombe Harbour
S0829	Land and Development		226	185	Includes a commitment of £76k for K2 - Kingsbridge Master Plan E.6/16 refers and a commitment of £100K for Admiral Court Dartmouth (Exec 16 June 16)
S0830	Ferry Repairs & Renewals	87	313	400	
S0851	Homelessness Prevention Reserve		25	0	
S0831	Economic Initiatives		98	77	N.B. £66k earmarked for RDP Local Action 2016/17 to 2020/21. E21/14 refers
S0832	Vehicles & Plant Renewals	541	318	0	Due to programmed vehicle replacements in 2016/17 - There is also a commitment of £300,000 for Vehicles from 2015/16.
S0833	Pay & Display Equipment Renewals	21	61	81	
S0834	On-Street Parking		44	44	
S0847	T18 Investment Reserve		70	0	To fund T18 one-off investment costs.
S0849	Strategic Change Reserve (T18)	219	0	0	A new reserve set up to fund T18 redundancy and pension costs.
S0835	Print Room Equipment		8	8	
S0836	ICT Development		195	130	
S0837	Sustainable Waste Management		3	0	
S0838	District Elections	10	48	58	
S0839	Beach Safety		14	14	
S0840	Planning Policy & Major Developments		331	67	Includes commitments for Planning Enforcement staffing in 2016/17 (£111K) Cncl 65/15 refers and Our Plan (£75k) Executive 10/12/15
S0841	Building Control		395	184	
S0842	Section 106 Deposits		38	38	Comprises deposits with no repayment conditions - created as a result of IFRS
S0846	Members Sustainable Community Locality		45	0	
S0848	16/17 Budget Surplus Contingency Reserve	768	0	362	Includes commitments for T18 Transitional Resources (£279k) Council 25/16 refers and LACC set up costs (£127k) Council 28/7/16
S0850	Innovation Fund (Invest to Earn) Reserve	777	0	279	Purchase of Ropewalk (Council 7th April 16) and Admiral Court, Dartmouth (Exec 16 June 16)
Sub Total		2,822	15,197	15,279	
GENERAL RESERVES					
S0950	General Fund Balance (Unearmarked Reserves)		1,810	1,810	
TOTAL REVENUE RESERVES			17,007	17,089	

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APPENDIX H

LGA - TOP TIPS FROM THE LOCAL GOVERNMENT SECTOR ON PREPARING AND SUBMITTING AN EFFICIENCY PLAN

This is the first in what we hope will be a series of 'Top Tips' notes published by CIPFA and the LGA to share good practice in financial management, prepared by the local government sector, for the sector.

These top tips were put together as a result of a workshop held at CIPFA Offices, Mansell Street, London on 8th June, 2016 attended by 30 local government delegates.

This is not guidance, but a synopsis of opinion from those present which we hope will be useful to councils in deciding what to submit.

We were supported on the day by DCLG which should ensure that these 'top tips' are not at odds with what Ministers are currently thinking, but DCLG has not approved these top tips and Ministers will not be bound by them, although we hope they will take them into account.

Similarly we know that not all authorities favour or support the Government's multi-year settlement offer. Some think it is too little, too late. These top tips are not a call from CIPFA and the LGA to take up the government offer - that is entirely a matter for local determination.

Background:

Local authorities have taken the biggest hit in terms of central government cuts since 2010. The scale of reduction, along with a degree of volatility around the phasing/ timing of these cuts to different authority types, can make it very difficult for authorities to plan their spending priorities strategically. For some there may even be a risk of balancing their budget¹ at all over the upcoming spending review period. The need for effective medium term planning has never been stronger.

¹ Read CIPFA Insight 'balancing local authority budgets <http://www.cipfa.org/cipfa-thinks/insight>

Efficiency Plans (4 year settlement guarantee):

The government's response to these concerns from the sector has been an offer a guaranteed minimum grant envelope, paid to councils for a 4-year period from April 2016 covering Revenue Support Grant, transitional funding and Rural Services Delivery Grant. This, the Secretary of State said, should increase local authority certainty and confidence and would be a key step towards supporting councils to strengthen financial management and work collaboratively with local partners when considering the way local services are provided in future.

Councils should read these 'Top Tips' alongside the Secretary of State's letter to Council leaders dated 10th March 2016.

To take advantage of this offer each authority needs to submit an efficiency plan². The Secretary of State has not issued guidance on what an efficiency plan should contain, a development that local government broadly welcomes. In discussion with DCLG officials, however, we agreed that we would glean some best practice 'top tips' from local government so that the sector, in effect, is advising itself.

2 The deadline for an efficiency plan submission to DCLG is 14th October, 2016

3 Letter from Mike Penning MP (Minister for Police, Fire, CJ & Victims) to all Fire Authority Chairs (24th May)

This note does not cover Fire and Rescue Authorities for which the Home Office³ has issued their own more detailed guidance and expectations.

Top Tips

What is an efficiency plan?

Every council in the country is different. Each will have its own vision, policies, opportunities and challenges and each will be at a different stage in its journey to financial sustainability.

So no two efficiency plans are likely to focus on the same things; have common aims or include the same reports. Each council should therefore be judged on its own merits when reviewing their plans. How clear are their targets? What role partnership working is expected to take? Aspirations around any transformation programmes? How are councils planning to achieve their efficiencies? Is there clear ownership and accountability? And is there robustness around the management, monitoring and measurement of outcomes?

The way a council chooses to put this story together in their efficiency plan remains for them to decide, as is the supporting documents that they would choose to include.

Content

☒ The cornerstone of the efficiency plan is probably the Medium Term Financial Plan (MTFP) or Strategy (MTFS) for the four years of the offer. Not just the numbers in a table but a short narrative that sets out what a council intends to do to address the challenge of financial sustainability and where it hopes to be at the end of the period. An efficiency plan needs to be about more than just money.

☒ Most practitioners favour a short 2 – 4 page narrative, with typical documents to support this narrative to include its latest budget, corporate plan, transformation plan, asset-management plan and baseline organisational structure.

☒ It follows that an efficiency plan needs to have clear links to the Council's corporate plan and where the authority is involved in key partnerships, such as shared management arrangements or progress towards a combined authority. It should acknowledge any links with partner organisations and plans that this entails.

☒ It also needs to reference ongoing and planned transformation projects and programmes where these are significant in ensuring the council reduces its costs or generates additional income locally.

☐ However, an efficiency plan need not be any more than an 'abridged version' of key/ existing public documents already put together by a council. Most councils should not find themselves doing a major piece of extra work to deliver an efficiency plan.

☐ Councils could consider presenting the efficiency plan by theme, for example, what it is doing to grow its local economy, to bear down on costs, to manage current and future demand or to re-forge its 'contract' with local residents.

Who Owns the Plan?

☐ The efficiency plan provides an opportunity for a council to consider and evaluate the key components of a good service and financial strategy and serve as a prompt to start doing things which in themselves will aid the planning and performance of the council. But councils should focus on what works for them and their communities not simply on what might be acceptable to Ministers.

☐ The Efficiency Plan needs political buy-in, which in most cases will have been achieved by the fact that it is composed to reflect existing policies and largely from existing documentation. It will be a matter for councils to decide what process needs to be gone through to achieve approval.

☐ It is likely to be helpful if the efficiency plan is submitted jointly by the Chief Executive and council leader setting out the organisation's plans over the next four years; its commitment towards delivering these plans and a clear narrative on what reports and supporting documents have been included in the plan, and why.

☐ A sign off from the Chief Finance Officer could be incorporated if it is felt necessary to back up the plan with an implicit statement that it is likely to achieve and sustain a balanced budget position.

Risks to delivery

☐ It should be acceptable for efficiency plans to point out that circumstances and policies can change, especially where there are local elections during the period of the plan, and for plans to include broad forecasts in later years where decisions have yet to be taken.

☐ Where an authority has undertaken any financial management modelling and a risk assessment around its delivery, this could also be submitted to evidence monitoring arrangements and mitigation plans.

☒ Should the council's current MTFS be shorter than the 4-year settlement period, the efficiency plan should be considered as an opportunity to extend it, to link service delivery with the Council's funding expectations. This may prove especially key for those authorities at most risk of an unbalanced budget throughout this period, although a decision and discretion to do this, should remain with the council.

☒ Some major funding streams are not covered by the multi-year offer while costs remain subject to unpredictable pressures. The Efficiency Plan therefore needs to allow for risk and provide for sufficient reserves and contingencies to allow those risks to be managed.

☒ The council should therefore consider submitting a statement about its current level of reserves and how they are expected to move over the period of the plan along with the internal policies around which these reserves are currently operating.

☒ All documents submitted will typically outline ownership and governance arrangements assigned to each, especially where a service is delivered in partnership with another organisation or is co-opted as part of a combined authority.

☒ Any other internal report or policy statement should be included, where an authority believes it supports and underpins the 2-4 page efficiency narrative signed off by the council.

The Efficiency Plan itself – What it is not:

☒ It should not simply be a stand-alone MTFS submission to DCLG but requires other documents and further reading to fully understand a council's current plans and aspirations

☒ It should not be a plan that requires additional reports or documents (not currently available to a council) to be compiled – although it might prove a useful checklist to an authority on what it perhaps should be doing but is not.

☒ It should not be a defined list of documents that every council in the country is simply asked to submit.

CIPFA / Local Government Association

June 2016

Report to: **Executive**

Date: **15th September 2016**

Title: **Write Off Report**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

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

Contact: **Ext. 1413 lisa.buckle@swdevon.gov.uk**

Recommendations:

The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £1,657.34 as detailed in Tables 1 and 2.

There are no debts over £5,000 that require Executive approval, as confirmed in Table 3.

1. Executive summary

The Council is responsible for the collection of: Housing Rents, 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 Executive to write off individual debts with a value of more than £5,000.

This report covers the period 1st January 2016 to 31st March 2016.

2. Background

The Council's sound financial management arrangements underpin delivery of all the Council's 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.

South Hams District Council's collection rates for 2014/15 were; Council Tax 98.3% & Business Rates 98.6%.

In the fourth quarter of 2015/16 the Council has collected £7.8 million in Council Tax and £4.2 million in Business Rates. The total collectable debt for 2015/16 (as at 31st March) for Council Tax is £60.1 million and for Business Rates is £31.9 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 £1,839,105. 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 Executive 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.

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

Supporting Information

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 2014 / 15 Collection Rates

Table 5 – Quarterly income in 2014 / 15 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

Approval and clearance of report

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)	Not Applicable

TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2014/15		Grand Total 2014/15	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	1	-		Overpaid Entitlement	332.61	60	25,479.90	126	36,480.11	187	65,344.60
	-	-		Bankruptcy	-	13	13,378.16	2	4,499.74	9	11,262.30
	-	-		Absconded	-	8	9,427.10	5	2,000.35	14	7,929.70
	-	-		Deceased	-	1	93.24	-	-	5	1,408.36
	-	-		Not cost effective to pursue	-	19	1,679.53	7	27.10	18	63.92
	-	-		Uncollectable old debt	-	20	6,980.14	6	1,151.03	49	16,129.65
Total	1	-			332.61	121	57,038.07	146	44,158.33	282	102,138.53
COUNCIL TAX	2	-	2	Absconded	1,187.41	22	8,838.11	13	4,354.20	72	23,674.01
	-	-		Administrative Receivership	-	1	2,094.70	-	-	-	-
	-	-		Bankruptcy	-	42	27,737.68	16	15,074.49	56	39,476.74
	-	-		Deceased	-	4	353.56	4	1,429.43	6	1,702.61
	-	-		Small balance	-	9	88.52	206	9,706.00	323	11,790.33
	-	-		Other	-	10	11,269.67	2	611.75	15	13,666.11
	-	-		Uncollectable old debt	-	5	4,449.43	3	159.65	9	2,812.75
	-	-		Voluntary Bankruptcy	-	-	-	-	-	8	4,804.75
Total	2	-	2		1,187.41	93	54,831.67	244	31,335.52	489	97,927.30
SUNDRY DEBTS	-	-		Absconded	-	-	-	-	-	15	1,415.89
	-	-		Bankruptcy/DRO/IVA/CVA	-	-	-	-	-	11	1,299.62
	-	-		Not cost effective to pursue	-	-	-	-	-	5	639.10
	-	-		Other	-	-	-	1	104.00	35	3,086.39
	-	-		Administrative Receivership	-	-	-	-	-	8	105.49
	-	-		Small balance	-	1	9.03	-	-	35	38.14
Total	-	-			-	1	9.03	1	104.00	109	6,584.63
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	3	-		Not cost effective to pursue	137.32	3	137.32	2	142.34	18	1,053.65
	-	-		Absconded	-	-	-	2	921.75	2	921.75
	-	-		Uncollectable old debt	-	-	-	1	1,061.98	1	1,061.98
	-	-		Other	-	-	-	-	-	1	76.00
Total	3	-		Deceased	-	-	-	-	-	-	-
Total	3	-			-	-	-	5	2,126.07	22	3,113.38
Grand Total	6	-			1,657.34	218	112,016.09	396	77,723.92	902	209,763.84

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2014/15		Grand Total 2014/15	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	-		Absconded	-	3	1,019.77	4	2,703.57	8	6,123.27
	-	-		Administrative Receivership	-	1	1,042.00	2	6,985.15	4	11,031.06
	-	-		Liquidation	-	13	24,521.04	2	8,703.62	15	35,579.70
	-	-		Voluntary Bankruptcy	-	1	3,435.69	1	636.56	5	9,697.43
	-	-		Other	-	2	40.53	5	158.74	10	658.94
	-	-		Uncollectable old Debt	-	-	-	-	-	2	863.60
	-	-		Bankruptcy	-	3	7,015.09	2	5,662.45	6	11,062.54
-	-		Deceased	-	-	-	-	-	-	-	
Total	-	-			-	23	37,074.12	16	24,850.09	50	75,016.54

TABLE 3 SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
			Quarter 4	Cumulative Total		Equivalent Quarter 2014/15		Grand Total 2014/15	
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Administrative Receivership	-	1	9,367.21	-	-	-	-
	-	Liquidation	-	10	242,717.12	2	20,039.34	9	118,132.28
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	1	5,914.67
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	2	35,495.13	2	35,495.13
	-	Other	-	-	-	-	-	1	6,870.52
Total	-		-	11	252,084.33	4	55,534.47	13	166,412.60
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	-	-	-	-
	-	Bankruptcy	-	1	7,177.42	-	-	-	-
Total	-		-	1	7,177.42	-	-	-	-
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Voluntary Arrangement	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	
Grand Total	-		-	12	259,261.75	4	55,534.47	13	166,412.60

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2014-15 COLLECTION RATES

Total amount collected in 2014-15 relating to 2014-15 financial year only (net of refunds relating to 2014-15)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 14/15 - £000s	Net Cash Collected* i.r.o. 14/15 - £000s	Amount Collected i.r.o. 14/15 - %age	Collectable Debit i.r.o. 14/15 - £000s	Net Cash Collected* i.r.o. 14/15 - £000s	Amount Collected i.r.o. 14/15 - %age
All England	24,793,215	24,052,365	97.0	23,510,378	23,066,362	98.1
Shire Districts	11,352,031	11,116,705	97.9	7,583,172	7,459,915	98.4
East Devon	85,274	84,274	98.8	32,297	31,805	98.5
Exeter	53,152	50,708	95.4	78,004	77,030	98.8
Mid Devon	43,470	42,492	97.8	15,179	15,023	99.0
North Devon	50,667	49,170	97.1	31,940	31,280	97.9
Plymouth	104,466	100,423	96.1	90,908	88,999	97.9
South Hams	58,325	57,352	98.3	29,491	29,082	98.6
Teignbridge	72,698	71,511	98.4	31,560	31,296	99.2
Torbay	65,837	62,871	95.5	37,440	35,772	95.5
Torrige	35,102	34,489	98.3	10,745	10,571	98.4
West Devon	32,794	32,008	97.6	10,658	10,481	98.3

Net Cash Collected is total 2014-15 receipts net of refunds paid, in respect of 2014-15 only

TABLE 5 QUARTERLY INCOME IN 2014-15 RELATING TO ALL YEARS

Total amount collected in 2014-15 relating to any financial year (net of all refunds in 2014-15)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between April 2014 - June 2014	17,735	8,693
Quarter 2 - Receipts collected between July 2014 - September 2014	15,832	7,734
Quarter 3 - Receipts collected between October 2014 - December 2014	16,761	8,403
Quarter 4 - Receipts collected between January 2015 - March 2015	7,310	3,797

* Net Cash Collected is total receipts in 2014-15 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

		2014 - 15	2013- 14	2012 - 13	2011 - 12
HOUSING BENEFIT	Under £5,000 cases	102,138.53	75,357.30	87,095.83	74,868.17
HOUSING BENEFIT	£5,000 or over cases	0.00	14,903.19	61,925.43	0.00
Total		102,138.53	90,260.49	149,021.26	74,868.17
COUNCIL TAX	Under £5,000 cases	97,927.30	117,528.97	96,025.52	112,674.76
COUNCIL TAX	£5,000 or over cases	0.00	23,090.93	6,782.09	12,160.58
Total		97,927.30	140,619.90	102,807.61	124,835.34
SUNDRY DEBTS	Under £5,000 cases	6,584.63	2,723.23	12,811.29	28,170.96
SUNDRY DEBTS	£5,000 or over cases	0.00	0.00	0.00	0.00
Total		6,584.63	2,723.23	12,811.29	28,170.96
HOUSING RENTS	Under £5,000 cases	3,113.38	1,037.83	3,143.83	3,048.57
HOUSING RENTS	£5,000 or over cases	0.00	0.00	0.00	0.00
Total		3,113.38	1,037.83	3,143.83	3,048.57
NON DOMESTIC RATES	Under £5,000 cases	75,016.54	70,809.92	39,115.54	54,011.11
NON DOMESTIC RATES	£5,000 or over cases	166,412.60*	44,546.85	76,663.15	84,187.61
Total		241,429.14	115,356.77	115,778.69	138,198.72
GRAND TOTAL		451,192.98	349,998.22	383,562.68	369,121.76

* of the £166,412.60, £49,149.55 relates to one business going into liquidation, £25,184.36 relates to another business going into liquidation and a further £26,680.60 relates to an individual entering into a Voluntary Arrangement.

Report to: **Executive**

Date: **15th September 2016**

Title: **Write Off Report**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

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

Contact: **Ext. 1413 lisa.buckle@swdevon.gov.uk**

Recommendations:

The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £15,524.87 as detailed in Tables 1 and 2.

The Executive approves the write off of individual debts in excess of £5,000 totalling £5,394.07, as detailed in Table 3.

1. Executive summary

The Council is responsible for the collection of: Housing Rents, 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 Executive to write off individual debts with a value of more than £5,000.

This report covers the period 1st April 2016 to 30th June 2016.

2. Background

The Council's sound financial management arrangements underpin delivery of all the Council's 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.

South Hams District Council's collection rates for 2015/16 were; Council Tax 98.17% & Business Rates 98.18%.

In the first quarter of 2016/17 the Council has collected £18.7 million in Council Tax and £9.3 million in Business Rates. The total collectable debt for 2016/17 (as at 30th June) for Council Tax is £63.1 million and for Business Rates is £33.7 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 £1,914,077. 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 Executive 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.

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

Supporting Information

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

Approval and clearance of report

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)	Not Applicable

TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2016/17			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	14	1		Overpaid Entitlement	8,634.93	15	8,634.93	24	13,640.96	60	25,479.90
	1			Bankruptcy	593.05	1	593.05	5	8,924.14	13	13,378.16
	-			Absconded	-	-	-	8	9,427.10	8	9,427.10
	4			Deceased	299.43	4	299.43	-	-	1	93.24
	33			Not cost effective to pursue	1,459.63	33	1,459.63	10	73.22	19	1,679.53
	-			Uncollectable old debt	-	-	-	20	6,980.14	20	6,980.14
Total	52	1			10,987.04	53	10,987.04	67	39,045.56	121	57,038.07
COUNCIL TAX	-	-		Absconded	-	-	-	4	477.46	22	8,838.11
	-	-		Administrative Receivership	-	-	-	-	-	1	2,094.70
	1	1		Bankruptcy	1,353.16	1	1,353.16	11	7,659.08	42	27,737.68
	-	-		Deceased	-	-	-	1	105.56	4	353.56
	1	-		Small balance	5.12	1	5.12	-	-	9	88.52
	13	-		Other	3,179.55	13	3,179.55	4	3,594.10	10	11,269.67
	-	-		Uncollectable old debt	-	-	-	-	-	5	4,449.43
	-	-		Voluntary Bankruptcy	-	-	-	-	-	-	-
Total	15	1			4,537.83	16	4,537.83	20	11,836.20	93	54,831.67
SUNDRY DEBTS	-	-		Absconded	-	-	-	-	-	-	-
	-	-		Bankruptcy/DRO/IVA/CVA	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	-	-
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	-	-		Small balance	-	-	-	-	-	1	9.03
Total	-	-			-	-	-	-	-	1	9.03
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	3	137.32
	-	-		Absconded	-	-	-	-	-	-	-
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	-	-
Total	-	-		Deceased	-	-	-	-	-	-	-
Grand Total	67	2			15,524.87	69	15,524.87	87	50,881.76	218	112,016.09

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2016/17			Totals for Comparison purposes				
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16		
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount	
NON-DOMESTIC RATE	-	-	-	Absconded	-	-	-	1	452.50	3	1,019.77	
	-	-	-	Administrative Receivership	-	-	-	-	-	1	1,042.00	
	-	-	-	Liquidation	-	-	-	4	6,516.34	13	24,521.04	
	-	-	-	Voluntary Bankruptcy	-	-	-	-	-	1	3,435.69	
	-	-	-	Other	-	-	-	1	37.25	2	40.53	
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-	-
	-	-	-	Bankruptcy	-	-	-	1	13.42	3	7,015.09	
-	-	-	Deceased	-	-	-	-	-	-	-	-	
Total	-	-	-		-	-	-	7	7,019.51	23	37,074.12	

TABLE 3 SUMMARY OF ITEMS OVER £5,000 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 1	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Administrative Receivership	-	-	-	-	-	1	9,367.21
	-	Liquidation	-	-	-	3	131,620.08	10	242,717.12
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-	-
Total	-		-	-	-	3	131,620.08	11	252,084.33
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	1	Overpaid Entitlement	5,394.07	1	5,394.07	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	1	7,177.42
Total	-		5,394.07	1	5,394.07	-	-	1	7,177.42
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Voluntary Arrangement	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
Grand Total	-		5,394.07	1	5,394.07	3	131,620.08	12	259,261.75

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
Torrige	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 1 st April – 30 th June	18,091	9,666
Quarter 2 - Receipts collected between 1 st July – 31 st September	16,349	8,601
Quarter 3 - Receipts collected between 1 st October – 31 st December	16,121	8,675
Quarter 4 - Receipts collected between 1 st January – 31 st March	7,762	4,172

* 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	57,038.07	102,138.53	75,357.30	87,095.83	74,868.17
HOUSING BENEFIT	£5,000 or over cases	7,177.42	0.00	14,903.19	61,925.43	0.00
Total		64,215.49	102,138.53	90,260.49	149,021.26	74,868.17
COUNCIL TAX	Under £5,000 cases	54,831.67	97,927.30	117,528.97	96,025.52	112,674.76
COUNCIL TAX	£5,000 or over cases	0.00	0.00	23,090.93	6,782.09	12,160.58
Total		54,831.67	97,927.30	140,619.90	102,807.61	124,835.34
SUNDRY DEBTS	Under £5,000 cases	9.03	6,584.63	2,723.23	12,811.29	28,170.96
SUNDRY DEBTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00
Total		9.03	6,584.63	2,723.23	12,811.29	28,170.96
HOUSING RENTS	Under £5,000 cases	0.00	3,113.38	1,037.83	3,143.83	3,048.57
HOUSING RENTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00
Total		0.00	3,113.38	1,037.83	3,143.83	3,048.57
NON DOMESTIC RATES	Under £5,000 cases	37,074.12	75,016.54	70,809.92	39,115.54	54,011.11
NON DOMESTIC RATES	£5,000 or over cases	252,084.33*	166,412.60	44,546.85	76,663.15	84,187.61
Total		289,158.45	241,429.14	115,356.77	115,778.69	138,198.72
GRAND TOTAL		408,214.64	451,192.98	349,998.22	383,562.68	369,121.76

* of the £252,084.33, £49,200.47 relates to one business going into liquidation, £83,674.59 relates to another business going into liquidation and a further £56,813.18 relates to an individual entering into a Voluntary Arrangement.