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SOUTH HAMS EXECUTIVE - THURSDAY, 23RD OCTOBER, 2014

Agenda, Reports and Minutes for the meeting

Agenda No Item

1. **Agenda Letter** (Pages 1 - 2)

2. **Reports**

Reports to Executive:

- a) Item 3 - Executive Director Recruitment and Interim Senior Management Arrangements (Pages 3 - 10)
- b) Item 7 - South Devon and Tamar Valley Areas of Outstanding Natural Beauty: Memoranda of Agreement and related matters (Pages 11 - 22)
- c) Item 8 - Council Tax Reduction Scheme 2015/16 (Pages 23 - 38)
- d) Item 9 - Revenue Budget Monitoring Report 2014/15 (Pages 39 - 46)
- e) Item 10 - Capital Programme Monitoring Report (Pages 47 - 58)
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3. **Minutes** (Pages 81 - 88)

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Agenda Item 1

To: Members of the Executive
(Cllrs Bastone, Gilbert, Hicks,
Saltern, Tucker, Ward and Wright)

Our Ref. CS/KT

cc: Remainder of Council (for information)
Usual officer and press circulation

15 October 2014

Dear Member

A meeting of the **Executive** will be held in the **Cary Room**, Follaton House, Plymouth Road, Totnes on **Thursday, 23 October 2014 at 10.00 am** when your attendance is requested.

Yours sincerely

Kathryn Trant
Member Services Manager

<p>FOR ANY QUERIES ON THIS AGENDA, PLEASE CONTACT KATHRYN TRANT MEMBER SERVICES MANAGER ON DIRECT LINE 01803 861185</p>
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AGENDA

1. **Minutes** - to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 11 September 2014 (previously circulated);
2. **Members in Attendance** – the Chairman is advised of non Executive Members wishing to speak;
3. **Urgent Business** - brought forward at the discretion of the Chairman;
4. **Division of Agenda** - to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
5. **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;
6. **Public Question Time** – a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules (page 1 only);

7. **South Devon and Tamar Valley Areas of Outstanding Natural Beauty: Memoranda of Agreement and related matters** – to consider a report that proposes interim agreements for 2015/16 be sought with funding partners to ensure continuity of delivery (pages 2 to 13);
8. **Council Tax Reduction Scheme 2015/16** – to consider a report that proposes continuing with the existing Council Tax Reduction Scheme for 2015/16 (pages 14 to 28);
9. **Revenue Budget Monitoring Report 2014/15** – to consider a report that enables Members to monitor income and expenditure variations against the approved budget for 2014/15 and provides a forecast for the year end position (pages 29 to 35);
10. **Capital Programme Monitoring Report** – to consider a report that advises Members of the progress on individual schemes within the approved capital programme, including as assessment of their financial position (pages 36 to 45);
11. **Treasury Management: Mid Year Update** – to consider a report that updates Members on the Treasury Management function for the first six months of the financial year (pages 46 to 57);
12. **Write off Report – Q1 and Q2** – to consider a report which informs Members of the debt written off for all revenue streams within the Revenue and Benefits service (pages 58 to 65);
13. **Reports of Other Bodies:** to receive, and as maybe necessary to approve, the minutes and any recommendations of the under-mentioned body:-
 - (a) Community Life and Housing Scrutiny Panel: 11 September 2014 (pages 66 to 69); and
 - (b) Corporate Performance and Resources Scrutiny Panel: 2 October 2014 (pages 70 to 74).

Members of the public may wish to note that the Council's meeting rooms are accessible by wheelchairs and have a loop induction hearing system

Please note that this agenda is available on audio cassette for those with a visual impairment

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER
THIS AGENDA HAS BEEN PRINTED ON ENVIRONMENTALLY FRIENDLY PAPER**

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AGENDA
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SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

3

NAME OF COMMITTEE	EXECUTIVE
DATE	23 OCTOBER 2014
REPORT TITLE	EXECUTIVE DIRECTOR RECRUITMENT AND INTERIM SENIOR MANAGEMENT ARRANGEMENTS
Report of	LEADER OF THE COUNCIL
WARDS AFFECTED	ALL

Summary of report:

To consider a report that sets out the timetable for recruitment of the Executive Director (Strategy & Commissioning) and Head of Paid Service post and suggests interim senior officer arrangements to maintain progress of the T18 Transformation Programme. The report is judged to be urgent business brought forward at the discretion of the Chairman of the Executive to ensure that both permanent and interim senior management arrangements can be progressed as quickly as possible in the interests of the organisation.

Financial implications:

There is a cost of up to £23,000 arising from the suggested interim arrangements, subject to the suggestions set out in this report continuing until the end of June 2015. Assuming this sum is shared on a 50/50 basis, the cost for each Council is £11,500. This additional cost needs to be assessed against the current risks for the Programme and the potential delay to achieving future ongoing revenue savings.

RECOMMENDATION:

That the Executive RESOLVES to delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements in relation to Executive Director and Group Manager recruitment, as well as the interim senior management proposals.

Member contact:

Councillor John Tucker, Leader of the Council
Tel: 01803 861363; Email: cllr.tucker@southhams.gov.uk

1. BACKGROUND

- 1.1 On 19 June 2014 Council agreed a report which established the future senior management structure, the recruitment process, salary scales and the timetable for implementing the changes, as a further step to implementing the next phase of the T18 Transformation Programme.
- 1.2 Members will be aware that the Member Selection Panel was unable to recommend appointments to both Executive Director posts following the recruitment process in September 2014. These circumstances create a significant challenge for the T18 Transformation Programme and there is a need to manage the strategic risk to the Councils ensuring the Programme's momentum is maintained.
- 1.3 Discussions have taken place between the elected leadership of the two Councils to ensure that there is sufficient knowledge and capacity available to support the delivery of the Programme during the transition phase pending completion of the senior management recruitment process.
- 1.4 At the Council meeting on 2 October 2014, it was agreed to delegate authority to the Executive to agree interim senior officer arrangements, including any associated costs, to maintain progress of the current Transformation Programme (Minute 36/14 refers).

2. ISSUES FOR CONSIDERATION

- 2.1 The Leaders of the two Councils have explored an appropriate hand over period from the existing interim Executive Director leading the Transformation Programme, Tracy Winser, to the two new permanent Executive Directors. In addition there are discussions with the current interim Executive Director (Communities), Alan Robinson, remaining with the Councils in his current role until a future appointment is made to the new Executive Director and Head of Paid Service post. Sophie Hosking will start in her role as Executive Director (Service Delivery & Commercial Development) at the beginning of January 2015.
- 2.2 In the new structure the unfilled Head of Paid Service post is responsible for driving T18, working in tandem with Sophie Hosking's role which is primarily responsible for delivering services in the new way and driving income generation. The two new Executive Director roles are different to the current interim roles held by Alan Robinson and Tracy Winser.
- 2.3 The Executive Director (Strategy & Commissioning) and Head of Paid Service role will be re-advertised at the end of October 2014 and could be in post by March 2015. The proposed recruitment timetable is as follows:
- | | |
|---|------------------|
| National advertisement | 30 October 2014 |
| Short listing of candidates | 14 November 2014 |
| Assessments/meet Members of both Councils | 24 November 2014 |
| Formal interviews | 25 November 2014 |
- 2.4 Alan Robinson is due to leave the Councils on 30 November 2014 and Tracy Winser on 24 December 2014.

- 2.5 It is suggested that the Council retains approximately two full time equivalent Executive Director posts during the interim period by:
- 2.5.1 Extending Tracy Winser's notice from January 2015 until the go live period of Phase 1b (anticipated to be June 2015) for three days per week, subject to review by the newly appointed Executive Director (Strategy & Commissioning) and Head of Paid Service once in post having had the opportunity to review the organisational capacity to ensure the Programme is kept on track. This arrangement provides flexibility to both Councils and the newly appointed Executive Directors about the transition timescale;
 - 2.5.2 Initially extending Alan Robinson's notice period until 31 December 2014 under current working arrangements. Subsequently it is proposed to further extend Alan Robinson's notice from January 2015 for three days per week on a rolling monthly arrangement, pending the appointment of the new Executive Director (Strategy & Commissioning) and Head of Paid Service, or an alternative interim arrangement is established;
 - 2.5.3 During the proposed interim arrangements Tracy Winser will retain the strategic lead for delivery of the T18 programme with the remainder of her role passing to Sophie Hosking, while Alan Robinson will continue as Head of Paid Service again transferring aspects of his role to Sophie Hosking.
 - 2.5.4 Extending Tracy Winser and Alan Robinson's notice period until the new Executive Director (Strategy & Commissioning) and Head of Paid Service is in post will increase the current cost of the interim Executive Director arrangements by the equivalent of one day per week at a cost of approximately £7,000 (January 2015 up to March 2015) creating 2.2 FTEs of Executive Director capacity;
 - 2.5.6 The additional cost of Tracy Winser's extended notice period from April 2015 up to June 2015 at three days per week to continue to lead the Programme during a period of major organisational change will be approximately £16,000 creating 2.6 FTEs of Executive Director capacity;
 - 2.5.7 These costs will be reduced if the two new Executive Directors conclude that there is sufficient organisational capacity available that enables early termination of the interim arrangements.
- 2.6 In summary, combined Executive Director capacity will increase for one day per week from January to March 2015 and by three days per week from April to June 2015. If the transition was in place until June, the total additional cost of maintaining the pace and focus on the T18 Programme, while also securing an effective handover to the two new post holders, is £23,000 (ie, £11,500 for each Council).
- 2.7 It should be noted that discussions about the interim arrangements are ongoing and that West Devon Borough Council has not yet considered the suggestions set out in this report.

- 2.8 For Members' information, it is proposed to nationally advertise the Group Manager posts in parallel with the Executive Director post. Appointments are likely to take place in early December 2014. However it is recommended that only 3 of the initially envisaged 4 Group Manager posts are recruited at this stage, pending further work on organisational design relating to the Strategy and Commissioning side of the model. The three senior management posts to be recruited sit on the Service Delivery and Commercial Development side of the model.

3. LEGAL IMPLICATIONS AND STATUTORY POWERS

- 3.1 The Constitution sets out that the Council is responsible for appointing the Chief Executive or Head of Paid Service. The appointment of staff below this position is the responsibility of the Head of Paid Service. As the Council has adopted an Executive Director model with one Director responsible for Strategy and Commissioning who is also designated Head of Paid Service, and one Director responsible for Service Delivery and Commercial Development, it has previously been agreed that the Director posts will be appointed by a Member Panel. It has also been previously that the Member Panel sits in on the appointment of Service Leads/Group Managers as advisors however the final decision on recruitment will reside with the relevant Director, in this case Sophie Hoskins.
- 3.2 The terms and conditions of employment and any redeployment and/or redundancy consequences that arise from senior management recruitment will continue to follow the Council's policy and procedures. Members have previously concluded that open competition is appropriate for all SMT posts given the different skill sets needed in the new model.

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of increasing combined Executive Director capacity from January to March 2015 by one day per week will be £7,000. The cost of increasing capacity from April to June 2015 by three days per week will be £16,000.
- 4.2 It is proposed to finance this cost from the Strategic Issues Reserve. While this proposal does involve additional cost, it is worth noting that the decision to not fill the Chief Executive post following the previous post holder's retirement, delivered early savings for the T18 Transformation Programme.
- 4.3 The proposed interim arrangements have yet to be finalised. The detailed arrangements will be designed to protect the interests of the two Councils as well as the existing Executive Directors, who will experience a salary reduction as a result of the suggested interim proposals. It is therefore recommended to delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements.
- 4.4 The financial consequences of the senior management recruitment will be reflected in future updates of the T18 Business Plan.

5. RISK MANAGEMENT

- 5.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report
Crime and disorder implications:	None directly arising from this report
Background papers:	Reports to Council - 19 June 2014 and 2 October 2014
Appendices attached:	None

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Delay in resolving the appointment of Executive Directors and establishing appropriate interim arrangements	Ongoing uncertainty regarding senior management arrangements may lead to delays in the T18 Programme. The recruitment process to date has resulted in an increase in severance costs than was initially anticipated	4	4	16	↑	<p>Rigorous selection process with Member Panel and professional support from IESE ensures that suitable candidates are recommended</p> <p>Increased costs will be modelled in future updates of the T18 business case. However, it is anticipated that this will be balanced by greater savings arising from implementation of the model than envisaged in the initial business case</p>	<p>Lead Members</p> <p>Lead Members/ Executive Directors</p>
2	Introduction of an Executive Director Model	That it fails to deliver sufficient senior management capacity needed to ensure success of the T18 model during the interim period	5	2	10	↔	Design sufficient transition capacity into the senior management structure to enable the introduction of the new operating model	Council
3	Robustness of the appointment process and interim arrangements	That it fails to deliver appropriate senior management capability needed to ensure success of the T18 model	5	2	10	↔	<p>An open recruitment process provides the widest field to select from, given that different skill sets will be needed in the new model</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
4	Implications of ongoing external competition recruitment process	Could lead to significant redundancy costs and actuarial pension strain costs	3	1-5	3-15	↔	<p>Take a balanced view on achieving an appropriate senior management team and the potential impact on the payback period anticipated within the initial business plan</p> <p>Lead Members have taken a range of advice and on balance have concluded that it is in the wider interest of both Councils to have open competition for all SMT posts given the different skill sets needed in the new model</p>	Member Selection Panel/ Executive Directors
5	Implications of external competition recruitment process	Potential loss of knowledge, continuity and experience within the senior management team	2-5	1-5	2-25	↔	<p>The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that arise from the recruitment process</p>	Member Selection Panel/ Executive Directors

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
6	Implications of external competition recruitment process	Timescale could be at risk if external appointments are made and they need time “to find their feet” and understand the new model	2-5	1-5	2-25	↔	<p>The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that arise from the recruitment process</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel/ Executive Directors
7	Delay in implementing this aspect of T18	Ongoing deferral of SMT recruitment may lead to delays in other elements of the Programme	4	2	8	↔	Commission external support for Members as required to ensure that change is delivered in line with the timetable and that key issues are communicated to the wider membership	Lead Members

Exempt information – Paragraph 1: Information relating to any individual and Paragraph 2: information which is likely to reveal the identity of an individual – applies to Appendix A

AGENDA
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SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM
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NAME OF COMMITTEE	Executive
DATE	23rd October 2014
REPORT TITLE	South Devon and Tamar Valley Areas of Outstanding Natural Beauty (AONBs): Memoranda of Agreement and related matters
REPORT OF	Natural Environment & Recreation Manager
WARDS AFFECTED	For Tamar Valley AONB: Bickleigh & Shaugh; For South Devon AONB: Allington & Loddiswell; Avon & Harbourne; Brixton & Wembury; Charterlands; Dartmouth & Kingswear; East Dart; Erme Valley; Kingsbridge; Newton & Noss; Salcombe & Malborough; Saltstone; Skerries; South Brent; Stokenham; Thurlestone; West Dart; Westville & Alvington; Yealmpton.

Summary of report:

The Council is a funder of both the Tamar Valley and South Devon AONB teams and related delivery programmes, in partnership with other local authorities and Defra. The current funding and management agreements are due to expire at the end of 2014/15. This report proposes that interim agreements for 2015/16 be sought with the funding partners to ensure continuity of delivery.

The report also seeks agreement to SHDC being involved in comprehensive reviews of the delivery options of AONB activities currently being led by the respective AONB Partnerships in order to identify preferred delivery options for 16/17 onwards. In relation to the South Devon AONB team (where SHDC hosts the team) a T18 activity analysis is underway to inform this review of delivery options. In respect of the Tamar Valley AONB team Cornwall Council (as host) is consulting on future funding options and a response is proposed.

Financial implications:

Entering into agreements for 2015/16 would require commitment of budgets for the next financial year under the "Environmental Initiatives" budget head. If SHDC tracked other partners and maintained 15/16 levels at 14/15 levels then this would amount to

- South Devon AONB Core Budget £ 23,200
- South Devon AONB Project Budget £ 9,700
- Tamar Valley AONB Core Budget £ 580

Liabilities in relation to potential redundancy scenarios are set out in Appendix 1

RECOMMENDATIONS:

That the Executive resolves:-

- 1. To recommend to Council agreement to enter into renewed Memoranda of Agreement (or similar) for the South Devon AONB and Tamar Valley AONB covering 2015/16 based on an assumed standstill budget (subject to ratification during the budget setting process)*
- 2. To delegate to the Natural Environment and Recreation Manager, in consultation with the Portfolio Holder, the task of agreeing the final wording of the Agreements.*
- 3. To instruct Officers to participate in structured reviews of the future options for delivery of both AONB delivery programmes from 16/17 onwards and to report back to Executive on preferred options*
- 4. To complete a T18 Activity Analysis and Proof of Concept of the current activity of the South Devon AONB Team for consideration as part of the review of future options*
- 5. To respond to the Cornwall Council consultation on future funding of the Tamar Valley AONB recommending that the situation be stabilised for 15/16 through a renewed MoA and that post 16/17 funding decisions be reviewed in light of the outcomes of the future delivery options work.*

Officer contact:

Ross Kennerley, Natural Environment and Recreation Manager.
ross.kennerley@southhams.gov.uk 01803 861379

1. BACKGROUND

- 1.1 There are 34 Areas of Outstanding Natural Beauty (AONB). They are designated by Government; their primary statutory purpose is the conservation and enhancement of natural beauty. South Devon AONB was designated in 1960; the Tamar Valley AONB in 1995. Each AONB has:
- A (non statutory) partnership body – which provides co-ordination and oversight;
 - A staff unit – which undertakes a wide range of actions and projects;
 - A (statutory) management plan – which sets out the local authorities' policies for the AONB. Both South Devon and Tamar Valley *2014 – 2019 AONB Management Plans* have been adopted by SHDC and set out the policies of the Council for the management of the AONBs
 - A requirement on all relevant authorities to “have regard to the purpose of conserving and enhancing the natural beauty of the AONB” when exercising any functions.
- 1.2 The South Devon AONB staff unit is employed and “hosted” by South Hams District Council on behalf of the wider South Devon AONB partnership. There are three core funding organisations: South Hams District Council, Devon County Council and Defra.
- 1.3 The Tamar Valley AONB staff unit is employed and hosted by Cornwall Council. The five core funding organisations comprise Cornwall Council, Devon County Council, West Devon Borough Council, South Hams District Council and Defra.
- 1.4 The AONB activities are supported through a grant from government administered by Defra, which covers up to 75% of the core costs. The remaining 25% is expected to be met jointly by the local authorities listed, whose areas are covered by the AONB designation.
- 1.5 The financial and administrative arrangements for each AONB are set out in a Memorandum of Agreement (MoA) signed by the respective core funding organisations. The current AONB MoAs expire in March 2015. In anticipating this Defra has indicated
- That it will maintain 14/15 levels of financial contribution for 15/16 subject to other funders maintaining their level of contribution.
 - That this will be offered as a grant and DEFRA won't be bound to new MoAs. This means DEFRA won't have shared staffing responsibility – in particular in relation to any redundancy costs that might fall on the hosts in subsequent years

- 1.6 For the South Devon AONB the only other funding partner is DCC. For 2015/16 DCC has indicated.
- That it will maintain 14/15 levels of funding for 15/16
 - That DCC would want to enter a MoA (or similar) and would be prepared to share liabilities equally with SHDC
- 1.7 For the Tamar Valley AONB the other funding partners have indicated.
- DCC has indicated that it will maintain 14/15 levels of funding for 15/16 and that it would want to enter a MoA (or similar) and would be prepared to share liabilities with other partners on a proportionate basis.
 - WDBC has not made a clear position but there is no indication of a budget reduction
 - Cornwall Council has not confirmed budget position for 15/16 and the position over a renewed MoA is unclear. A public consultation on the 16/17 budget has indicated potential withdrawal of all AONB funding thereafter.

2. ISSUES FOR CONSIDERATION

- 2.1 The AONB designations highlight the significance of these areas as the nation's finest protected landscapes. The Council is under a statutory duty to conserve and enhance the AONBs, and the existing AONB partnerships and staff units are a well established mechanism for delivering elements of that responsibility and sharing the costs of so doing.
- 2.2 Having a Memorandum of Agreement in place for each AONB provides important clarity and stability for the partnerships and staff units, allowing the AONB teams to plan their projects and activities ahead and secure additional external grants.
- 2.3 Having the Memorandum of Agreement is also very important for the Council in managing its financial liability, because the Memorandum sets out clear arrangements for the sharing of costs and risks between the funding organisations.
- 2.4 In respect of the South Devon AONB (where the Council is the employing authority): without the Memorandum in place, the Council would be exposed to carrying the full costs and liabilities of the staff unit. The proposed situation for 15/16 at the time of compiling this report is that Defra will continue to fund – but not be tied to staff or other liabilities. DCC has indicated a willingness to share liabilities (proportionally) with SHDC for 15/16. Without any MoA SHDC would hold 100% liability in 15/16 – but if an MoA can be signed with DCC then this would reduce to 50%. Details of the current AONB budgets and redundancy liability scenarios are given in Appendix A.

It should be noted that the continued commitment of 75% government funding for 15/16 means that it is expected that a managed approach to controlling future budget pressures can be reached through the review of future delivery options which will look to guard against redundancies. Whilst Defra has indicated that its funding will continue after 2015/16 no commitment can be made until the next Comprehensive Spending Review following the general election and thus any future delivery model will need to protect delivery against any redundancies as far as is possible.

- 2.5 Alongside this suggested interim MoA it is proposed that a thorough review of future delivery options take place. The South Devon AONB partnership has already embraced this approach and a Task and Finish Group has been established and has met. The National Association of AONBs is also supporting this work and the T&F group is currently working on
- Establishing a long list of future delivery options
 - Agreeing evaluation criteria
 - Undertaking evaluation
 - Shortlisting preferred options for detailed financial and operational testing.

It is anticipated that this short list and initial outcomes can be reported back to the January Executive

For clarity The AONB Partnership has agreed the following recommendation at its recent meeting

- i. Accepted the need for a review of the AONB unit and stressed the value in the process being led by the Partnership.*
- ii. Agreed to establish a task and finish group consisting of Cllr Hawkins, Kat Deeney, Peter Chamberlain, John Martin, Andy Pratt, Ross Kennerley, Cllr Cooper and Cathy Fitzroy to assist with the options review process.*
- iii. Requested the AONB Manager writes to South Hams Council on behalf of the Partnership setting out its collective view about the review of the AONB unit as well as drawing attention to existing partnership agreements.*
- iv. Made the following recommendations to the AONB core funding authorities:*
 - *In view of the prospect that core funding for next financial year appears secure, that the core funding authorities adopt a new local Memorandum of Agreement for 2015 – 2016.*
 - *To use the time to undertake a review of options for future AONB service delivery and governance, given the long term trend of declining funding from Defra.*
 - *That the scope, timetable and process for the AONB Service review should be established and conducted in an open manner with reference to the views of the AONB Partnership Committee.*
 - *That evaluation of all options is undertaken against an agreed common set of criteria.*

- 2.6 To date the complexities of the funding and partnership arrangements have led to the 4 core AONB staff (along with two temporary staff) being held outside the initial T18 phases. With T18 now progressing through stage 1a, and an in depth review of future AONB options now underway, it is timely to review this and to consider afresh whether, and when, AONB staff are drawn into T18. To help inform this option a T18 Activity Analysis and Proof of Concept is being undertaken and a verbal update will be given at Executive. This work will identify T18 options and will be considered as part of the overall review of options for future delivery.
- 2.7 The situation for the Tamar Valley AONB is equally complex. Cornwall Council is currently consulting on a complete removal of all AONB funding for 16/17 onwards. Given the importance of the AONB team to delivery of the Management Plan and delivery plan this is considered to be premature. The preferred suggested position is that the approach taken for the South Devon AONB is more appropriate and that
- An interim MoA be established between the local authority partners for 15/16 based on a sharing of liabilities proportionate to contribution and
 - The arrangement from 16/17 onwards be decided through a structured review of options. The Tamar Valley AONB Partnership has endorsed this approach and will be negotiating with Cornwall Council on this basis.
- 2.8 The financial implications of this approach are indicated in the Appendix A. This would create a financial obligation for SHDC should future redundancies arise where none exists at present. However this needs to be seen in the context of other reciprocal arrangements being proposed across Devon and Cornwall where host and partner Council's work collaboratively to create equitable and proportionate future arrangements.

3. PROVISIONS OF THE PROPOSED AGREEMENTS

- 3.1 The current Memorandum of Agreement for each AONB follows a national format and runs to over 30 pages covering the following:
- A vision for the partnership;
 - The purpose of the AONB staff unit;
 - The respective roles of the employing authority, the other local authorities, and Defra;
 - Arrangements for staff employment and line management;
 - Financial and administrative arrangements, including arrangements for the payment and receipt of partnership funding contributions;
 - A list of cost categories that are eligible for funding;
 - Arrangements for sharing any redundancy costs between the funding partners;
 - The amount of each partner's future funding input;
 - Arrangements for termination or withdrawal from the Agreement;
 - Provisions for resolving disputes or disagreements;

- Provisions for disclosure of information to comply with the Freedom of Information Act, Data Protection Act, Human Rights Act, etc.
 - A number of schedules and appendices setting out the AONB Partnership terms of reference, purpose, governance, membership, structures and organisation; and the structure and terms of reference of the staff unit.
- 3.2 It is anticipated that interim MoAs established between local partners for 15/16 will incorporate key elements but omit reference and obligations on Defra. It is therefore proposed that the Executive agrees to the renewal of the Agreements on the lines set out above, but delegates authority to the Natural Environment and Recreation Manager to finalise the Agreements, in consultation with the Portfolio holder.
- 3.3 The issues faced by SHDC are replicated nationally and strong representations have been made to Defra. In light of these, further clarification has been provided by Defra. This has come via a tripartite meeting between Defra, NAAONB and Natural England. It is confirmed that Defra will offer a grant for 15/16, that it will not enter new or extended MoAs, and that the grant cannot be used to cover redundancy costs.

4. LEGAL IMPLICATIONS

- 4.1 The Countryside and Rights of Way Act 2000 gives local authorities an explicit statutory duty to prepare and publish a management plan for each of their AONBs, and to review it every five years. The Act also requires local authorities to have regard for the purposes of the AONBs in conducting their functions.
- 4.2 The Council has the ability to undertake activity in relation to AONBs under General Powers of Competence within the Localism Act 2011.
- 4.3 The terms of the existing MoA are generally acceptable and it is anticipated DCC will be formulating an interim 15/16 version for consideration by funding partners. Subject to this being acceptable to the Council it will be reviewed by Support Services for suitability prior to signing.
- 4.4 This report is brought to Committee because it needs to agree the extent of the terms of the agreement with the accompanying financial commitment.
- 4.5 There is sensitive information relating to individuals in this report, there are grounds for Appendix A of the report's publication to be restricted, and considered in Exempt session. Having applied the public interest test, it is felt that the public interest lies in non-disclosure due to the personal data contained in the Appendix. Accordingly Appendix A contains exempt information as defined in Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972

5. FINANCIAL IMPLICATIONS

- 5.1 It is proposed that new one year MoAs be entered into for both South Devon and Tamar Valleys AONBs for the year 15/16. At this stage it is assumed this will be based on the 14/15 level of funding.
- 5.2 Entering into agreements for 2015/16 would require commitment of budgets for the next financial year under the “Environmental Initiatives” budget head. If SHDC tracked other partners and maintained 15/16 levels at 14/15 levels then this would amount to:
- o South Devon AONB Core Budget £ 23,200
 - o South Devon Project Budget £ 9,700
 - o Tamar Valley Core Budget £ 580

These figures would need to be ratified during the budget setting process. Maintaining current levels allows for a structured review of future delivery options – at the heart of which will be opportunities for both cost reduction and income generation.

- 5.3 The issue of redundancy liabilities needs to be considered with liabilities shown at Appendix A. The confirmation of Defra and DCC funding for the South Devon AONB for 15/16 eases any need to consider redundancies up to March 2016. Beyond that time it is assumed a model for delivery will be arrived at that is financially resilient and guards against future redundancy – however this cannot be assured at this time. Given that SHDC would bear 100% of redundancy costs without an MoA in place the entering of an interim shared liability with DCC is an appropriate arrangement that minimises liability and establishes a stable platform on which to undertake the review of future delivery options. It is suggested this approach be pursued.
- 5.4 In the case of the Tamar Valley AONB, the Council’s current annual contribution to the AONB Unit’s core costs is £580 (of which 50% is recharged to Bickleigh Parish Council). On this basis both the current and future contribution (assumed to be pro-rata) to any redundancy is very limited. Details are set out in Appendix A – and in either case any liability can be covered from the in year budget.

6. RISK MANAGEMENT

6.1 The strategic risk management implications are set out below:

Corporate priorities engaged:	Economy, Environment
Statutory powers:	Countryside and Rights of Way Act 2000. Section 111 of the Local Government Act 1972. Section 2 of the Local Government Act 2000 (the well-being power).
Considerations of equality and human rights:	N/A
Biodiversity considerations:	The AONB Management Plan takes these matters into consideration.
Sustainability considerations:	The AONB Management Plan takes these matters into consideration.
Crime and disorder implications:	N/A
Background papers:	Tamar Valley AONB: <ul style="list-style-type: none"> • Management Plan 2014 - 2019. • 2011 - 2015 Memorandum of Agreement. • Annual report 2013-2014. South Devon AONB: <ul style="list-style-type: none"> • Management Plan 2014 - 2019. • 2011 – 2015 Memorandum of Agreement. • Annual report 2013 -2014.
Appendices attached:	Appendix A. Financial implications

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Financial	Council is exposed to financial liabilities for staff and redundancy costs	3	3	9	↔	Seek equitable arrangements for 15/16 Seek stable long term funding and operational position through review	Ross Kennerley
2	Legal	Need to adhere to current MoA and seek secure position for 15/16 onwards	3	3	9	↔	Ensure any actions don't breach current MoA and expose Council to legal (and potentially financial) liability	Ross Kennerley
3	Reputational	Impact on AONB delivery programme, team and partnership	3	2	6	↔	Participate in managed and structured review of future options Seek external validation of process	Ross Kennerley

Direction of travel symbols ↓ ↑

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AGENDA
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SOUTH HAMS DISTRICT COUNCIL

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NAME OF COMMITTEE	Executive
DATE	23 October 2014
REPORT TITLE	Council Tax Reduction
Report of	Customer Service Manager
WARDS AFFECTED	All

Summary of report:

The Council is required to consider the Council Tax Reduction Scheme for 2015/16 by 31 January 2015. On the basis we are only half way through the first year of operation, it's still too early to measure the full customer and financial impact and therefore it is considered appropriate to continue with our existing scheme. This approach is in-line with the other Devon Authorities.

Financial implications:

The Government funding (Settlement Funding Assessment, SFA) received from Central Government will be reduced by 10% for 2015/16. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of approximately £552,000.

RECOMMENDATIONS:

To recommend to Council:

- 1) To agree to continue with the existing Council Tax Reduction scheme for 2015/16:
- 2) For delegated authority to be given to the Head of Finance and Audit, in consultation with the Portfolio Holder, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

Officer contact: kate.hamp@swdevon.gov.uk, 01803 861104

1. BACKGROUND

- 1.1 As part of the wider Welfare Reform agenda Council Tax Benefit was abolished from April 2013. It is now the responsibility of the billing authorities to design and agree their own local schemes on an annual basis. The local scheme is called Council Tax Reduction (CTR) and is classed as a council tax discount rather than a state welfare benefit.
- 1.2 In 2014/15 the Council took the decision to adopt a cost neutral scheme meaning that all claimants were required to pay a contribution towards their Council Tax. The scheme introduced:
- **80% maximum liability restriction** meaning that working age claimants paid a minimum of 20% towards their Council Tax bill.
 - **A property valuation band D restriction** meaning that working age claimants living in larger properties did not receive greater levels of support than those living in small properties
 - **An exceptional hardship fund** to help those claimants experiencing severe financial difficulties
- 1.3 Pensioners continue to be protected from receiving any reduction to their current entitlement and will remain under a national scheme as prescribed by legislation for 2015/16.
- 1.4 Any changes to the scheme for 2015/16 would mean having to go out to consultation at a time when the full impact of our existing scheme is not known.
- 1.5 Any risk associated with the local schemes is shared by all the major precepting authorities through the impact on the Council Tax Base.

Share of the Council Tax bill for 2014/15	% 2014/15
South Hams District Council	9.2%
Devon County Council	72.5%
Police and Crime Commissioner	10.6%
Devon & Somerset Fire & Rescue	4.9%
Town &Parishes	2.8%

2. THE CUSTOMER JOURNEY SO FAR

- 2.1 In February 2014 we sent personalised letters and a leaflet to all the working age customers affected by the changes. This also provided an indicative figure of the amount they would need to pay from 1 April 2014. This letter also encouraged customers to contact us to discuss an instalment plan and payment options.

- 2.2 The recruitment of a Recovery Officer on a fixed term contract, funded by all the major preceptors as a result of a successful business case, allowed us to act proactively and follow up the letter with a phone call. Here we explained anything that the customers may be unsure about and set up a Direct Debit if the customer was agreeable.
- 2.3 The business case also allowed us to increase the independent money advice service provided by Encompass in order to support customers affected by these changes and in turn protect the Council Tax collection fund.
- 2.4 In March 2014, Council Tax bills and Council Tax Reduction letters were sent to all customers.
- 2.5 All Customer Service Officers were trained to provide basic guidance and signposting to customers if they contacted us over the phone. Further information was also provided to customers on our website.
- 2.6 Those customers who told us that they were unable to pay were referred to Encompass for money advice specific to their circumstances by carrying out an income and expenditure exercise. This information then allowed us to consider if the customer was eligible for the Exceptional Hardship Fund.
- 2.7 The Exceptional Hardship Fund forms part of the scheme and provides a safety net for those customers most in need. The fund is financed through the collection fund so it is paid for proportionately by all major preceptors.
- 2.8 Situation as at the end of August 2014:
- 34% of our working age customers receiving Council Tax Reduction are paying their bill by Direct Debit
 - We have made 3270 outbound proactive calls and sent 505 letters to customers to provide advice and to chase payment. We have attempted to make telephone contact with all customers prior to any formal recovery action being made.
 - We have issued 170 summonses for non-payment of Council Tax to customers receiving CTR. Of these 67 have set up a special arrangement to clear the debt and 18 have paid in full.
 - We have received 293 applications for Exceptional Hardship. Of these 11 have received full support and a further 81 have received a partial award. 21 did not qualify and 25 withdrew or failed to engage. The remaining applications are still awaiting assessment. Total awards currently stand at £9,782.72 which has been paid for proportionately by all the major preceptors.
 - Increased recovery action has led to an increase in the number of inbound Council Tax calls which are dealt with by the Customer Service Team.
 - Council Tax collection rates are being maintained and are currently only 0.3% below last years figure. Collection rates for 2013/14 were 98.8%.

- 2.9 The number of customers that have reached liability order stage is currently relatively low as an overall percentage of working age customers impacted by the scheme. However we are only half way through the year and this position could change as customers who have been paying start to default with their instalments.
- 2.10 Further information on the impact of the scheme can be found in the equality impact assessment (appendix A). The results of which do not identify any disproportionate impact on any groups. By retaining the key elements of the council tax benefit rules within the scheme and the introduction of the Exceptional Hardship Fund we have continued to ensure that vulnerable groups are identified and protected.

3. ISSUES FOR CONSIDERATION

- 3.1 From 2014/15 funding for Council Tax Reduction has been included within the overall local government funding grant. South Hams District Council therefore decides how much funding is available to support the Council Tax Reduction scheme.
- 3.2 The aim of the local scheme was for it to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2014/15. Our scheme was modelled on the basis of expenditure coming out at circa £5,067,794. We have been closely monitoring this to ensure we are not creating significant over/under spend on the collection fund. The table below sets out the cumulative expenditure at the end of each month:

2014/15 As at end of:	Pensioner award cumulative total £	Working Age award cumulative total £	Annual award cumulative total £
April	£3,057,280.01	£1,897,327.71	£4,954,607.72
May	£3,042,712.79	£1,898,006.32	£4,940,719.11
June	£3,038,655.69	£1,881,347.58	£4,920,003.27
July	£3,028,436.78	£1,864,639.62	£4,893,076.40
August	£3,023,308.66	£1,868,563.07	£4,891,871.73

The above figures are the cumulative total at the end of each month that has been awarded in council tax reduction. The awards are given upfront for the whole of the year.

- 3.3 It is normal that expenditure will fluctuate slightly throughout the year. Actual Predicted Expenditure of £4,891,871.73 for 2014-15 (predicted cumulative award as at the end of August 2014) is currently lower than the forecasted figure of £5,067,794 (see 3.2). Claim numbers for pensioners and working age claimants has decreased throughout the year contrary to the forecast however seasonal fluctuations could well see an increase in claim numbers towards the end of the year. Therefore officers are confident that the difference between forecasted and actual figures as at the end of the financial year will be minimal. The modelling carried out last year which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.

- 3.4 All Devon authorities are recommending to retain their existing schemes for 2015/16, which means they are not making any changes (Appendix B). All authorities, bar Teignbridge have a cost neutral scheme very similar in design to South Hams
- 3.5 The practicalities of changing our scheme would mean having to go out to consultation. This would need to be done at a time when we still don't fully know the impact on our customers or how much we will actually collect within the year as we are only half way through the financial year. The forecasted expenditure for the next financial year still means that the estimated cost of the scheme is still within the level of Government funding and therefore it makes sense to retain our existing scheme.

4 LEGAL IMPLICATIONS AND STATUTORY POWERS

- 4.1.0 Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31st March 2013 and introduces the Local Council Tax Support schemes to be administered by Local Authorities.
- 4.1.1 If no local CTR scheme is adopted by 31st January 2015 the Council will be bound to continue with the scheme adopted in 2014/15.

5. FINANCIAL IMPLICATIONS

The Government funding (Settlement Funding Assessment, SFA) received from Central Government will be reduced by 10% for 2015/16. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of approximately £552,000. Based on current calculations (see 3.2 and 3.3) officers are confident that the difference between actual and forecasted figures as the end of the financial year will be minimal. The modelling carried out last year which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.

6.0 RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7.0 OTHER CONSIDERATIONS

Corporate priorities engaged:	Community Life, Economy
Considerations of equality and human rights:	<p><i>In deciding to retain the Council Tax Reduction Scheme for 2015, the Council has considered and is of the opinion that no transitional provisions are required. The Council will, for 2015/16, maintain a fund for those taxpayers who experience exceptional hardship.</i></p> <p>An Equality Impact Assessment has been undertaken for the proposed scheme.</p>
Biodiversity considerations:	There are no biodiversity considerations to this report
Sustainability considerations:	Financial considerations have been factored into the long term sustainability of the scheme.
Crime and disorder implications:	There are no crime and disorder considerations to this report.
Background papers:	Welfare Reform Act 2012
Appendices attached:	Appendix A – Equality Impact Assessment Appendix B – Devon wide schemes for 2015/16

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Financial Modelling	Scheme does not meet reduction in funding creating shortfall to be met by Preceptors	5	2	10	↔	Extensive financial modelling has been undertaken	Kate Hamp and Lisa Buckle
2	Agreement on scheme	Failure to agree a scheme by 31 st January 2015	1	2	2	↓	Failure to agree will mean the Council is bound to continue with scheme adopted for 2014/15	Kate Hamp
3	Financial	Detrimental impact on collection rates	5	2	10	↔	Business case in place with all preceptors agreeing financial support to fund extra resource to undertake early intervention and money advice. 2014/15 rates are looking good.	Kate Hamp
4	Financial	Future funding reductions could mean that the proposed scheme will not remain fit for purpose	5	4	20	↑	Annual review and close monitoring of announcements and national forums.	Kate Hamp and Lisa Buckle

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
5	Financial	Impact on wider economy and most vulnerable	5	3	15	↔	Business case in place with all preceptors agreeing financial support to provide Exceptional Hardship Fund to assist those in extreme financial need.	Kate Hamp

Direction of travel symbols ↓ ↑ ↔

Equality Impact Assessment (Appendix A) – South Hams District Council Council Tax Reduction Scheme 2015/16

Lead Officer	Kate Hamp - Customer Services Manager
Service	ICT and Customer Services
Proposed change to service	Council Tax Reduction scheme for April 2015
Reason for the service change	<p>The Council Tax Benefit scheme was abolished by the Welfare Reform Bill from April 2013. This was replaced with a local Council Tax Reduction scheme. The Council implemented a Council Tax Reduction scheme which was very similar to the previous Council Tax Benefit system. From April 2013 the only change applied was to abolish Second Adult Rebate claims for working age claimants. The shortfall in funding was covered by council tax technical reform changes rather than reducing the level of support provided in Council Tax Reduction.</p> <p>From April 2014 and after public consultation the following scheme was agreed:</p> <p>80% maximum liability restriction meaning that working age claimants paid a minimum of 20% towards their Council Tax bill.</p> <p>A property valuation band D restriction meaning that working age claimants living in larger properties did not receive greater levels of support than those living in small properties</p> <p>An exceptional hardship fund to help those claimants experiencing severe financial difficulties</p> <p>The Council's overall budget has continued to be cut by Central Government. It is for local councils to determine how to manage the funding gap and whether any further cuts should be made to the current Council Tax Reduction scheme for working age customers.</p> <p>There are strict guidelines from the Government to ensure support for pensioners will remain at the same level as now and will be delivered through a national framework of criteria and allowances.</p> <p>South Hams District Council will need to agree the scheme which will be affective from April 2015 by 31st January 2015. If no scheme is approved the Council will continue with the scheme as agreed for April 2014.</p>
Information about users , research or other evidence	<p>South Hams District Council has the option of developing a new scheme, continuing with the current scheme. By default if no scheme is agreed for 2015/16 then the current scheme will continue.</p> <p>1. Continue 2014/15 scheme for 2015/16. The preferred option would be for The Council to agree to continue with the current scheme for 2015/16 which still includes a means tested element aimed at helping those with greatest need.</p>

	<p>a) The Council to adopt and agree to continue the scheme for 2015/16 with benefit uprating applied</p> <p>b) Funding gap will continue to be met by implementing the same scheme.</p> <p>2. Develop a new Local Council Tax Reduction scheme for 2015/16</p> <p>a) On the basis we are only half way through the first year or a revised scheme it is too early to predict the full financial and customer impact.</p> <p>b) Full public consultation would be required</p> <p>c) Customers have already incurred many central government benefit changes over the last few years. Customers have adapted well to the revised scheme for 2014/15</p> <p>d) No other Devon Authority is developing any further scheme changes for 2015/16</p> <p>3. Do Nothing/no agreement</p> <p>a) The current scheme for 2014/15 would be applied.</p>									
Stakeholder consultation and involvement	<p>As the preferred proposal is for no scheme amendments there is no requirement for a full consultation. Impacts of the current scheme have been monitored through any impacts on the collection rate and Exceptional Hardship Fund. Regular updates on customer impacts have been reported and discussed across the Devon wide group including all preceptors.</p> <p>Current Council Tax Reduction Claimants</p> <table border="1" data-bbox="491 1111 1487 1227"> <thead> <tr> <th></th> <th>Pensioners (exempt)</th> <th>Working age</th> </tr> </thead> <tbody> <tr> <td>Number of claimants</td> <td>3175</td> <td>2523</td> </tr> <tr> <td>%</td> <td>56%</td> <td>44%</td> </tr> </tbody> </table>		Pensioners (exempt)	Working age	Number of claimants	3175	2523	%	56%	44%
	Pensioners (exempt)	Working age								
Number of claimants	3175	2523								
%	56%	44%								

Impact of change- Who will be affected. How the change will impact on equality groups . Any positive and negatives impacts of the changes on users. Actions taken to avoid or lessen any negative impacts

As caseload data is continually changing analysis and effects will continue

As at September 2014 there were a total of 43,065 properties liable for Council Tax in the South Hams area.

13(%) were receiving Council Tax Reduction of these 2523 working age households would continue to receive the same level of entitlement towards their Council Tax Bill.

Further analysis of Equality strands are;

AGE	Positive	Negative																
<p>Profile data available from current CTR claims. This covers all people in the CTR household</p> <table border="0"> <tr> <td>0-15 yr old</td> <td>2637</td> </tr> <tr> <td>16-17</td> <td>362</td> </tr> <tr> <td>18- 24</td> <td>746</td> </tr> <tr> <td>25-34</td> <td>993</td> </tr> <tr> <td>35-49</td> <td>1828</td> </tr> <tr> <td>50-64</td> <td>1959</td> </tr> <tr> <td>65 and over</td> <td>3491</td> </tr> <tr> <td>Total</td> <td>12016</td> </tr> </table>	0-15 yr old	2637	16-17	362	18- 24	746	25-34	993	35-49	1828	50-64	1959	65 and over	3491	Total	12016	<ul style="list-style-type: none"> • People of pension age remain protected and will not be subject to the scheme. • Could incentivise customers back into work. • Earnings disregards will be applied when calculating income. • Customers moving into work extended periods will exist to help transition into work • Support will continue to be provided by a dedicated advisor in money management and maximising customer's income. Ensure customer has claimed all available council tax discounts, exemptions and disabled band reductions. Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances • Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	<ul style="list-style-type: none"> • The scheme will discriminate on the grounds of age because of Central Government requirement to protect pensioners. The national pensioner scheme treats them more favourably because allowances are more generous.
0-15 yr old	2637																	
16-17	362																	
18- 24	746																	
25-34	993																	
35-49	1828																	
50-64	1959																	
65 and over	3491																	
Total	12016																	

DISABILITY	Positive	Negative
<p>Profile data available from current CTR claims. In this instance person is defined as</p>	<ul style="list-style-type: none"> • Disability Benefit income will continue to be disregarded when 	

<p>disabled if they are in receipt of Disability Living allowance</p> <p>Members of CTR household</p> <p>Under 18 = 110</p> <p>Over 18 = 1411</p>	<p>calculating entitlement.</p> <ul style="list-style-type: none"> Higher allowances will be awarded in the calculation of support for those receiving disability benefits Support will be provided by a dedicated advisor in money management and maximising customer's income. Ensure customer has claimed all available council tax discounts, exemptions and disabled band reductions. Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	
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MARITAL STATUS, family circumstances or caring responsibilities	Positive	Negative
<p>Single person Household.</p> <p>Couple with no children</p> <p>Families with children</p> <p>Household with Carer</p>	<ul style="list-style-type: none"> Higher allowances will be awarded in the calculation of support for carers The scheme builds in additional premiums for households with children as Child Benefit and child maintenance is disregarded Support will be provided by a dedicated advisor in money management and maximising customer's income. Ensure customer has claimed all available 	<ul style="list-style-type: none"> Families in large properties may have the difference between their larger property banding and a Band D to pay as well as an extra 20% contribution to their council tax payments

	<p>council tax discounts, exemptions and disabled band reductions.</p> <ul style="list-style-type: none"> • Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances • Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	
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SEX(gender)	Positive	Negative
<p>Sex (gender) for Household</p> <p>6731 are female 5123 are male</p>	<ul style="list-style-type: none"> • The scheme will not treat people of either sex any differently • No changes have been made to the treatment of Income and savings of women expecting children 	

Race/Ethnicity Religion/Belief Sexual Orientation	Positive	Negative
No CTR data held for these	<ul style="list-style-type: none"> • The scheme will not treat people in these groups any differently 	

General	Positive	Negative
Change 1a. Reduce maximum Liability to 80%	<ul style="list-style-type: none"> • Encourage some households to move to smaller, more affordable accommodation • Incentivise customers to try and locate work or extra hours. 	<ul style="list-style-type: none"> • All working age customers will continue to pay at least 20% towards council tax.
Change 1b. Band D Property Band Restriction	<ul style="list-style-type: none"> • The scheme will not be contributing to the cost for those who choose to 	<ul style="list-style-type: none"> • Could impact households with a large number of family members

	<p>live in larger properties.</p> <ul style="list-style-type: none"> • The scheme is consistent with benefit welfare changes such as size criteria, benefit cap and local housing allowance. 	
Change 1c. The creation of an exceptional hardship fund to help those in financial need	<ul style="list-style-type: none"> • Will ensure there is funding available for those experiencing temporary hardship. 	

Submissions from Interested parties ;

General publicity for all residents e.g press releases, South Hams Connect sessions, static displays, website.

Issues and Recommendations

Since April 2013 Council Tax Reduction has been a local scheme and therefore the council must agree a scheme each year by council by 31st January.

Funding for Council Tax Reduction is now included within the business rate retention formula grant.

The Government have decided that pensioners will remain protected and have regulated the approach in calculating future support for them. Therefore any local scheme will impact on working age claimants only.

South Hams have consulted with Devon County Council, the Fire and Police as major preceptors they remain unable to fund the shortfall therefore the support for working age claimants will need to continue to be reduced.

To protect the most vulnerable South Hams District Council will have some kind of vulnerability/hardship fund to act as a safety net. This will allow for individual circumstances to be taken into account when appropriate.

Action Plan & Review.

December 2014 Options for final scheme will be considered by Members

April 2015 onwards. Monitoring on customer impact will continue through the year

Scheme and funding will need to be fully reviewed and agreed for 2016/17

Appendix B - Devon's Recommended Schemes to Members 2015/16

All schemes are based on the using the same rules which originally applied to Council Tax Benefit but with the changes identified below. All Devon authorities are proposing to continue with the same scheme as 2014/15 as below.

Local Authority	Limit Liability	Band Restriction	Upper Capital Limit	Hardship Fund	Other
East Devon District Council	80%	Band D	£8,000	Yes	
Exeter City Council	80%	NA	£6,000	Yes	
Mid Devon District Council	80%	Band D	£8,000	Yes	
North Devon District Council	75%	Band D	£6,000	Yes	Increased earnings disregard
South Hams District Council	80%	Band D	£16,000	Yes	Capital limit remains unchanged and is consistent with housing benefit capital limit
Teignbridge District Council	100%	N/A	£16,000	No	
Torridge District Council	75%	Band D	£6,000	Yes	
West Devon Borough Council	80%	Band D	£16,000	Yes	Capital limit remains unchanged and is consistent with housing benefit capital limit
Unitary Authorities					
Plymouth City Council	78%	Band E	£6,000	Yes	
Torbay Council	75%	NA	£6,000	Yes	

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AGENDA
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SOUTH HAMS DISTRICT COUNCIL

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NAME OF COMMITTEE	Executive
DATE	23 October 2014
REPORT TITLE	Revenue Budget Monitoring 2014/15
Report of	Head of Finance & Audit
WARDS AFFECTED	All

Summary of report:

This report enables Members to monitor income and expenditure variations against the approved budget for 2014/15, and provides a forecast for the year end position.

Financial implications:

The report identifies an overall surplus of £10,000 for the 2014/15 financial year.

RECOMMENDATION:

That the Executive **RESOLVES** to note the forecast income and expenditure variations for the 2014/15 financial year.

Officer contact:

Lisa Buckle, Head of Finance and Audit
Lisa.buckle@swdevon.gov.uk

1. BUDGET OVERVIEW

The gross service expenditure budget for 2014/15 was set at £45 million (£9.0 million net). **Actual net revenue expenditure is forecast to be under budget by £10,000 when compared against the total budget set for 2014/15.**

Table 1 below provides an analysis of the projected variances against budget.

TABLE 1: 2014/15 BUDGET FORECAST

	2014/15 Budget expenditure /(income) £000	Budget variations increase/ (decrease) £000	£000	Note
APPROVED BUDGET			9,028	
Reductions in expenditure/additional income				
Planning Applications (income)	(782)	(100)		A
Housing Benefit Recoveries	(150)	(75)		B
Tourism	15	(15)		C
<i>Sub total of variations</i>			(190)	
Increases in expenditure/reductions in income				
Dartmouth Lower Ferry (income)	(957)	100		D
Target for savings from Shared Services and vacancies	(155)	50		E
Waste Management	2,753	30		F
<i>Sub total of variations</i>			180	
PROJECTED OUTTURN			9,018	
PROJECTED (SURPLUS)/DEFICIT			(10)	

Notes

- A. **Planning** – additional income from planning applications. Consistent with 2013/14 outturn.
- B. **Housing Benefit** – additional recoveries of over-payments (budgeted expenditure for Housing Benefit in 2014/15 is £21 million).
- C. **Tourism** - the Council no longer requires a seat on the Board of Visit South Devon and is therefore withdrawing financial support to them.
- D. **Dartmouth Lower Ferry**- Members will recall that the Ferry was out of action until 20th May 2013 for essential slipway maintenance (Minute E.15/12 refers). The indications are that not all the business lost during this period has returned and a shortfall in income of at least £100,000 is forecast.
- E. **Vacancy provision/Shared Services** - Members are aware that significant salary savings will be forthcoming from the implementation of the T18 project. However, in the short term, there are additional costs arising from the temporary deployment of agency staff to cover vacancies. In the longer term, this is a more cost effective approach than permanently filling posts.
- F. **Waste Management** – The Strategic Waste Review actions for the South Hams Collection Service have been agreed. The major procurement for the sale of dry recycling materials is under way currently, with tenders due to be received on 1 September 2014. Subject to market prices for recycling materials, the saving for the waste review in 14/15 will be £110,000 (Budgeted 14/15 saving was £140,000). Interim materials sales solutions have already increased income during this financial year. There is a reduction in the original saving estimated due to the decision made to delay property day changes until the autumn of 2015 when we will have our new fleet in place and the support officer capacity to deliver this customer change effectively and efficiently.

2. PRUDENTIAL INDICATORS

The prudential code indicators were approved in the Treasury Management Strategy report to the Executive on 6 March 2014. The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Executive together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

3. INCOME AND RESERVES

Income monitoring is an integral part of financial management. Current income forecasts are as follows:

Service	Actual Income 2013/14	Income Budget 2014/15	Projected Income 2014/15	Deficit/ (Surplus)	Deficit/ (Surplus)
	£'000	£'000	£'000	£'000	%
Car Parks	2,879	2,972	2,972	-	-
Dartmouth Ferry	678	957	857	100	10.4%
Employment Estates	1,299	1,293	1,293	-	-
Licensing	222	224	224	-	-
Planning Applications	782	650	750	-100	-15.4%
Trade Waste	707	724	724	-	-
TOTAL	6,567	6,820	6,820	-	0%

The decision on the level of balances and reserves is taken during the formulation of the annual budget and the medium term financial strategy. As a matter of prudence the Council has set aside various amounts in reserves to cover future liabilities and items of expenditure and these are attached as Appendix A.

4. LEGAL IMPLICATIONS

The Council's Financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Executive as part of the Council's arrangements for Budget management.

There are no legal implications arising from this report.

5. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Working papers in Support Services
Appendices attached:	A - Reserves

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.	Heads of Service
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Consideration of revenue budget variances provides a mechanism for the identification of cost pressures and income opportunities that can be reflected in the Council's Medium Term Financial Strategy.	Head of Finance and Audit

Direction of travel symbols ↓ ↑ ↔

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)					
			Opening balance	Projected Balance	
		Annual Contribution	1 April 2014	31 March 15	Comments
		£000	£000	£000	
EARMARKED RESERVES					
Code	Specific Reserves - General Fund				
0631	Capital Programme	182	977	282	Reduction due to capital commitments
0633	Revenue Grants		356	356	Comprises grants with no repayment conditions - created as a result of accounting changes introduced by IFRS.
0634	Rural Services Support Funding		37	37	Grant funding from DCLG
0635	Affordable Housing		102	122	
0638	Renovation Grant Reserve		37	37	Comprises proceeds from repayments
0639	New Homes Bonus		698	0	
0641	Business Rates Retention		1,023	0	Will be used to offset accounting deficit in Collection Fund
0645	Strategic Issues		379	306	
0650	Community Parks and Open Spaces	17	105	110	
0655	Community Well-being		44	0	Balance transferred to Economic Initiatives Reserve. Annual contribution ceased in 2014/15
0665	Repairs & Maintenance	55	343	265	
0670	Land and Development		196	157	Includes commitments for condition surveys and feasibility studies)
0675	Ferry Repairs & Renewals	87	176	263	
0680	Economic Initiatives		112	43	
0685	Vehicles & Plant Renewals	541	1,236	1,007	Will be used for programmed vehicle replacements. Programme under review.
0690	Pay & Display Equipment Renewals	21	19	40	
0695	On-Street Parking		44	44	
0696	T18 Investment Reserve		935	0	A new reserve for T18 investment costs. Council minute 34/13 refers
0700	Print Room Equipment		76	76	
0705	ICT Development		350	178	
0710	Sustainable Waste Management		72	0	
0720	District Elections	10	58	68	
0725	Beach Safety		17	14	
0730	Planning Policy & Major Devpts		671	487	Staffing and other commitments
0735	Building Control		187	172	
0740	Section 106 Deposits		37	37	
0830	Members Sustainable Community Locality		48	0	
Sub Total		913	8,335	4,101	
GENERAL RESERVES					
0765	General Fund Balance (Accumulated Surplus)		1,707	1,664	
TOTAL REVENUE RESERVES			10,042	5,765	

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NOT FOR PUBLICATION

This report contains exempt information as defined in
Paragraph 3 of Part 1 of
Schedule 12A to the Local Government Act 1972
(applies to Appendices A and B)

AGENDA
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SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM
10

NAME OF COMMITTEE	EXECUTIVE
DATE	23 October 2014
REPORT TITLE	CAPITAL PROGRAMME MONITORING REPORT
REPORT OF	Head of Finance and Audit
WARDS AFFECTED	ALL

Summary of report:

To advise Members of the progress on individual schemes within the approved capital programme, including an assessment of their financial position.

Financial implications:

The anticipated level of expenditure is within the existing budget for the approved capital programme as a whole (Appendix A).

RECOMMENDATIONS:

That the Executive notes the report.

Officer contact:

Lisa Buckle, Head of Finance and Audit
Lisa.buckle@swdevon.gov.uk
(01803) 861413

1. BACKGROUND

1. The capital programme for 2014/15 was approved by Council on 13 February 2014 (50/13 and E41/13 refer). This report provides an update on this programme and also on those schemes that remain outstanding from previous programmes (Appendix A).

2. ISSUES FOR CONSIDERATION

Introduction

- 2.1 A summary of the programme is shown in exempt Appendix A. The award of contracts is subject to the Council's procurement rules on competitive tendering and therefore the allocated budget is commercially sensitive.

Specific Issues

- 2.2 Members are requested to note the following:

Capital Programme 2013/2014 and prior

Salcombe Fish Quay

- Project completed 12th September 2014
- Defects certificate has been issued
- Overspend of £80k to be funded from contingencies (Minute E.05/13 refers)

Dartmouth & District Indoor Pool Trust (DDIPT)

- The DDIPT have started with site investigation works and have procured the services of a contractor to prepare work packages for tender.

Dartmouth Lower Ferry - Replacement of slipways and fendering systems

- Project completed on 20th May, 2013
- Cathodic protection to sheetpiles now installed
- Former final settlement offer issued and awaiting a response
- Aluminium sacrificial anodes to protect the sheetpiles from rust has been installed to ensure sheetpile potential life expectancy is achieved.

Island Street Workshop Re-cladding, Salcombe

- Island Street commercial unit is having new cladding and roof, new insulation and door/windows
- Contractor appointed to works phase
- Works scheduled to start early November and it is a 12 week programme

Follaton House - New Fire Detection Panel

- The scope of the T18 brief has been increased to include an updated fire detection system for the new house across all floors. This will be delivered through the 2nd floor fit out between now and the end of March. This shall be funded from the capital programme bid allocation.

Ivybridge Leisure Centre

- Snagging works identified relating to the changing rooms refurbishment which are being resolved within the defects period.

South Embankment Shelter, Dartmouth

- Work in progress
- Completion expected November 14

Capital Programme 2014/2015

Three schemes completed:

- Fore Street car park, Kingsbridge
- Warfleet dinghy storage area,
- Dartmouth Lower Ferry Ticket Machines.

T18 Follaton House Improvements

- Contractor appointed
- Work commenced in September for March finish

Disabled Facilities Grants

In the present financial year 79 Disabled Facilities Grants have been approved ranging from simple stair lifts and level access showers through to full extensions. All grants are mandatory, means tested and enable people to remain living independently within their own home. Payments of £319,000 have been made covering grants approved during this and previous financial years. This is the six month position. An additional £171,000 is committed bringing the total to £490,000 against a budget of £650,000. With the addition of applications pending, and yet to be received, it is predicted that the budget will be fully committed by year end.

The Environmental Health service has secured an average saving of approximately 24% (£1000) on each standard Level Access Shower, through the development, procurement and implementation of a framework agreement across Devon and Cornwall. Although it is impossible to predict demand for grants, it is proposed to reduce the budget from £650,000 to £600,000 for the next three years in view of the savings on unit cost.

Affordable Housing Update

Scheme	Budget	Narrative
Frogmore - Exception Site	£25k	Site under option with Hastoe Housing Association. Site investigations currently underway. Start on site estimated to be spring 2015. Completion spring 2016.
Community led housing	£100k	Community-led Housing Initiative launched in April 2014. Currently in discussion with 3 organisations to provide financial support for community led schemes.
Rural Affordable housing	£400k	£250,000 committed or provisionally committed to rural schemes including Thurlestone, Avondale, Slapton, Newton Ferrers and Morleigh
Older persons housing	£500k	Allocated to Riverside Extra Care. Start on site scheduled for Summer 2015. Completion Spring 2017
Existing stock/ Sustainability	£100k	To reduce empty homes and make best use of existing housing stock.
Homeless / Specialist Housing	£50k	To enable the provision of specialist accommodation as required. Funding will be allocated as need arises.
Follaton Oak, Totnes	£80k	Scheme due to start on site autumn 2014 completion summer 2015.
Ivatt Road, Dartmouth	£60k	Scheme completed.

3. STRATEGIC ASSET REVIEW - UPDATE

3.1 The procurement of Development Consultants has been undertaken and feasibility and pre-marketing advice has commenced on two of the major disposal sites in the District. Additional resource has now been secured within the Estates Team (commencing on 20th October) to progress the minor disposal and redevelopment sites. Progress on other sites is included in exempt Appendix B.

Specific progress to note on some of the previously reported sites is:

- Extension to Mayors Avenue Car Park, Dartmouth – conditional planning consent was granted on 1st October. Planned completion of this project by early March 2015.
- Fore street Car Park, Kingsbridge – preliminary feasibility plans have been prepared illustrating various residential layouts. A financial appraisal has been completed in preparation of consultation with Members for the preferred option to advance.
- Island Street, Salcombe – tender for the refurbishment of this asset has been let with works commencing 3rd November.

4. LEGAL IMPLICATIONS

- 4.1 Statutory powers are provided by the S1 Localism Act 2011 general power of competence.
- 4.2 The capital programme is implemented in line with the Council's legal requirements, which are examined on a project-by-project basis. To date there are no undue legal concerns.
- 4.3 Since there is commercially sensitive information in the Appendices A and B regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in Appendices A and B. Accordingly this report contains exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.

5. FINANCIAL IMPLICATIONS

- 5.1 The anticipated level of expenditure is within the existing approved budget for the approved programme as a whole (Appendix A).

6. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, s148(5)
Considerations of equality and human rights:	This matter is assessed as part of each specific project.
Biodiversity considerations:	This matter is assessed as part of each specific project
Sustainability considerations:	This matter is assessed as part of each specific project
Crime and disorder implications:	This matter is assessed as part of each specific project

<p>Background papers:</p>	<ol style="list-style-type: none"> 1. Report to and minute 82/09 of South Hams District Council on 04 February 2010 2. Reports to and minute of Executive on 26 January 2012 (E.69/11, Council 74/11). 3. Reports to and minutes of Executive on 31 May 2012 ((E.13/12, (E.14/12) 4. Report to and minutes of Executive on 6 September 2012 ((E.34/12). 5. Report to and minutes of Executive on 6 December 2012 (E.63/12) 6. Report to and minutes of Executive on 6 June 2013 (E.05/13) 7. Report to and minutes of Executive on 12 December 2013 (E.41/13)
<p>Appendices attached:</p>	<p>EXEMPT - Appendix A – Summary of the approved programme plus allocated budget</p> <p>EXEMPT – Appendix B – Update on the Strategic Asset Review – Capital Disposal Programme</p>

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Council Priorities	Meeting existing Council priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities	4	2	8	↔	This requires a project appraisal for each proposal. This needs to be taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.	Head of Service
2	Providing value for money	The Council must demonstrate that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment.	4	2	8	↔	Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.	Head of Finance and Audit Head of Assets
3	Cost overruns	Risk of cost overruns on the Capital Programme.	5	2	10	↔	There is regular quarterly monitoring of the Capital programme to Members where any cost overruns are identified at an early stage. There is a contingency budget within the Capital Programme (Appendix A).	Head of Finance and Audit Head of Assets

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AGENDA
ITEM

11

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

11

NAME OF COMMITTEE	Executive
DATE	23 October 2014
REPORT TITLE	Treasury Management : Mid Year Review 2014-15
Report of	Head of Finance & Audit
WARDS AFFECTED	All

Summary of report:

This report updates Members on the Treasury Management function for the first six months of the financial year.

Financial implications:

The Council is on course to meet its budget target of £110,000. To date, the Council has outperformed the industry benchmark by 0.21%.

RECOMMENDATION TO COUNCIL:

That the report is noted.

Officer contact:

Michael Tithecott

michael.tithecott@swdevon.gov.uk

1 BACKGROUND

- 1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. The Council is currently debt-free.

Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 1.2 The Council's Finance Procedure Rules require that a report be taken to the Executive three times a year on Treasury Management. The specific reporting requirements are:

- an annual treasury strategy in advance of the year (Executive 06/03/14
- a mid - year treasury update report (this report)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (i.e. Treasury Management Strategy Statement (TMSS), annual and midyear reports). This report therefore ensures this Council is implementing best practice in accordance with the Code.

2 ECONOMIC UPDATE

- 2.1 Economic forecasting remains difficult with many external influences weighing in on the United Kingdom.

It appears likely that strong growth in UK Gross Domestic Product will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are very encouraging and business investment is also strongly recovering. The manufacturing sector has also been encouraging though the latest figures indicate a weakening in the future trend rate of growth. This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the

Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years.

2.2 Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in August. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in Q1 or Q2 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

2.3 The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the 2013 Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far in 2014/15.

2.4 The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%
10yr PWLB rate	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%
25yr PWLB rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%
50yr PWLB rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%

Capita Asset Services undertook a review of its interest rate forecasts in mid August, after the Bank of England's Inflation Report. By the beginning of September, a further rise in geopolitical concerns, principally over Ukraine but also over the Middle East, had caused a further flight into safe havens like gilts and depressed PWLB rates further. However, there is much volatility in rates as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 1 of 2015.

3 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE

Overview

3.1 The Treasury Management Strategy Statement (TMSS) for 2014/15 was approved by Council on 20th March 2014 (62/13 and E.75/13). No policy changes to the TMSS are proposed in this report. The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

1. Security of Capital
2. Liquidity
3. Return (yield)

3.2 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in higher rates in periods up to 12 months, with highly credit rated financial institutions, using Capita's suggested creditworthiness approach. This includes reference to the sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita.

3.3 Treasury Position at 30 September 2014

	As at 30/09/2014		As at 31/03/2014	
	Principal £	Interest %	Principal £	Interest %
Call	5,000,000	0.30	-	-
Short Fixed	15,000,000	0.68	15,000,000	0.64
Long Fixed	-	-	-	-
Money Market	3,370,000	0.40	2,950,000	0.32
Funds				
Heritable Bank	72,368	-	72,368	-
Total	23,442,368*	0.56	18,022,368*	0.59

- *Cash flows follow a cyclical pattern and are influenced by precept dates and Council Tax Collection schedules etc.*

3.4 The following is a list of our fixed investments at 30 September 2014:

	Fixed to	£	Interest rate
Barclays Bank	22.10.14	5,000,000	0.48%
Lloyds	03.09.14	5,000,000	0.95%
Nationwide BS	09.02.15	5,000,000	0.61%

3.5 At the 31 March 2014 the Council had £72,368 frozen in the Heritable Bank which is UK registered and regulated, but a subsidiary of Landsbanki, one of the Icelandic Banks that have been affected by the world economic crisis. Heritable Bank is registered in Scotland with a registered 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

3.6 The Council placed a deposit of £1,250,000 on 25th September 2008. At the time the deposit was placed the risk rating of Heritable was 'A' (long term deposits) and F1 (short term deposits) which were within the deposit policy approved by the Council. Both these ratings indicate low risk.

3.7 Administrators have kept the bank trading and are winding down the business over a period of years. The Administrators had paid fourteen dividends at the end of September 2013 amounting to 94% of the original deposit. However, they do not intend to make any further distributions until the conclusion of a legal dispute with Landsbanki.

3.8 **Performance Assessment**

The Council's budget for investment interest is £110,000 for 2014/15. Performance to date is on target to meet this budget.

3.9 Industry performance is judged and monitored by reference to a standard benchmark; this is the 7 day London Interbank Bid Rate (LIBID). The average weighted LIBID rate at the end of September was 0.35% which is 0.21% lower than our weighted average return of 0.56%. The reason we are exceeding this benchmark is due to the use of fixed term deposits (see details in 3.3).

3.10 The Treasury Management Strategy is risk averse with no investments allowed for a period of more than a year and very high credit rating are required together with a limit of £5m per counterparty. This has resulted in only a small number of institutions in which we can invest (see Appendix A).

3.11 **Compliance with Treasury Limits and Prudential Indicators**

During the financial year the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement. The Council's Prudential Indicators for 2014/15 are detailed is shown in Appendix B.

4 **FINANCIAL IMPLICATIONS**

- 4.1 Income from Treasury Management is budgeted at £110,000 in 2014/15. Regular monitoring of performance and compliance with the TMSS forms an essential component of the Council's systems for public accountability. It also provides a platform for future investment planning.

5 **LEGAL IMPLICATIONS**

- 5.1 The report indicates that Treasury Management (TM) is being carried out with due regard to proper financial and TM standards and accordingly there are no legal implications in this report.

6 **RISK MANAGEMENT**

- 6.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7. **OTHER CONSIDERATIONS**

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, s148(5)
Considerations of equality and human rights:	N/a
Biodiversity considerations:	N/a
Sustainability considerations:	N/a
Crime and disorder implications:	N/a
Background papers:	Executive: 06/03/14
Appendices attached:	Appendix A - Counterparty List Appendix B - Prudential Indicators

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Security	risk of failure of counterparty	5	3	15	↔	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. 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 the Executive. Audit Committee have a scrutiny role over the Treasury Management operation.	Head of Finance and Audit
2	Liquidity	liquidity constraints affecting interest rate performance	3	3	9	↔	See above	Head of Finance and Audit
3	Yield	volatility of interest rates / inflation	4	4	16	↔	See above	Head of Finance and Audit

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APPENDIX A

SOUTH HAMS DISTRICT COUNCIL LENDING LIST AS AT 30 SEPTEMBER 2014.

Barclays Bank Plc
Co-operative Bank (the Council's Bank)*
HSBC Bank plc
Lloyds Banking Group Plc: <ul style="list-style-type: none">• Bank of Scotland plc• Lloyds TSB 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

** The bank contract has been retendered following the Co-operative's decision to withdraw its banking service from the local authority market. The tender evaluation is currently in progress.*

PRUDENTIAL INDICATORS

THE 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 plans, both those agreed previously, and those forming part of this budget cycle.

Capital Expenditure	2012/13 Actual £000	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Total	2,569	4,040	2,377	TBA	TBA

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

The Council is currently debt-free and the approved Capital Programme for 2014/15 will be financed from capital receipts, capital grants and reserves. The Council is not currently undertaking any new borrowing to fund its Capital Programme from 2014/15 onwards. Therefore the Council currently has a nil borrowing requirement.

Capital Expenditure	2012/13 Actual £000	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Total	2,569	4,040	2,377	TBA	TBA
Financed by:					
Capital receipts	743	1,455	1,095		
Capital grants	554	1,549	282		
Reserves	1,272	1,036	1,000		
Net financing need for the year	Nil	Nil	Nil		

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. The Council is not currently undertaking any borrowing to fund its Capital Programme from 2013/14 onwards.

	2012/13 Actual £000	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Capital Financing Requirement (CFR)					
Total CFR	- 98	- 98	- 98	- 98	- 98
Movement in CFR	Nil	Nil	Nil	Nil	Nil
Net borrowing requirement (the Council is debt free)	Nil	Nil	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.

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.

	2012/13 Actual	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Ratio of net investment income to net revenue stream. (surplus)	2.6%	1.8%	1.2%	1.2%	2.4%

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.

The Council is not undertaking any borrowing to fund its Capital Programme at present.

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

	2012/13 Actual £	2013/14 Actual £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £
Future incremental impact of capital investment decisions on the band D council tax (Notional cost)	0.25	0.30	0.14	TBA	TBA

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	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Borrowing	2,000,000	2,000,000	2,000,000	2,000,000
Other long term liabilities	-	-	-	-
Total	2,000,000	2,000,000	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	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Borrowing	7,000,000	7,000,000	7,000,000	7,000,000
Other long term liabilities	-	-	-	-
Total	7,000,000	7,000,000	7,000,000	7,000,000

AGENDA ITEM 12

AGENDA ITEM 12

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Executive
DATE	23 October 2014
REPORT TITLE	Write Off Report
REPORT OF	S151 Officer Customer Service Manager
WARDS AFFECTED	All

Summary of report:

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 2014 to 30th September 2014

Financial implications:

South Hams District Council debts totalling £240,220.78 to be written-off.

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 £136,213.17 as detailed in Tables 1, 1a, 2 and 2a.

Executive considers the write off of individual debts in excess of £5,000 as detailed in Tables 3 and 3a.

Officer contact: *Lisa Buckle: Tel ext no.1413 e-mail Lisa.Buckle@swdevon.gov.uk
Kate Hamp: Tel ext no. 1104 e-mail Kate.Hamp@swdevon.gov.uk*

1. BACKGROUND

The Council's sound financial management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services. This report forms part of the formal debt write-off procedures included in these financial arrangements.

Members have requested that this information be presented in a composite report rather than for each individual revenue stream.

Collection rates for 2013/14 were; Council Tax 98.8% & Business Rates 98.6%

2. ISSUES FOR CONSIDERATION

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 £ 1,407,442. 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. The total collectable debt for Council Tax is £58.2 million and for Business Rates is £30.2 million.

All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. Sometimes, however, special arrangements are needed to effect recovery, and this may mean extending the period of time to collect the debt or ultimately instigating enforcement proceedings and then using Civil Enforcement Agents to secure payment.

In some cases further pursuit of the 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 S151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by Executive prior to the debt being written off.

Members are reminded that 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.

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

3. LEGAL IMPLICATIONS

The relevant powers for this report are contained within the following legislation;

Section 151 Local Government Act 1972

Section 44 Local Government Finance Act 1988 (Non Domestic Rate)

Section 14 Local Government Finance Act 1992 (Council Tax)

4. FINANCIAL IMPLICATIONS

South Hams District Council Debts totalling £240,220.78 to be written-off.

5. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy Homes Community Life
Statutory powers:	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)
Considerations of equality and human rights:	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
Biodiversity considerations:	None
Sustainability considerations:	A bad debt provision is built into the financial management of the Authority
Crime and disorder implications:	None
Background papers:	None
Appendices attached:	Tables 1, 2 & 3

RISK MANAGEMENT

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Reputation	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.	3	2	6	↓	This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue	CS Manager
2	Write Off	The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in issues for consideration.	2	1	2	↔	Any individual debt exceeding £5,000 is referred to members for consideration prior to write-off which accords with Financial regulations.	S151 Officer

Direction of travel symbols ↓ ↑ ↔

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	22	6		Overpaid Entitlement	15,527.41	28	15,527.41	23	9,955.81	140	42,460.86
	2	1		Bankruptcy	4,009.08	3	4,009.08	2	3,931.80	9	8,382.57
	3	-		Absconded	571.66	3	571.66	9	4,059.58	13	7,132.56
	3	-		Deceased	1,289.29	3	1,289.29	-	-	3	139.45
	2	-		Not cost effective to pursue	5.20	2	5.20	6	22.12	16	174.08
	10	2		Uncollectable old debt	9,043.34	12	9,043.34	13	3,259.75	44	17,067.78
Total	42	9			30,445.98	51	30,445.98	53	21,265.06	225	75,357.30
COUNCIL TAX	8	-		Absconded	2,397.75	8	2,397.75	103	70,605.72	139	81,974.01
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	10	6		Bankruptcy	14,576.46	16	14,576.46	1	563.63	36	24,927.46
	1	-		Deceased	242.34	1	242.34	2	240.15	6	1,816.58
	7	-		Small balance	78.62	7	78.62	11	223.03	18	411.20
	6	-		Other	2,426.98	6	2,426.98	1	149.97	9	8,194.75
	2	-		Uncollectable old debt	524.74	2	524.74	1	8.36	2	204.97
	7	1		Voluntary Bankruptcy	4,804.75	8	4,804.75	-	-	-	-
Total	41	7			25,051.64	48	25,051.64	119	71,790.86	210	117,528.97
SUNDRY DEBTS	6	-	3	Absconded	647.41	6	647.41	-	-	-	-
	9	-	2	Bankruptcy/DRO/IVA/CVA etc	549.62	9	549.62	2	146.06	2	146.06
	4	-	4	Not cost effective to pursue	566.50	4	566.50	4	123.10	4	123.10
	5	-	2	Other	399.22	5	399.22	6	1,484.80	14	2,360.38
	8	-	2	Liquidation	105.49	8	105.49	-	-	-	-
	17	-	10	Small balance	17.21	17	17.21	30	35.37	67	93.69
Total	49	-	23		2,285.45	49	2,285.45	42	1,789.33	87	2,723.23
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	22	627.09
	-	-		Absconded	-	-	-	-	-	1	31.94
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	9	378.80
	-	-		Deceased	-	-	-	-	-	-	-
Total	-	-			-	-	-	-	-	32	1,037.83
Grand Total	132	16			57,783.07	148	57,783.07	214	94,845.25	554	196,647.33

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER – QUARTER 1

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	-	-	Absconded	-	-	-	14	21,242.05	18	25,414.01
	-	-	-	Administrative Receivership	-	-	-	1	520.99	3	2,137.62
	2	2	3	Liquidation	3,611.80	4	3,611.80	6	6,797.56	15	21,181.35
	-	3	1	Voluntary Bankruptcy	5,499.40	3	5,499.40	-	-	4	9,015.08
	1	-	1	Other	296.41	1	296.41	-	-	3	1,828.64
	2	-	2	Uncollectable old Debt	863.60	2	863.60	-	-	-	-
	-	-	-	Bankruptcy	-	-	-	1	187.45	5	11,233.22
	-	-	-	Deceased	-	-	-	-	-	-	-
Total	5	5	7		10,271.21	10	10,271.21	22	28,748.05	48	70,809.92

TABLE 3 SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED – QUARTER 1

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Administrative Receivership	-	-	-	-	-	1	14,943.32
	2	Liquidation	35,201.65	2	35,201.65	1	11,407.53	2	22,642.65
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	-	-	1	6,960.88
Total	2		35,201.65	2	35,201.65	1	11,407.53	4	44,546.85
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	1	9,386.50	1	9,386.50
	-	Bankruptcy	-	-	-	-	-	1	5,516.69
Total	-		-	-	-	1	9,386.50	2	14,903.19
COUNCIL TAX	-	Absconded	-	-	-	1	6,240.06	1	6,240.06
	-	Bankruptcy	-	-	-	1	9,160.90	1	9,160.90
	-	Voluntary Arrangement	-	-	-	-	-	1	7,689.97
Total	-		-	-	-	2	15,400.96	3	23,090.93
HOUSING RENTS	-		-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
Grand Total	2		35,201.65	2	35,201.65	4	36,194.99	9	82,540.97

TABLE 1a SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER QUARTER 2

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	12	1		Overpaid Entitlement	4,173.67	41	19,701.08	25	10,136.57	140	42,460.86
	2	-		Bankruptcy	716.26	5	4,725.34	4	2,097.76	9	8,382.57
	4	-		Absconded	914.61	7	1,486.27	-	-	13	7,132.56
	1	-		Deceased	24.61	4	1,313.90	2	134.18	3	139.45
	6	-		Not cost effective to pursue	25.93	8	31.13	4	132.15	16	174.08
	23	-		Uncollectable old debt	4,596.65	35	13,639.99	14	6,165.98	44	17,067.78
Total	48	1			10,451.73	100	40,897.71	49	18,666.64	225	75,357.30
COUNCIL TAX	37	3		Absconded	13,725.50	48	16,123.25	15	3,305.18	139	81,974.01
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	16	-		Bankruptcy	3,971.23	32	18,547.69	17	11,618.56	36	24,927.46
	-	-		Deceased	-	1	242.34	2	1,435.33	6	1,816.58
	45	-		Small balance	1,039.93	52	1,118.55	6	155.02	18	411.20
	3	1		Other	2,996.73	10	5,423.71	4	5,652.78	9	8,194.75
	3	-		Uncollectable old debt	2,024.48	5	2,549.22	-	-	2	204.97
	-	-		Voluntary Arrangement	-	8	4,804.75	-	-	-	-
Total	104	4			23,757.87	156	48,809.51	44	22,166.87	210	117,528.97
SUNDRY DEBTS	9	-	4	Absconded	768.48	15	1,415.89	-	-	-	-
	2	-	2	Bankruptcy/DRO/IVA/CVA etc	750.00	11	1,299.62	-	-	2	146.06
	1	-	1	Not cost effective to pursue	72.60	5	639.10	-	-	4	123.10
	29	-	5	Other	2,583.17	34	2,982.39	3	12.46	14	2,360.38
	-	-	-	Liquidation	-	8	105.49	-	-	-	-
	18	-	17	Small balance	20.93	35	38.14	11	26.78	67	93.69
Total	59	-	29		4,195.18	108	6,480.63	14	39.24	87	2,723.23
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	16	-		Not cost effective to pursue	911.31	16	911.31	-	-	22	627.09
	-	-		Absconded	-	-	-	1	31.94	1	31.94
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	1	-		Other	76.00	1	76.00	9	378.80	9	378.80
	-	-		Deceased	-	-	-	-	-	-	-
Total	17	-			987.31	17	987.31	10	410.74	32	1,037.83
Grand Total	228	5			39,392.09	381	97,175.16	117	41,283.49	554	196,647.33

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	1	2	3	Absconded	3,300.09	3	3,300.09	2	1,931.56	18	25,414.01
	-	1	1	Administrative Receivership	2,373.41	1	2,373.41	2	1,616.63	3	2,137.62
	2	6	8	Liquidation	20,070.86	12	23,682.66	4	4,535.77	15	21,181.35
	-	-	-	Voluntary Arrangement	-	3	5,499.40	2	4,460.89	4	9,015.08
	2	-	2	Other	183.93	3	480.34	2	1,003.31	3	1,828.64
	-	-	-	Uncollectable old Debt	-	2	863.60	-	-	-	-
	-	1	1	Bankruptcy	2,838.51	1	2,838.51	4	11,045.77	5	11,233.22
-	-	-	Deceased	-	-	-	-	-	-	-	
Total	5	10	15		28,766.80	25	39,038.01	16	24,593.93	48	70,809.92

TABLE 3a SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED – QUARTER 2

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Administrative Receivership				-	-	1	14,943.32
	5	Liquidation	62,891.29	7	98,092.94	-	-	2	22,642.65
	-	Absconded				-	-	-	-
	-	Bankruptcy				-	-	-	-
	1	Uncollectable old Debt	5,914.67	1	5,914.67	-	-	-	-
	-	Voluntary Arrangement				1	6,960.88	1	6,960.88
Total	6		68,805.96	8	104,007.61	1	6,960.88	4	44,546.85
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	-	-	1	9,386.50
	-	Bankruptcy	-	-	-	-	-	1	5,516.69
Total	-		-	-	-	-	-	2	14,903.19
COUNCIL TAX	-	Absconded	-	-	-	-	-	1	6,240.06
	-	Bankruptcy	-	-	-	-	-	1	9,160.90
	-	Voluntary Arrangement	-	-	-	1	7,689.97	1	7,689.97
Total	-		-	-	-	1	7,689.97	3	23,090.93
HOUSING RENTS	-		-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
Grand Total	6		68,805.96	8	104,007.61	2	14,650.85	9	82,540.97

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY, 23 OCTOBER 2014**

Members in attendance:			
* Denotes attendance			
*	Cllr H D Bastone	*	Cllr R J Tucker (Chairman)
*	Cllr R D Gilbert	*	Cllr L A H Ward
*	Cllr M J Hicks (Vice Chairman)	*	Cllr S A E Wright
*	Cllr M F Saltern		

Also in attendance and participating		
Item 7	E.33/14	Cllrs Brazil, Foss, Rowe and Squire
Item 8	E.34/14	Cllr Brazil
Item 9	E.35/14	Cllr Pennington
Item 10	E.36/14	Cllrs Barber, Brazil and Pearce
Item 11	E.37/14	Cllrs Pearce
Item 12	E.38/14	Cllr Smerdon
Item 13	E.39/14	Cllr Baldry
Item 3	E.40/14	Cllrs Baldry, Barber and Pennington
Also in attendance and not participating		
Cllrs Blackler, Bramble, Cuthbert, Coulson, Gorman, Hitchins, Holway and Steer		

Officers in attendance		
All items	Minute Ref	Executive Director (AR) and Member Services Manager
Item 7	E.33/14	Natural Environment and Recreation Manager
Item 8	E.34/14	Customer Services Manager
Item 9	E.35/14	S151 Officer
Item 10	E.36/14	S151 Officer
Item 11	E.37/14	S151 Officer
Item 12	E.38/14	S151 Officer and Customer Services Manager

E.29/14 MINUTES

The minutes of the meeting of the Executive held on 11 September 2014 were confirmed as a correct record and signed by the Chairman.

E.30/14 URGENT BUSINESS

The Chairman advised that he had agreed that an urgent report could be considered at this meeting entitled: 'Executive Director Recruitment and Interim Senior Management Arrangements' and this would be taken as the last agenda item (E.40/14 below refers).

E.31/14 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.

E.32/14 PUBLIC QUESTION TIME

It was noted that no public questions had been received.

E.33/14 SOUTH DEVON AND TAMAR VALLEY AREAS OF OUTSTANDING NATURAL BEAUTY: MEMORANDA OF AGREEMENT AND RELATED MATTERS

Members were asked to consider a report that sought agreement to the Council being involved in a comprehensive review of the delivery options of AONB activities currently being led by the respective AONB partnerships in order to identify preferred delivery options for 2016/17 onwards.

The Executive Portfolio Holder for Assets introduced the report and outlined the recommendations in full.

During discussion, the following points were raised:

- The Natural Environment and Recreation Manager advised the Members that Cornwall Council had responded in relation to the Tamar AONB and would enter into a Memorandum of Agreement (MOA) for the following year;
- He also advised that an activity analysis was being undertaken by the AONB team. An initial review by Ignite indicated a potential saving of 15 – 20% although the complexities of the partnership approach would be recognised;
- A number of Members confirmed that the council was committed to supporting the AONB and also expressed concern at the approach being taken by Defra;
- One Member stated that there was concern in the community that the AONB unit should retain independence from the Council;
- One Member confirmed support for the AONB but also noted that there was a responsibility to the taxpayer to ensure the unit ran as efficiently as possible.

In order to discuss the detail within the exempt appendix to the report, the following resolution was **PROPOSED, SECONDED** and on being put to the vote **CARRIED**:

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 paragraph 3 of Schedule 12A to the Act is involved.

Following a discussion, the following was **PROPOSED, SECONDED** and on being put to the vote **CARRIED**:

RESOLVED

That the public and press be re-admitted to the meeting.

It was then:

RESOLVED:

1. That Council be **RECOMMENDED** to enter into renewed Memoranda of Agreement (or similar) for the South Devon AONB and Tamar Valley AONB covering 2015/16 based on an assumed standstill budget (subject to ratification during the budget setting process);
2. That Authority be delegated to the Natural Environment and Recreation Manager, in consultation with the Portfolio Holder, to agree the final wording of the Agreements;
3. That officers be instructed to participate in structured reviews of the future options for delivery of both AONB delivery programmes from 2016/17 onwards and to report back to Executive on preferred options;
4. That a T18 Activity Analysis and Proof of Concept be completed of the current activity of the South Devon AONB Team for consideration as part of the review of future options; and
5. That a response be sent to the Cornwall Council consultation on future funding of the Tamar Valley AONB recommending that the situation be stabilised for 2015/16 through a renewed MoA and that post 2016/17 funding decisions be reviewed in light of the outcomes of the future delivery options work.

E.34/14 **COUNCIL TAX REDUCTION SCHEME 2015/16**

Members were asked to consider a report that sought agreement to continue with the existing Council Tax Reduction Scheme for 2015/16.

The Executive Portfolio Holder for Corporate Services introduced the report and drew Members attention to the situation as at the end of August 2014. A number of Members stated that this was a positive report and that the team should be congratulated, although careful monitoring, particularly with Christmas approaching, would be important.

It was then:

RESOLVED

That Council be **RECOMMENDED**:

1. to agree to continue with the existing Council Tax Reduction scheme for 2015/16; and
2. to delegate authority to the s151 Officer, in consultation with the Portfolio Holder for Corporate Services, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

E.35/14 REVENUE BUDGET MONITORING REPORT 2014/15

Members were presented with a report that enabled them to monitor income and expenditure variations against the approved budget for 2014/15, and provided a forecast for the year end position.

During discussion, a Member was disappointed with the performance of the Dartmouth Lower Ferry and they hoped that measures would be in place to address this trend.

It was then:

RESOLVED

That the forecast income and expenditure variations for the 2014/15 financial year be noted.

E.36/14 CAPITAL PROGRAMME MONITORING REPORT

Members were presented with a report that advised of progress on individual schemes within the approved capital programme, including an assessment of their financial position.

The Executive Portfolio Holder for Support Services introduced the report.

During discussion, one Member asked about the strategies in place to reduce expenditure on Disabled Facilities Grants (DFG). The Executive Portfolio Holder for Environmental Health and Housing responded in detail and concluded that Members might feel it appropriate for the Community Life and Housing Scrutiny Panel to look at the efficiency and effectiveness of the current scheme. The Executive Director added that the DFG scheme had enabled a massive difference to people's lives for a relatively small investment.

Some Members then queried the reference to Fore Street car park in Kingsbridge. The Estates Manager advised that this project was in a very early stage but had been included in an earlier report that advised Members of the outcome of the Strategic Asset Review. One Member stated that affordable housing was important, but not at the expense of market towns. The Executive Portfolio Holder for Environmental Health and Housing responded that towns and parishes had been asked to put sites forward for housing and it would not be appropriate to do this without the district council also undertaking the same exercise. In response to the point that this project had seemingly appeared from nowhere, the Estates Manager advised that this was one of a number of sites that the Council was looking at and undertaking assessments on.

It was then:

RESOLVED

That the report be noted.

E.37/14 TREASURY MANAGEMENT: MID YEAR UPDATE

Members were presented with a report that updated them on the Treasury Management function for the first six months of the financial year 2014/15.

The Executive Portfolio Holder for Support Services introduced the report and the s151 Officer responded to specific queries in relation to the Cooperative Bank.

It was then:

RESOLVED

That the report be noted.

E.38/14 WRITE OFF REPORT Q1 AND Q2

Members considered a composite report that detailed the debts for all revenue streams within the Revenue and Benefits Service remit up to the value of £5,000, written off by the S151 Officer under delegated authority, and for those debts in excess of £5,000 for which permission to write off had been sought.

The Lead Executive Member for Finance and Audit introduced the report and requested a minor amendment to the recommendation to read that the Executive approved the write off of individual debts in excess of £5,000 rather than considered the write off of individual debts in excess of £5,000. The s151 Officer responded to queries in relation to specific cases.

It was then:

RESOLVED

1. That in accordance with Financial Regulations, the s151 Officer had authorised the write-off of individual South Hams District Council debts totalling £136,213.47 as detailed in Tables 1, 1a, 2 and 2a of the presented report, be noted.
2. That the write off of individual debts in excess of £5,000 as detailed in Tables 3 and 3a of the presented report be agreed.

E.39/14 REPORTS OF OTHER BODIES

RESOLVED

That the following be received and that any recommendations contained therein be approved:

a) **Community Life and Housing Scrutiny Panel – 11 September 2014**

i) **CLH.15/14 EMPTY HOMES STRATEGY**

RECOMMENDED

That Council be **RECOMMENDED** that the Empty Homes Strategy 2014 (as outlined at Appendix A of the presented agenda report) be adopted.

b) **Corporate Performance and Resources Scrutiny Panel – 2 October 2014**

i. **CP&R.17/14 MONITORING REPORT ON SERVICE LEVEL AGREEMENT WITH SOUTH HAMS CVS 2013/14**

RESOLVED

That the Executive support the CVS by writing to Devon County Council in respect of their contribution to the CVS in relation to public health.

ii. **CP&R.19/14 RIPA POLICY AND UPDATE ON THE USE OF RIPA**

RESOLVED

- a) That Council be **RECOMMENDED** that the amended RIPA Policy be approved and that delegated authority be granted to the Monitoring Officer to make any necessary legislative or best practice changes to the Policy;
- b) That the service leads are appointed as RIPA Authorising officers following their appointment;
- c) That the Monitoring officer appoint one of the legal team to be the RIPA Coordinating Officer; and
- d) That the Panel note that there have been no RIPA authorisations during the last quarter.

E.40/14

EXECUTIVE DIRECTOR RECRUITMENT AND INTERIM SENIOR MANAGEMENT ARRANGEMENTS

Members were presented with an urgent report that set out the timetable for recruitment of the Executive Director (Strategy and Commissioning) and Head of Paid Service post and suggested interim senior officer arrangements to maintain progress of the T18 Transformation Programme. The report was judged to be urgent to ensure that both permanent and interim senior management arrangements could be progressed as quickly as possible in the interests of the organisation.

(NOTE. The Executive Director (AR) left the meeting room at this point)

The Chairman introduced the report. He also proposed an amendment to the detail within the report that the current Executive Director (Communities) and Head of Paid Service should continue to work under current arrangements until 31 March 2015 (rather than 31 December 2014 as stated in the report). This was **PROPOSED**, **SECONDED** and on being put to the vote declared **CARRIED**.

During discussion, a number of Members supported the proposed way forward and felt it would add stability that would benefit staff and the T18 Programme. However, concerns were raised over the recruitment methods and whether they would result in the best possible candidates being appointed.

It was then:

RESOLVED

That authority be delegated to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements in relation to Executive Director and Group Manager recruitment, as well as the interim senior management proposals.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF MINUTE E.13/14 (1), E.34/14, E.39/14 a) i) AND E.39/14 (b) ii) a) WHICH ARE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 18 DECEMBER 2014, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 3 NOVEMBER 2014 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 10.00 am and concluded at 11.30 am)

Chairman