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SOUTH HAMS EXECUTIVE - THURSDAY, 5TH MARCH, 2015

Agenda, Reports and Minutes for the meeting

Agenda No Item

1. **Agenda Letter** (Pages 1 - 4)

2. **Reports**

Reports to Executive:

- a) Item 7 - Priority Action Plan for 2015/16 (Pages 5 - 20)
- b) Item 8 - Community Re-Investment Projects Fund 2014/15 Grant Allocations (Pages 21 - 36)
- c) Item 9 - Revenue Budget Monitoring 2014/15 (Pages 37 - 46)
- d) Item 10 - T18 Budget Monitoring 2014/15 (Pages 47 - 56)
- e) Item 11 - Treasury Management and Annual Investment Strategy for 2015/16 (Pages 57 - 86)
- f) Item 12 - Council Tax Discretionary Discount and Reduction Policy (Pages 87 - 100)
- g) Item 13 - Lower Ferry Update (Pages 101 - 108)

3. **Minutes** (Pages 109 - 116)

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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

25 February 2015

Dear Member

A meeting of the **Executive** will be held in the **Cary Room**, Follaton House, Plymouth Road, Totnes on **Thursday, 5 March 2015 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 29 January 2015 (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. **Priority Action Plan for 2015/16** – to consider a report that seeks formal approval of a list of priority actions for 2015-16 as an interim measure for 2015-16 whilst Our Plan and the supporting Annual Delivery Plan are developed, the latter being the Council's corporate plan and part of the 'Our Plan' strategic approach to the development of both a Local Plan for the area and the Corporate Planning Framework (pages 2 to 15);
8. **Community Re-Investment Projects Fund 2014/15 Grant Allocations** – to consider a report that provides the Executive with a summary of the applications to the Community Reinvestment Projects Fund in 2014/15 and to seek approval for allocating grants of over £10,000 to these projects (pages 16 to 29);
9. **Revenue Budget Monitoring 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 30 to 37);
10. **T18 Budget Monitoring 2014/15** – (to follow);
11. **Treasury Management and Annual Investment Strategy for 2015/16** – to consider a report that seeks approval of the proposed Treasury Management and Investment Strategies together with their associated prudential indicators (pages 38 to 62);
12. **Council Tax Discretionary Discount and Reduction Policy** – (to follow);
13. **Lower Ferry Update**– (to follow);
14. **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: 5 February 2015 (to follow);
 - (b) Corporate Performance and Resources Scrutiny Panel: 22 January 2015 (to follow).

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
ITEM

7

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

7

NAME OF COMMITTEE	EXECUTIVE
DATE	5 March 2015
REPORT TITLE	Priority Actions 2015-16
Report of	Community Manager
WARDS AFFECTED	All wards

Summary of report:

This report seeks formal approval of a list of priority actions for 2015-16 as an interim measure for 2015-16 whilst Our Plan and the supporting Annual Delivery Plan are developed, the latter being the Council’s corporate plan and part of the “Our Plan” strategic approach to the development of both a Local Plan for the area and the Corporate Planning Framework.

Financial implications:

There are no direct cost implications of this report and the resources required for the actions proposed are included within the financial strategy and T18, the Council’s transformation programme.

RECOMMENDATIONS:

It is recommended that the EXECUTIVE:-

- **Approve the attached list of actions for 2015-16.**

Officer contact: Debbie Bird, Community Manager, debbie.bird@swdevon.gov.uk 01822 813515

1. BACKGROUND

- 1.1 The Council currently has two strategic plans; the Development Plan and the Connect Strategy. Given the need to work more efficiently in the new operating model and the duty for us to produce a Local Plan with a much wider remit that goes beyond traditional planning policy, Members approved the production of Our Plan as the Council’s one over-arching, strategic planning document, in April 2014.

- 1.2 The Annual Delivery Plan will sit within the Our Plan Strategic Framework as the Council’s corporate plan element of Our Plan. It will set out the Council’s priorities and a number of actions to deliver these. The T18 transformation programme, the financial strategy and service improvement plans also form part of the Annual Delivery Plan.

- 1.3 Officers have been working with Members through Single Topic Discussions to develop Our Plan and the Annual Delivery Plan. It had originally been hoped to have a draft Our Plan document ready for public consultation and an Annual Delivery Plan document ready for approval by early 2015, however it became evident that further work is needed on understanding the Objectively Assessed Need for the South Hams and to take forward discussions with Plymouth around the urban fringe, both of which are critical to the soundness of the plan. Members of the Executive therefore agreed a revised timetable for development of the plan at the December 2014 meeting. The timescale now anticipates public consultation on a draft Our Plan in Autumn/Winter 2015 and the Annual Delivery Plan will follow a similar path with adoption from April 2016.
- 1.4 In the interim a list of key activities and actions for 2015-16 have been developed rather than updating the Connect Strategy for a further year with the relevance of this strategy diminishing as Our Plan develops. In addition West Devon, the joint partner to the strategy, have approved a public consultation for their version of Our Plan to commence at the end of February and adopted their own Annual Delivery Plan to commence from April 2015.
- 1.5 A monitoring framework is to be developed over the coming months with the new Senior Leadership Team (SLT) to better understand the impact of the actions the Council takes and the services being delivered, including the actions being proposed here. This will be used to provide Members with robust information to inform better commissioning decisions in future.

2. PRIORITY ACTIONS 2015-16

- 2.1 A list of suggested priority actions for 2015-16 is attached at Appendix "A".
- 2.2 Member Single Topic Discussions have taken place where Members have helped shape and provide guidance to officers in taking forward these as key actions. At these discussions there was some debate over the titles of some of the priority areas and activities, with no definitive consensus, therefore these are issues that will need to be explored further during the development of the full Annual Delivery Plan.
- 2.3 The importance of normal day to day activities undertaken by the Council will be fundamental to the Annual Delivery Plan as will strategic actions that add value to its day to day operation helping to deliver services in a better way that supports the vision, objectives and priorities of the Council and the area. As an interim measure, until a formal plan is adopted, we have identified some specific added value activities with supporting actions to prioritise for 2015-16, many of these are things that we are already working on and mindful of the challenges and changes taking place in the coming year with T18 it was felt important to ensure that focus was maintained on these.

3. LEGAL IMPLICATIONS

- 3.1 Localism Act 2011 – General Power of Competence, a local authority has power to do anything that individuals of full legal capacity may do giving authorities the

power to take reasonable action they need ‘for the benefit of the authority, its area or persons resident or present in its area’.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct cost implications of this report and the resources required for the actions proposed are included within the financial strategy and the T18 programme.

5. RISK MANAGEMENT

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

Corporate priorities engaged:	Homes, Economy, Environment and Community Life
Statutory powers:	Localism Act 2011 – General Power of Competence
Considerations of equality and human rights:	There are no direct implications relating to this report on equality and human rights. However, these issues will be considered as part of the actions as they develop
Biodiversity considerations:	Biodiversity issues will be addressed in relevant actions
Sustainability considerations:	Sustainability considerations will be addressed during development and implementation of actions
Crime and disorder implications:	None
Background papers:	
Appendices attached:	<i>Appendix “A” – South Hams Priority Actions 2015-16</i>

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	Strategic Direction	Provide strategic direction for the future of the borough and organisation	High - Plans and priorities that don't meet local needs	Low	8	↓ Our Plan will reduce current risk	<p>Our Plan will in due course provide one overarching framework bringing together corporate plan, local plan, transformation and improvement plans and financial plan giving clearer strategic direction.</p> <p>The actions proposed in this report are an interim measures to ensure focus is maintained on key strategic issues.</p>	SLT
2	Economic Conditions and Funding	Difficult economic conditions and reducing funding could impact on delivery	High - Unable to deliver outcomes to meet local needs	Medium	12	↓ Our Plan will reduce current risk	<p>Financial strategy will be an integral part of "Our Plan" with resources identified during development stages with commissioning cycle used to identify most efficient methods of delivery.</p> <p>Resources for the actions proposed are included within the financial strategy and T18.</p>	SLT Community Manager
3	New Government Policy	Actions need to be in conformity with Government legislation	Medium - Actions don't deliver outcomes in line with Government policy	Low	6	↔	<p>Maintaining understanding of Government legislation.</p> <p>Working closely with stakeholders, partners and community to develop actions that reflect Government policy and meet local need.</p>	Community Manager

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	T18	T18 recruitment process and ensuring expertise is in place to take Our Plan forward	Medium- T18 recruitment process could result in a loss of resource	Medium	9	↔	Ensure the resources and expertise required to take forward agreed actions are factored into the high level design.	SLT
5	2015 Elections	Both at national and local level could affect future policy and decision-making	Medium – work could need revisiting incurring delay	Medium	9	New Risk	Update new Members on actions and plan development. Ensure resources in place to respond to any changes in Government policy.	SLT Community Manager

Direction of travel symbols ↓ ↑ ↔

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Appendix A - SOUTH HAMS - Priority Actions 2015/16

HOMES

ACTIVITY AREAS:

- *Local Homes for Local People*
- *Healthy, Safe and Secure housing*
- *Responding to Welfare Reform*

Action (What)	Evidence (Why)	Method (How)	Monitor Impact (How/ Frequency)
Develop and adopt a range of initiatives to support wider housing need across the District	<p><i>Emerging recognition of the need for the Council to look at enabling a wider range of housing solutions that can meet diverse needs.</i></p> <p><i>Smarter intelligence is required to understand the different requirements across the District.</i></p>	<p><i>Undertake a review and sense check of existing intelligence on housing need and commission any additional intelligence required to review present and future priorities and develop policies that are focussed on wider housing need across the District.</i></p>	<p><i>Quarterly monitoring of current intelligence.</i></p> <p><i>Contracts for commissioned intelligence monitored and delivered.</i></p> <p><i>Quarterly monitoring of housing delivery and assessment of how needs being met.</i></p>
Review and revise the Direct Lets, Bond Guarantee, deposit and rent in advance schemes	<p><i>External review of schemes identified scope for improvement, and changing circumstances and demand support the need for a review of service provision.</i></p>	<p><i>Undertake a review of existing policies to ensure meeting statutory homeless duties in an efficient and cost effective manner and update existing policies as required to better meet identified needs.</i></p>	<p><i>Annually through the delivery plan process.</i></p> <p><i>Monitor homelessness and preventions, case studies.</i></p> <p><i>Targets set for Direct Lets: number of properties, operating costs being met through rents and fees and additional income generated.</i></p>

<p>Develop a strategic approach for reducing fuel poverty</p>	<p><i>Increasing Fuel Poverty levels adversely affecting health and wellbeing of residents. Market led delivery of Government initiatives not benefitting rural communities.</i></p>	<p><i>Consolidate existing local (Council and Community) policy initiatives and identify, and fill where feasible, any gaps in support or activity.</i></p>	<p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p> <p><i>Set targets for interventions and review how measures are making inroads into reducing fuel poverty.</i></p>
<p>Work with Devon County Council, Districts, statutory agencies and voluntary sector partners to understand and mitigate the impact of welfare reform changes on local people and build financial resilience:</p> <ol style="list-style-type: none"> 1. Using Local Discretionary Welfare Support remaining funding to train officers in first line debt advice; 2. Utilising the Devon County Council Community Impact Fund to support the Third Sector organisations that assist people with welfare issues; 3. Supporting an Action Research project with voluntary and community sector organisations who support people through welfare issues to look at effective activity 	<p><i>Welfare changes will require those on low incomes and/or benefits to better manage their own finances to ensure they are able to meet bills and priority commitments.</i></p> <p><i>With the reduction or removal of the Local Discretionary Welfare Support funded by Government there will be less access to emergency funds so better signposting and money management will be crucial to financial sustainability.</i></p>	<p><i>Bringing together key public sector and voluntary and community sector partners to map current advice and provision and develop a robust referral framework and monitoring process.</i></p> <p><i>Train officers to provide initial advice to assist those struggling to maintain tenancies and pay priority bills, referring on to more specialist agencies if necessary.</i></p>	<p><i>Quarterly measures and annual reporting on interventions, financial gains, debts managed and case studies.</i></p> <p><i>Develop measures with partners to assess outcomes using emerging monitoring framework.</i></p>

ECONOMY

ACTIVITY AREAS:

- *Resilient Economic Growth*
- *Business Engagement*

Action (What)	Evidence (Why)	Method (How)	Monitor Impact (How/ Frequency)
Business Engagement	<i>To signpost businesses to funding opportunities including procurement, best practice, training, changing legislation, mentoring and apprenticeships, etc.</i>	<i>Hold two Business Voice events a year, plus quarterly e-newsletters and business database development. Include swap shop opportunity at Business Voice events. Members to distribute Business Voice sign up cards.</i>	<i>Quarterly monitoring of Business Support contract against pre-agreed targets.</i>
Research and intelligence	<i>To understand business needs and to inform future funding streams.</i>	<i>Delivery of a district wide biennial Business Survey.</i>	<i>Develop measures to assess outcomes using emerging monitoring framework.</i>
Maximising funding opportunities	<i>To ensure Council resources are used to their full potential and deliver added value.</i>	<i>Preparation of bids for LEADER, EUSIF, Growth Deal funding streams. Acting as Accountable Body for the LEADER Programme.</i>	<i>Develop measures to assess outcomes using emerging monitoring framework.</i>
Strategic Working	<i>To benefit from economies of scale and lobbying clout.</i>	<i>Participation in City Deal and LEP initiatives to influence employment sites, road, rail and broadband developments. As well as S106 contributions.</i>	<i>Develop measures to assess outcomes using emerging monitoring framework.</i>

BUILT AND NATURAL ENVIRONMENT

ACTIVITY AREAS:

- ***Connecting People and Nature***
- ***Protecting and Improving our Natural Environment***
- ***Conserving our Built Heritage***

Action (What)	Evidence (Why)	Method (How)	Monitor Impact (How/ Frequency)
Support the development and delivery of Open Space, Sport and Recreation facilities in towns and villages - Adopt Open Space, Sport and Recreation Framework as part of Our Plan. Introduce Implementation plan utilising s.106 and other funding	<p><i>New development generates need for new facilities or upgrade of existing.</i></p> <p><i>Communities require evidence to support refurbishment and grant applications. Healthy lifestyle contributes significantly to health outcomes.</i></p>	<p><i>Conclude and adopt framework. Establish implementation plan. Provide officer support to delivery.</i></p>	<p><i>Public Space Working group to monitor and evaluate.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>
Support countryside management and access projects - Adopt Green Infrastructure Framework as part of Our Plan. Introduce Implementation plan utilising s.106 and other funding	<p><i>New development generates need for new facilities or upgrade of existing. Strategic access routes support communities and tourism.</i></p> <p><i>Healthy lifestyle contributes significantly to health outcomes.</i></p>	<p><i>Conclude and adopt framework. Establish implementation plan. Provide officer support to delivery.</i></p>	<p><i>Public Space Working group to monitor and evaluate.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>
Support management of Public Space for Local People - Support communities in taking enhanced responsibility for open space, sport and recreation facilities in their communities in order to improve management and local accountability	<p><i>Known pressures on existing management of public space – and opportunities for locally based management.</i></p> <p><i>Catalyst of Neighbourhood</i></p>	<p><i>Provide advice service to include:</i></p> <ul style="list-style-type: none"> • <i>Management structures and friends groups</i> • <i>Funding and Grant applications</i> 	<p><i>Public Space Working group to monitor and evaluate.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>

	<i>Plans and Parish Plans.</i>	<ul style="list-style-type: none"> • <i>Management plans</i> • <i>Maintenance</i> • <i>Mentoring</i> • <i>Web based information</i> 	
Time limited review of environmental partnership arrangements to establish purpose and effectiveness	<i>Council is member of a number of partnerships. There is a need to review effectiveness of spend and outcomes to focus on key issues.</i>	<i>Task and Finish Group</i>	<i>Report to Economy and Environment Scrutiny Panel.</i>
Review of support to built heritage initiatives and projects	<p><i>Council supports heritage work.</i></p> <p><i>Review of conservation area approach and management plan and support to town based projects.</i></p>	<i>Task and Finish Group</i>	<i>Report to Economy and Environment Scrutiny Panel.</i>

CUSTOMER SERVICE

ACTIVITY AREAS:

- *Strategic Leisure Review*
- *Strategic Assets Review*
- *Strategic Waste Review*
- *Car Parking Framework*
- *Street Scene*
- *Health and Wellbeing*

Action (What)	Evidence (Why)	Method (How)	Monitor Impact (How/ Frequency)
Undertake systematic review of Leisure provision and related health and wellbeing activities	<i>Council operates leisure centres and current contracts terminate in 2016. Council needs to consider, agree and implement a future approach.</i>	<i>Councillor consideration and contract procurement exercise.</i>	<i>Member Officer working group or panel. Develop measures to assess outcomes using emerging monitoring framework.</i>
Undertake a systematic review of the Councils assets	<i>Council needs to maximise income generation opportunities to balance budget and maintain services. Community and partner requirements, sharing and co-locating to save money, community needs through neighbourhood and parish plans.</i>	<i>Implement a framework and process to assess Council assets to maximise income generation and sharing opportunities with partners and enhance community benefit.</i>	<i>Develop measures to assess outcomes using emerging monitoring framework.</i>
Maximise opportunities for income generation from delivered waste services where legislation allows	<i>Acute and on-going budget pressure.</i>	<i>Continue to introduce and monitor business and Schedule 2 waste. Review charges for bulky waste collections. Prepare outline</i>	<i>Briefing notes to be completed. New proposals to be developed and considered by Members. Develop measures to assess outcomes using</i>

		<p><i>briefing notes on charged garden collections.</i></p> <p><i>Introduce charging for side waste as per policy once technology is available to support.</i></p>	<p><i>emerging monitoring framework.</i></p>
<p>Maximise opportunities for efficiency savings from waste services</p>	<p><i>Acute and on-going budget pressure.</i></p> <p><i>West Devon contract ends on 31 March 2017 and opportunity to work together to look at waste provision across both Councils.</i></p>	<p><i>Consider all appropriate forms of delivery options.</i></p> <p><i>Continue Executive Waste Board working as aims include reaping financial efficiencies and more 'customer-friendly services from joint working across the county.</i></p> <p><i>Consider benefits of closer shared service work between West Devon & South Hams - Shared working group.</i></p> <p><i>Direct comparison information on SH/WD services to include costs/ recycle rates and credits/ items recycled to help inform debate on future provision.</i></p>	<p><i>New proposals to be developed and considered by Members.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>
<p>Develop a strategic approach to waste education</p>	<p><i>Recognition of need to move towards circular economy which will require need for greater understanding of waste issues to reduce landfill and increase re-use and recycling leading to</i></p>	<p><i>Consider rephrasing terminology e.g. waste – resource.</i></p> <p><i>Make consideration of waste hierarchy in all decision-making more</i></p>	<p><i>Set date for completion of review. Benchmark against Councils that do/don't have a waste education programme.</i></p> <p><i>New proposals to be developed and considered by Members.</i></p>

	<i>environmental and financial benefits.</i>	<i>implicit/accountable.</i>	<i>Develop measures to assess outcomes using emerging monitoring framework.</i>
Develop a shared car parking framework, allowing both South Hams and West Devon to include individual strategic elements	<p><i>To maximise usage and maintain current income levels.</i></p> <p><i>To meet customer need (community led tariff reviews).</i></p> <p><i>To build on previous innovations which have gained national acclaim.</i></p>	<i>Joint framework to be agreed in both authorities. Individual elements in each Council to reflect the differing environments.</i>	<p><i>Framework to be produced in 2015, with Members to consider individual strategic elements.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>
Review Street Scene enforcement work to place greater emphasis on a pro-active and educational approach	<i>Although enforcement has been successfully undertaken should consider an educational approach in order to be pro-active rather than reactive.</i>	<p><i>Street Scene officers to join the Connect officers and Recycling Education officer at roadshows, presentations and other events and talks in schools.</i></p> <p><i>Work with communities to encourage them to take responsibility for their own areas.</i></p>	<p><i>Members to consider this proposal and for officers to trial the approach during 2015.</i></p> <p><i>Develop measures to assess outcomes using emerging monitoring framework.</i></p>
Develop a strategic framework for Health and Wellbeing	<p><i>Public health is a statutory responsibility of the County Council but the District supports the County in this function by delivering many services that impact on health including:</i></p> <p><i>Leisure, development, housing conditions and provision, homelessness, fuel poverty, air quality, food safety, open space management, targeted</i></p>	<i>Set up a Public Health Working Group to develop a strategic framework for Health and Wellbeing informed by the District Public Health Plan, the Department of Health Outcomes Framework, Public Health England's Health Profile for South Hams and the Marmot Review (Fair Society Healthy Lives) using health indicators of relevance to the</i>	<p><i>Develop targets to monitor impact of actions within the public health plan at a local level using emerging monitoring framework.</i></p> <p><i>Use annually published health indicators to evaluate impact of the Health and Wellbeing framework and to inform relevant changes needed.</i></p> <p><i>Public Health Working Group to monitor and review progress. Information and progress to be published on specific health and wellbeing</i></p>

	<p><i>families, community safety, water quality.</i></p> <p><i>In addition to existing services the District is provided with assistance from Devon County Council to deliver interventions that assist in delivering the public health outcomes required by the District Locality Public Health Plan.</i></p>	<p><i>identified priority areas.</i></p>	<p><i>webpage.</i></p>
<p>Review and develop partnerships with health and social care sector and voluntary and community sector to deliver health and wellbeing outcomes for communities</p>	<p><i>To ensure long-term effective integration across providers to deliver health outcomes.</i></p> <p><i>Voluntary sector currently delivers many supporting services across health and social care.</i></p> <p><i>Deficit at New Devon CCG and other funding challenges require sectors to look at different models of delivery and greater focus on prevention in a co-ordinated way.</i></p>	<p><i>Develop a Health and Social Care Group with partners across DNPA, health, social care and voluntary sector that seeks opportunities to work together to deliver health outcomes, Identifying priority communities and groups and developing joint initiatives to be delivered into local communities.</i></p>	<p><i>Develop measures to monitor effectiveness of group through project targets and outcomes.</i></p>

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AGENDA
ITEM

8

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

8

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Community Re-investment Projects Fund 2014/15 Grant Allocations
Report of	Amanda Harvey, Community Projects & Policy Officer, Planning, Economy & Community
WARDS AFFECTED	Salcombe & Malborough, Allington & Loddiswell, Stokenham, Totnes Town and Dartington

Summary of report:

- To provide the Executive with a summary of the applications to the Community Re-investment Projects Fund in 2014/15 and to seek approval for allocating grants of over £10,000 to these projects.

Financial implications:

The Executive is asked to approve grants from an approved budget of £153,900 as per the recommendation below. (The remaining £7,788 has been allocated under delegated authority as set out in paragraph 2.1 below).

RECOMMENDATIONS:

That the Executive RESOLVES:

1. To approve six grants of over £10,000, totalling £136,013, as follows:
 - £30,000 to Malborough Village Hall & Playing Fields Association and Malborough Parish Council towards replacing the Village Hall roof.
 - £13,295 to Loddiswell Playing Fields & Village Hall Trust for tarmacing the Playing Field car park area.
 - £12,506 to Stokenham Parish Council towards footpath surface and drainage improvements between Carehouse Cross and Torcross (to complete improvements between Chillington and Torcross).
 - £27,225 to Totnes Development Trust towards improvements to the Shady Garden (creation of an improved public space through installation of paving, seating and street furniture).

- £26,166 to Dartington Village Hall Association towards disabled access alterations and a toilet block and committee room extension.
 - £26,821 to Totnes Town Council for Civic Hall regeneration (purchase and installation of sound system and sound insulation and refurbishment of backstage stairs and landing).
2. To approve an addition to the eligibility criteria to the Community Re-investment Projects Fund to take effect from 1 April 2015, as per the red text in the attached Guidance Notes (Appendix B).

Officer contact:

Amanda Harvey, Community Projects & Policy Officer (amanda.harvey@southhams.gov.uk / 01803 861103)

1. BACKGROUND TO THE COMMUNITY RE-INVESTMENT PROJECTS FUND

- 1.1 The Council's New Homes Bonus Strategy was discussed at the Community Life & Housing Scrutiny Panel meeting on 29 November 2012. It was recommended to support the use of the New Homes Bonus funding for 2013/14 for various categories including community re-investment projects, with an underpinning criteria that this fund takes account of wards where housing development has or will be taking place (minute CLH.27/12 refers). This was approved by the Executive on 6 December 2012 (minute E.66/12 refers). The principles for this fund and budget of £153,900 for 2013/14 were approved by the Executive on 18 July 2013 and delegated authority was granted to the Head of Planning, Economy and Community in consultation with the Leader and Portfolio Holder to agree the final criteria based on these approved principles (minute E.13/13 refers). The Community Re-investment Projects Fund was launched in October 2013.
- 1.2 In 2013/14, eight grants totalling £153,900 were awarded, two totalling £18,100 under delegated authority and six totalling £135,800 were awarded by the Executive on 5 June 2014 (minute E.05/15 refers).

2. ISSUES FOR CONSIDERATION

SUMMARY OF 2014/15 COMMUNITY RE-INVESTMENT PROJECTS FUND APPLICATIONS

- 2.1 Seven applications were received by the 31 December 2014 deadline, all of which met the eligibility criteria for the Fund detailed in the Guidance Notes. One of these applications requested a grant of under £10,000. The decision on this was made under delegated authority by the Community Manager in consultation with the Portfolio Holder, as follows:
- £7,788 to Dart Area Landscape Access Group for A379 verge footpath at Stoke Fleming.

2.2 Appendix A provides summaries of the six applications requesting grants of over £10,000, including the officers' assessments of each in terms of community need, community support, how the project provides or improves community infrastructure, deliverability, value for money and lasting impact. Decisions on these grants of over £10,000 need to be made by the Executive as per the approved criteria for the Fund. It is suggested that these projects are supported as per the recommendations above. It should be noted that none of these applications currently qualify for Section 106 match funding.

3. LEGAL IMPLICATIONS

3.1 There are no legal implications arising from this report as South Hams District Council accepts no liability for projects beyond the provision of Community Re-investment Projects Fund grants. The Council has powers to give these grants in order to support its priorities through the Localism Act's Powers of General Competence.

4. FINANCIAL IMPLICATIONS

4.1 This report seeks Executive approval to allocate six grants totalling £131,013 as set out in the recommendations above out of an approved budget of £153,900 for 2014/15. (£7,788 has been allocated under delegated authority as set out in paragraph 2.1 above).

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:	All
Statutory powers:	Localism Act 2011 (Section 1 – Powers of General Competence)
Considerations of equality and human rights:	Grants will provide funding to a wide range of community groups, therefore promoting equal opportunities
Biodiversity considerations:	None
Sustainability considerations:	Grants contribute to increasing the sustainability of communities in the South Hams
Crime and disorder implications:	None
Background papers:	New Homes Bonus Strategy Community Life

	<p>& Housing Scrutiny Panel Report 29 Nov 2012 & Minutes (CLH.27/12) Executive Minutes 6 Dec 2012 (E.66/12) Principles and Budget for the New Homes Bonus Community Re-investment Projects Fund 2013/14 Executive Report 18 Jul 2013 & Minutes (E.13/13) Community Re-investment Projects Fund 2013/14 Grant Allocations Executive Report 5 June 2014 & Minutes (E.05/15) Community Re-investment Projects Fund Guidance Notes</p>
<p>Appendices attached:</p>	<p>Appendix A Community Re-investment Projects Fund 2014/15 Summary of Applications and Assessments Appendix B Amended Community Re-investment Projects Fund Guidance Notes</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	Delivery of Outcomes and Value for Money	Failure to deliver outcomes to the community and provide value for money for the Council's contributions / communities where development has taken place will be able to benefit from this new Fund	3	2	6 ↔	<p>Grants of over £10,000 need to be approved by the Executive</p> <p>Grants will be paid in arrears on submission of proof of expenditure</p> <p>Annual monitoring report to the Executive</p> <p>The benefits of this new Fund to communities are likely to outweigh the risks associated with its operation</p>	Community Manager

Direction of travel symbols ↓ ↑ ↔

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Appendix A
Community Re-investment Projects Fund 2014/15
Summary of Applications and Assessments

Applicant	Malborough Village Hall & Playing Fields Association & Malborough Parish Council		
Project	Replacement Village Hall roof		
Amount Requested	£30,000	Total Project Cost	£35,000
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	3	Village Hall used extensively by many local organisations / residents. Roof damaged in 2013/14 winter storms leakage into kitchen / storeroom – temporary repairs no longer effective (2 surveys commissioned).	
Community Support	3	Neighbourhood Plan survey. Letters of support – South Hams Federation, Malborough Amateur Dramatic Group & resident.	
Provides/Improves Community Infrastructure	3	Hall needs replacement roof to provide community infrastructure.	
Deliverable	2	Experience of delivering £50,000 skate park & £50,000 playground redevelopment.	
Value for Money	2	86% requested. Amount requested has been revised in light of revised total project cost due to application running in parallel with invitation to tender. £5,000 match funding secured.	
Lasting Impact	3	Roof will last for 15-20 years.	
Total Score	16	Recommended Grant Amount	£30,000
Recommended Grant Conditions	Copy of accepted tender to be submitted before work commences.		

Applicant	Loddiswell Playing Fields & Village Hall Trust		
Project	Tarmacing the Playing Field car park area		
Amount Requested	£13,295	Total Project Cost	£13,295
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	3	Car park has good range of uses – pre-school is located in pavilion, football pitch, tennis courts & play area.	
Community Support	3	Parish Plan shows support for project. 76 signatures on petition in support of project. Letters of support – Loddiswell PC, Loddiswell School PTFA & Loddiswell Pre-School.	
Provides/Improves Community Infrastructure	3	Benefits all users.	
Deliverable	3	Good past experience (delivered 2013/14 CRPF project).	
Value for Money	2	100% requested. Consistency in quotes.	
Lasting Impact	3	Yes.	
Total Score	17	Recommended Grant Amount	£13,295
Recommended Grant Conditions			

Applicant	Stokenham Parish Council		
Project	Footpath surface and drainage improvements between Carehouse Cross and Torcross (to complete improvements between Chillington and Torcross)		
Amount Requested	£12,506	Total Project Cost	£16,506
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	2	Growth in community due to development in parish – connecting rural paths need upgrading due to increase in population and usage. Parish Council has received complaints about surface of paths (wet/muddy).	
Community Support	3	Letters/emails of support (submitted for last year's app) – Stokenham Village Community Association, Parish Hall, Kingsbridge Police, Stokenham Area Primary School, Stokenham Short Mat Bowling Club, The Coleridge Bus, resident and Cllr Baverstock.	
Provides/Improves Community Infrastructure	2	Improves community infrastructure for growing population.	
Deliverable	3	Good track record (delivered 2013/14 CRPF project – Carehouse Cross to Chillington).	
Value for Money	2	76% requested. £4,000 match funding secured.	
Lasting Impact	2	Project will benefit all sections of community as it has no restrictions for usage. Safe walking route between 3 villages will enhance community wellbeing by opening up opportunities for people to access community facilities/businesses.	
Total Score	14	Recommended Grant Amount	£12,506
Recommended Grant Conditions	Updated quote to be submitted before work commences.		

Applicant	Totnes Development Trust		
Project	Improvements to Shady Garden (creation of an improved public space through installation of paving, seating and street furniture)		
Amount Requested	£27,225	Total Project Cost	£37,225
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	2	Project identified by Totnes Open Space Forum through consultation.	
Community Support	3	2 day public consultation held in 2013 – exhibition visited by 103 people, 73 of these completed a questionnaire. Letter of support from SHDC Parks & Greenspaces Officer.	
Provides/Improves Community Infrastructure	3	Improves / enhances public open space in the heart of Totnes.	
Deliverable	3	Strong record of successfully delivering capital projects (inc. 2013/14 CRPF Rotherfold project).	
Value for Money	2	73% requested. £10,000 match funding secured.	
Lasting Impact	3	Lease being negotiated with SHDC for TDT to manage the site under licence.	
Total Score	16	Recommended Grant Amount	£27,225
Recommended Grant Conditions			

Applicant	Dartington Village Hall Association		
Project	Disabled access alterations and a toilet block and committee room extension		
Amount Requested	£26,166	Total Project Cost	£38,166
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	3	Village Hall is well used by a wide range of groups. Village Hall currently excludes sections of community as it does not comply with Disability Discrimination Act. Community consultation for Neighbourhood Plan.	
Community Support	3	Letters of support – Parish Council & Cllr Hodgson.	
Provides/Improves Community Infrastructure	3	Improves community infrastructure & will provide a new small committee room.	
Deliverable	1	2012 renovations overseen by same committee.	
Value for Money	3	69% requested. £12,000 match funding secured. Amount requested has been revised in light of cheaper quote being obtained.	
Lasting Impact	3		
Total Score	16	Recommended Grant Amount	£26,166
Recommended Grant Conditions			

Applicant	Totnes Town Council		
Project	Civic Hall regeneration (purchase and installation of sound system and sound insulation and refurbishment of backstage stairs and landing)		
Amount Requested	£26,821	Total Project Cost	£26,821
Assessment Criteria	Score (1-3)	Officers' Comments	
Community Need	3	Civic Hall doesn't meet modern EH noise regulations.	
Community Support	3	Transition Film Festival held in Civic Hall as result of recent refurbishment. Letters/emails of support (submitted for last year's app) – Chamber of Commerce, Transition Town Totnes, Devon County Council (DCC) Locality Lead for Totnes, arts professional, Soundart Radio and Cllrs Hodgson, Vint and Gorman.	
Provides/Improves Community Infrastructure	3	Improves range of events Civic Hall can be used for. Hired same equipment for Transition Film Festival to test it.	
Deliverable	3	Good track record (inc. 2013/14 CRPF Civic Hall project – cinema & conference facilities).	
Value for Money	2	100% requested.	
Lasting Impact	3	Less noise pollution & improved stairwell.	
Total Score	17	Recommended Grant Amount	£26,821
Recommended Grant Conditions			



Community Re-investment Projects Fund

Guidance Notes

What is the Community Re-investment Projects Fund?

The South Hams District Council Community Re-investment Projects Fund has been set up using New Homes Bonus funding from the Government to support community infrastructure projects in South Hams communities where major development has taken place.

Please read these guidance notes carefully and contact the Community Projects & Policy Officer (community@southhams.gov.uk or 01803 861234) to determine your eligibility for this Fund BEFORE completing the application form.

Who can apply to the Fund?

- Town and Parish Councils and;
- Constituted voluntary and community groups with their own bank accounts.

BUT only if a development has commenced or been completed since 1 April 2009 in a town or parish within the South Hams Local Planning Authority area AND it meets one of the following criteria:

- 10 or more dwellings or;
- 3 or more dwellings (in the same planning application) in a parish where this level of development is considered significant, as determined by the Head of Planning, Economy and Community.
- **Additionally where large scale Major development (50 plus houses) has taken place in a parish adjoining a main town, in recognition that such development is likely to impact on the town, the Town Council and community groups may also apply to the fund to deliver projects based in the town, even though the development is not within their electoral boundary. Such applications must demonstrate the relationship between the project and the development and how the project can mitigate any impact arising from the development.**

What kinds of projects are eligible?

Projects need to meet each of the following eligibility criteria:

- Be community-led;
- Be capital in nature;
- Have a lasting impact and;
- Provide or improve community infrastructure (e.g. projects involving community buildings, sports facilities, play areas, community allotments / gardens / orchards) in towns or parishes that meet the above development criteria.

Who and what cannot be funded?

- Individuals;
- Businesses;
- For profit organisations;
- Projects within Dartmoor National Park;
- Projects which are the primary responsibility of another authority;
- Projects which have already commenced;
- Revenue projects (e.g. running costs for ongoing activities, fundraising activities);
- Recoverable VAT;
- Loan interest payments and;
- Projects which promote religious or political beliefs.

For projects within Dartmoor National Park, please contact Dartmoor National Park Authority on hq@dartmoor.gov.uk or 01626 832093.

How much is available?

- The total sum of funding available is £153,900;
- The minimum grant is £5,000 per project and;
- Applications can be submitted for up to the total sum of funding available (although applications will be assessed on their merit, including value for money, so it is strongly advisable to secure match funding for projects).

Match funding for projects could be provided by Section 106 funds where these are available. Please contact the Community Projects & Policy Officer for more details (community@southhams.gov.uk or 01803 861234).

Alternative sources of funding and assistance can be found at <http://www.southhams.gov.uk/article/1800/Community-Grants-Overview>.

What supporting documentation is required?

Copies of the following documents must be submitted with the completed application form:

- Accounts for the past two years (new groups with less than two years accounts should contact the Community Projects & Policy Officer);
- Bank / building society statements showing current financial position;
- 2 supplier quotes for each item of £500 - £5,000;
- 3 supplier quotes for each item of over £5,000;
- 3 (minimum) invited tenders for each item of over £30,000 (for further guidance please contact the Community Projects & Policy Officer (community@southhams.gov.uk or 01803 861234));
- Copy of signed constitution (voluntary and community groups only);
- Relevant pages from a local community plan (if applicable);
- Signed letters of support for the project (including from your Ward Councillor/s - contact details can be found at <http://www.southhams.gov.uk/article/1819/Find-your-Councillor> and, if the application is from a voluntary and community group, from your Town / Parish Council) and;
- Match funding offer letters (if applicable).

How will applications be assessed?

Given the competitive nature of this Fund, applications will need to clearly demonstrate that the proposed project:

- Has community need;
- Has community support;
- Will provide or improve community infrastructure;
- Is deliverable;
- Provides value for money and;
- Has a lasting impact.

The Community Team will make an initial assessment of each application, based on a score of 1 to 3 for each of the above criteria, taking into account the views of relevant Ward Councillor/s and Officers. Decisions on grants of up to £10,000 will then be made under delegated authority by the Head of Planning, Economy and Community in consultation with the Portfolio Holder, or the Leader if the Portfolio Holder has an interest in the application. Decisions on grants of over £10,000 will be made by the Council's Executive committee on an annual basis.

What is the procedure for claiming grants?

Grants will be paid in arrears either on completion or by agreement in instalments; on submission of completed Claim and Project Monitoring Form, with copies of paid invoices / receipts. Suppliers cannot be paid directly.

When do grants have to be claimed by?

Grants will usually be offered for two years, although extensions to this can be considered if required. South Hams District Council reserves the right to withdraw a grant offer where no project delivery can be evidenced. This will be done in consultation with the group concerned.

Data Protection

The information that you have provided will be held by South Hams District Council. The information will be used to assess your application to this Fund and will be held securely at all times. The Council may share the information with external agencies and the wider public to ensure the project is delivered and with other organisations, if required by law. If you wish to see the personal data that the Council holds, please contact the Data Protection Officer.

This publication is available to view on our website or in alternative formats such as large print. Please contact us on 01803 861234 or email customer.services@southhams.gov.uk.

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AGENDA
ITEM

9

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM

9

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Revenue Budget Monitoring 2014/15
Report of	Finance Business Partner
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 £45,000, which is 0.5% of the overall budget set for 2014/15 of £9.028 million.

RECOMMENDATION:

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

Officer contact:

Pauline Henstock, Finance Business Partner.

pauline.henstock@swdevon.gov.uk

1. BUDGET OVERVIEW

The gross service expenditure budget for 2014/15 was set at £45 million (£9.028 million net). **Actual net revenue expenditure is forecast to be under budget by £45,000 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)	(650)	(325)		A
Housing Benefit Recoveries	(150)	(75)		B
Investment Income	(110)	(20)		C
Tourism	15	(15)		D
<i>Sub total of variations</i>			(435)	
Increases in expenditure/reductions in income				
Dartmouth Lower Ferry (income)	(957)	150		E
Target for savings from Shared Services and vacancies	(155)	95		F
Car Parks (income)	(2,972)	75		G
Public Conveniences	799	40		H
Waste Management	2,753	30		I
<i>Sub total of variations</i>			390	
PROJECTED OUTTURN			8,983	
PROJECTED SURPLUS			(45)	

Notes

- A. **Planning** – planning application numbers remain fairly consistent however, the number of applications which attract a large planning fee, such as renewable energy applications, has increased leading to the higher income. The number of these types of application received is unpredictable and cannot easily be projected.
- B. **Housing Benefit** – additional recoveries of over-payments (budgeted expenditure for Housing Benefit in 2014/15 is £21 million).
- C. **Investment Income** – slightly better return achieved of 0.54% than budgeted (0.50%) and more favourable cashflows.
- D. **Tourism** - the Council no longer requires a seat on the Board of Visit South Devon and is therefore withdrawing financial support to them.
- E. **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 £150,000 is forecast.
- F. **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.
- G. **Car Parks** – car parking income is anticipated to be below its income target by £75,000. The Council has been addressing budget under-performances through a realignment exercise over a period of time. The income target from car parking has been reduced by £50,000 per annum for 2014/15 and 2015/16, based on trends over the last three years.
- H. **Public Conveniences** – The anticipated saving which will be made on the public conveniences budget this year will be £40,000. This is lower than the budgeted saving of £80,000 for the following reasons:
- Income from the pay on entry pilot schemes has not been achieved in this financial year. Whilst quotes have been gathered and the feasibility of installation have been scoped with our Assets team we were unable to introduce the equipment in advance of the main tourist season. Rather than do this mid season it was recommended that this was programmed for the 2015 summer season which also allows time for the communities who have suggested they are suitable to test the pilot equipment to advise their wider communities and identify any further pilot sites.

- A number of parishes have requested full asset transfer as part of the discussions on seasonal closure; the Council had committed to maintain these toilets during this financial year whilst transfers took place. The pay back to the Council from 2015 onwards is well in excess of that which would have been achieved as part of the original seasonal closure plans.
 - Anticipated savings on seasonal utility costs are proving to be lower than projected. This is having an impact in year 1 however the work which has been conducted on reviewing the number of toilet rounds/number of cleans will be extended in 2015/16 to meet the anticipated saving on a permanent basis in future financial years. This could only be based upon an estimate in Year 1.
- I. **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 now complete and the new contract started on 1 October 2014. Subject to market prices and the level of contamination of 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	2,897	75	2.5%
Dartmouth Ferry	678	957	807	150	15.7%
Employment Estates	1,299	1,293	1,293	-	-
Licensing	222	224	224	-	-
Planning Applications	782	650	975	-325	-50.0%
Trade Waste	707	724	724	-	-
TOTAL	6,567	6,820	6,920	-100	-1.5%

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:	Executive 23 October 2014 and 29 January 2015 – Revenue Budget Monitoring report 2014/15.
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.	Senior Leadership Team
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.	S151 Officer

Direction of travel symbols ↓ ↑ ↔

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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 International Financial Reporting Standards (IFRS)
0634	Rural Services Support Funding		37	37	Grant funding from DCLG
0635	Affordable Housing		102	103	
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 the balance on the Collection Fund. This relates to a timing issue on the accounting adjustments required for the localisation of business rates.
0645	Strategic Issues		379	81	T18 investment costs (£225k). E45/14 refers.
0650	Community Parks and Open Spaces	17	105	98	
0655	Community Well-being		44	0	Balance transferred to Economic Initiatives Reserve. Annual contribution ceased in 2014/15
0665	Repairs & Maintenance	55	343	317	
0667	Marine Infrastructure		1	19	A new reserve for the maintenance of marine assets
0670	Land and Development		196	111	Includes commitments for condition surveys and feasibility studies
0675	Ferry Repairs & Renewals	87	176	263	
0680	Economic Initiatives		112	125	N.B. £98k earmarked for RDP Local Action 2015-2020. E21/14 refers
0685	Vehicles & Plant Renewals	541	1,236	1,724	Will be used for programmed vehicle replacements in 2015/16.
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	141	
0710	Sustainable Waste Management		72	0	
0720	District Elections	10	58	68	
0725	Beach Safety		17	14	
0730	Planning Policy & Major Devpts		671	407	Staffing and other commitments e.g. Our Plan
0735	Building Control		187	165	
0740	Section 106 Deposits		37	37	Comprises deposits with no repayment conditions - created as a result of IFRS
0830	Members Sustainable Community Locality		48	0	
Sub Total		913	8,336	4,545	
GENERAL RESERVES					
0765	General Fund Balance (Accumulated Surplus)		1,707	1,681	
TOTAL REVENUE RESERVES			10,043	6,226	

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NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	T18 Budget Monitoring report – Quarter 3 2014/2015
REPORT OF	Strategic Lead for Transformation Programme and Finance Community of Practice Lead
WARDS AFFECTED	All

Summary of report: Progress monitoring of the T18 Transformation Programme.

Financial implications: There are no financial implications arising directly from this report. The report sets out the budget monitoring position of the T18 Transformation Programme for the end of Quarter 3 for the financial year 2014-15 (the period October to December 2014).

RECOMMENDATIONS:

It is recommended that:

- i) The Executive note progress to date on the Transformation Programme.
- ii) Delegated authority is given to the S151 Officer, in consultation with the Executive Director of Strategy & Commissioning (Head of Paid Service) and the Leader of the Council, to determine the appropriate financing requirement from the Council's Earmarked Reserves in 2014/15, to fund the year end accounting provision for the Transformation Programme as set out in Section 3.

Officer contact: Tracy Winser, Strategic Lead for Transformation Programme
 Email: tracy.winsler@swdevon.gov.uk – Tel: 01803 861277

Lisa Buckle, Finance Community of Practice Lead
 Email: lisa.buckle@swdevon.gov.uk – Tel: 01803 861413

1. BACKGROUND

- 1.1 In December 2014 the Council agreed to a revised business plan for the T18 Programme which aims to deliver a new operating model in partnership with West Devon Borough Council which will ensure that both Councils can continue to deliver quality services for its customers and communities.

1.2 The Programme is structured with a number of workstreams and progress on these is set out below.

2. WORKSTREAM PROGRESS

2.1 *HR*

2.1.1 Recruitment for Phase 1b has taken place for the middle management and lead specialist roles and the offers have been made. As a result a small number of these posts will need to be advertised externally. The Group Managers have been appointed and the two external candidates will take up their positions at the beginning of March. The two Executive Directors are in post. The post of Strategic Finance Lead (Strategy and Commissioning) will be recruited to in March.

2.1.2 On 20 February the organisation design for Phase 1b was published. There are around 224 members of staff (between both Councils) in scope for Phase 1b of the Transformation Programme and there are approximately 182 posts within the model for Phase 1b staff. Therefore there are approximately 42 redundancies which will occur in Phase 1b. The figures are approximate at this stage and are subject to finalisation.

2.1.3 The timetable for the implementation of Phase 1b is as below:-

February 20	Detailed design for posts in the new model was published
February 23 – March 6	Inviting expressions of interest
February 23 – March 6	Drop-in sessions with HR
Week beginning March 9	Invitations for assessments
March 16 – April 24	Assessments
Week beginning April 27	Roles offered to successful candidates

2.1.4 The implementation of Phase 1b will take effect from June. This is also the date at which redundancies will take effect.

2.2 **ICT**

2.2.1 There is a significant amount of work to do in this workstream over the next few months and timescales are tight, however we are currently on track against the plans. Highlights include:

- The network infrastructure to support the new accommodation has been delivered.
 - Work on data migration is on track to enable the new systems to be able to deliver the appropriate customer service.
 - Some officers have seen the Civica mobile product which we will be using and it is hoped that we will be able to demonstrate the product to Members and Staff very soon.

2.3 **Accommodation**

2.3.1 The main focus for this workstream over the past few months has been at Follaton House where the second phase of the new office space has now been delivered.

2.3.2 The next quarter will see the emphasis move to the identification of any accommodation hubs that may be required for staff to use as drop in opportunities in and around the district.

2.4 **Customer**

2.4.1 The Customer Workstream relates to the engagement required with our customers to maximise the benefits of the future operating model. These benefits are both for the customer, in terms of improved customer service and greater access to on-line services and for the Authority through reduced costs.

2.4.2 Software to deliver Customer insight information has now been purchased to help us structure our customer access methodology and training in how to use this software has been undertaken.

2.4.3 The channel shift plan is under development and will be delivered later this month. This plan will help us target cheaper forms of contact such as SMS and email to those people who want and can use it rather than trying to encourage all customers to use these types of contact.

2.5 **Business Processes**

2.5.1 The number of staff employed by the council is being reduced and in order to continue to deliver high quality services to the public we need to review and re-design a large number of our existing processes.

2.5.2 This process is broken down into a number of 'sprints' when each type of activity is mapped and analysed in detail. These sprints are well under way and will continue until June 2015.

2.5.3 Some Support Services staff have been trained as trainers in the use of the document imaging software to ensure we are ready to deliver a paperless environment for when staff in phase 1b start working the new way.

2.6 Finance

2.6.1 The profiled budget for Quarter 3 (October to December 2014) is £1,170,460 and the actual spend is £1,158,195. Therefore there is an underspend of £12,265 (1%) against the profiled budget.

2.6.2 The detailed breakdown of actual spend against the profiled budget is shown in the table below.

T18 Budget Codes	Q3 – October to December 2014		(Underspend)/ Overspend (£) (B – A)
	Profiled (£) (A)	Budget Actual Spend (£) (B)	
ICT Software, Implementation & Workstream Development	280,238	273,498	(6,740)
ICT Workstation Costs, Infrastructure and Furniture	150,912	92,553	(58,359)
Training	26,880	27,740	860
Accommodation	110,500	261,318	150,818
Implementation of future model	160,330	140,330	(20,000)
Contribution to Strategic Change Reserve	441,600	362,756	(78,844)
TOTAL	1,170,460	1,158,195	(12,265) underspend

2.6.3 The areas which are underspent mainly relate to timing of payments, where invoices are due to be paid in the next month.

2.6.4 The accommodation budget is on target. The figures shown above are mainly due to the timing of payments made to refurbishment contractors being slightly earlier than expected.

2.6.5 Council approved a revised business plan in December 2014 which took account of both predicted increased savings and costs. The overall programme is currently on target.

- 2.6.6 The financial benefit of Phase 1a (Support Services) and the senior management restructure has equated to savings of £915,000 (shared between the two Councils) being delivered.
- 2.6.7 South Hams and West Devon have been successful in receiving Government Transformation challenge Award funding of £700,000 to assist in delivering the programme. South Hams District Council's share of this is £434,000, based on the same ratio as the initial investment costs.

3. YEAR – END ACCOUNTING FOR THE TRANSFORMATION PROGRAMME

- 3.1 The recruitment process for Phase 1b mentioned in Section 2.1 above will span over two financial years 2014/15 and 2015/16. In order to satisfy local authority accounting requirements, there will be a need to recognise a provision within the Council's Accounts for 2014/15 for future events (e.g. redundancies relating to Phase 1b which will occur in 2015/16). Therefore, there are timing differences between when the Council has to recognise a provision in its annual Statement of Accounts and when actual redundancies will occur, which will be after the year end of 31 March 2015.
- 3.2 There is uncertainty of the current amount of the provision that will be required, as this is dependent on the future outcome of the recruitment process to Phase 1b.
- 3.3 It is recommended that delegated authority is given to the S151 Officer, in consultation with the Executive Director Strategy & Commissioning (Head of Paid Service) and the Leader of the Council, to determine the appropriate financing requirement from the Council's Earmarked Reserves in 2014/15 to fund the accounting provision for the transformation programme. This may involve moving finances between Earmarked Reserves for a temporary period. However, any temporary use of Earmarked Reserves in 2014/15 to fund the provision, will have a matching and reversing entry in the 2015/16 accounting year when the actual event occurs. Any movements between Earmarked Reserves will be reported to the Audit Committee in July 2015 for review, as part of the Statement of Accounts for 2014/15. The Accounts are formally approved at the September Audit Committee meeting, following the external audit of the Accounts.
- 3.4 The budgets for the Transformation Programme were considered by the Executive on 11 December 2014 and approved by Council on 18 December 2014 (Council Minute 53/14). An investment budget of £4.61 million has been approved for the T18 Programme, to deliver annual recurring revenue savings of £3.37 million. The investment costs are one-off costs, whereas the savings being delivered are annual recurring savings. The payback period for the Programme is 2 years and 6 months.
- 3.5 No additional budget provision is being requested under the delegated authority detailed in Section 3.3. The delegated authority is only to satisfy a timing difference between two financial years for the accounting provision.

4. **LEGAL IMPLICATIONS AND STATUTORY POWERS**

- 4.1 The Council has delegated to the Executive to monitor the budget monitoring position of the Transformation Programme, with quarterly budget monitoring reports being presented to the Executive.
- 4.2 The Audit Committee has delegated authority to approve the Council's Accounts on an annual basis.

5. **FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications arising directly from this report. The finances of the programme are set out in Section 2.6.
- 5.2 The Local Authority Accounting Panel (LAAP) issued a Bulletin (LAAP Bulletin 99) on Local Authority Reserves and Balances. This gives guidance on Earmarked Reserves and the requirements of the Code of Practice on Local Authority Accounting. Section 25 of the guidance refers to where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation. In addition, section 27 recommends that Earmarked Reserves are reported on the face of the Movement in Reserves Statement. Movements on Earmarked Reserves need to be reported individually on the face of the Statement of Accounts, to ensure key messages are presented clearly to users.

6. **RISK MANAGEMENT**

- 6.1 A Programme of this size and complexity clearly brings a significant number of risks which have to be carefully managed. The Risk Management implications are shown at the end of this report in the Strategic Risks Template and the comprehensive Programme risks are reviewed every four weeks by the Transformation Programme Board.

7. **OTHER CONSIDERATIONS**

Corporate priorities engaged:	This report relates to the future delivery of the council's four corporate priorities during a period of increasing financial constraint
Considerations of equality and human rights:	This report updates Members on the opportunity for developing improved access to a range of council services and meeting a wide range of customer needs
Biodiversity considerations:	None
Sustainability considerations:	The emerging model is designed to ensure that both councils are sustainable in the medium term. Greater agile working linked to better use of technology should reduce the councils' carbon footprints
Crime and disorder implications:	None
Background Papers:	Council 18 December 2014 – Transformation Programme 2018

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 risk	Funding availability for initial investment to implement the Programme	5	2	10	↓	<ul style="list-style-type: none"> Profile investment and the availability of resources in the context of a business plan Explore external funding opportunities 	Executive Directors
2.	Financial risk	Higher than anticipated costs and/or lower than anticipated savings arising from the Programme. Key variable risk is the cost of staff redundancies.	4	2	8	↓	<ul style="list-style-type: none"> Proof of concept work has demonstrated high level business case Detailed business case in place before committing to implementation of the Programme Sensitivity analysis undertaken Ongoing monitoring of costs and savings within the Programme In recognition of uncertainty of some costs, introduce contingency sum into detailed business plan 	Executive Directors and Section 151 Officer
3.	Financial risk	Unexpected events leading to a delay in delivery which could include delays in recruitment or external cost pressures which divert funding from the Programme.	3	3	9	↔	<ul style="list-style-type: none"> Use of unearmarked reserves to fund a delay in delivery of the programme. Each month of delay could cost between £50,000 at the start of the programme to £320,000 at the end (combined figure). Review the level of corporate priority of the Programme against any new cost pressure 	Senior Leadership Team
4.	Management risk	Management capacity to deliver the Programme	4	3	12	↑	<ul style="list-style-type: none"> Programme identified as the key corporate priority Commission external support as required to ensure the Programme is delivered in line with the timetable 	Senior Leadership Team

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.	Management risk	Maintaining the shared vision for the Programme during a period of significant changes	4	3	12	↔	<ul style="list-style-type: none"> Effective communication strategy to engage with Members, staff and other stakeholders embedded within the Programme 	Executive Directors
6.	Management risk	Managing organisational transition to the new operating model, in particular reduction in customer satisfaction and/or drop in service standards	4	2	8	↔	<ul style="list-style-type: none"> Create sufficient organisational capacity to achieve programme timeframes Managing ongoing individual service performance 	Executive Directors
7.	Management risk	Loss of key staff during implementation of the Programme	4	4	16	↔	<ul style="list-style-type: none"> Ensure effective transition plan in place 	Executive Directors
8.	Political risk	Early interest from potential partner organisations to join Programme	3	3	9	↔	<ul style="list-style-type: none"> New partners able to join Programme but based on SH/WD model and timelines, following assessment of risk to the Programme Create flexible model that enables new partners to join at different 'levels' of the model, provided there is no adverse impact on service delivery within SH/WD 	Executive Directors
9.	Staffing risk	Officer capacity and retention of staff morale during significant corporate change	4	3	12	↔	<ul style="list-style-type: none"> Effective communication strategy embedded as part of the Programme Maintain the pace of the change to ensure that key staff are not lost to the organisation 	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			
10.	Staffing risk	Securing successful implementation of major cultural change in relation to the development of skills and approaches to working arrangements within the new operating model	4	2	8	↔	<ul style="list-style-type: none"> • Support cultural change with a comprehensive corporate training and development programme and develop recruitment, induction, appraisal and performance management frameworks • Communication strategy embedded as a key element of the Programme • Procure external skills to respond to expertise or capacity gaps • Ensure new systems and processes are resilient and sustainable 	Executive Directors Executive Directors
11.	Staffing risk	Potential Union/staff response to elements of the Programme	4	2	8	↔	<ul style="list-style-type: none"> • Ongoing engagement with key staff stakeholder groups and develop corporate understanding of those issues which are essential to successful implementation of the Programme and therefore must be subject to change • Communicate potential staff benefits within the model such as developing skills and achieving better work/life balance through agile working 	Executive Directors

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AGENDA ITEM 11

SOUTH HAMS DISTRICT COUNCIL

AGENDA ITEM 11

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Treasury Management Strategy and Annual Investment Strategy for 2015/16
Report of	Finance Community of Practice Lead (Section 151 Officer)
WARDS AFFECTED	All

Summary of report:

This report seeks approval of the proposed Treasury Management and Investment Strategies together with their associated prudential indicators.

Financial implications:

Good financial management and administration underpins the entire strategy. The budget for investment income for 2015/16 has been set at £123,000.

RECOMMENDATIONS:

That the Executive resolves to RECOMMEND to Council approval of the following:

1. The prudential indicators and limits for 2015/16 to 2017/18 contained within Appendix A of the report.
2. The Treasury Management Strategy 2015/16 and the treasury prudential indicators 2015/16 to 2017/18 contained within Appendix B.
3. The Investment Strategy 2015/16 (Appendix C) and the detailed criteria included in Appendix D.

Officer contact:

Lisa Buckle, Finance Community of Practice Lead
lisa.buckle@swdevon.gov.uk

1. BACKGROUND

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. The Council is currently debt-free and the approved Capital Programme for 2015/16 can be financed from capital receipts, capital grants and reserves, without the need for borrowing.
- 1.3 The Chartered Institute of Public Finance & Accountancy (CIPFA) defines treasury management as:

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

2. REPORTING REQUIREMENTS

- 2.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. Regular reports on treasury management monitoring are provided to the Executive.

Prudential and Treasury indicators and Treasury Strategy (this report) – The first and most important report covers:

- The capital plans (including prudential indicators);
- A Minimum Revenue Provision Policy (this is not applicable to the Council as the Council is debt-free)
- The Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An Investment Strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report – This will update members on whether the treasury function is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of the treasury indicators and actual treasury operations compared to the estimates within the strategy.

3. TREASURY MANAGEMENT FOR 2015/16

The strategy for 2015/16 covers two main areas:

3.1 Capital Issues

- The capital plans and the prudential indicators

3.2 Treasury management issues

- The current treasury position
- Treasury indicators which will limit the treasury risk and activities of the Council
- Prospects for interest rates
- The borrowing strategy (including borrowing in advance of need)
- The investment strategy
- Creditworthiness policy; and
- Policy on use of external service providers

4. LEGAL IMPLICATIONS

4.1 The elements set out in paragraph 3.2 cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code, the Department for Communities and Local Government (DCLG) Investment Guidance and the DCLG MRP Guidance.

4.2 **Balanced Budget Requirement** – It is a statutory requirement under section 33 of the Local Government Finance Act 1992, for the Council to set a balanced budget. The treasury management function will comply with this requirement.

5. FINANCIAL IMPLICATIONS

5.1 Good financial management and administration underpins the entire strategy. The budget for investment income for 2015/16 is £123,000.

5.2 The unprecedented financial crisis has resulted in significant interest cuts around the world and interest rates are currently at a record low level with the bank base rate at 0.5%. This, coupled with adopting a near risk free investment strategy, has meant a significant drop in the level of investment income that supports the revenue budget.

5.3 As at 31/3/2014 (Balance Sheet position), the Council had £18,022,000 in investments. The Council's investments can fluctuate to levels between £20 -30 million during the year due to the timing of cash flows. Falling interest rates have had a significant impact on the Council's finances. For example, in 2007/08 we had investment income of £1,359,000, but for 2015/16 this is estimated at £123,000, a reduction of over £1.2 million.

Heritable Bank

- 5.4 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.
- 5.5 At the 28 February 2015 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.
- 5.6 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.

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 - TMS & Annual Investment Strategy 2014-15 Executive: 11/09/14 - Annual TM Report 2014-15 Executive: 23/10/14 - TMS (Mid Year Update) Executive: 29/01/15 - Capital Programme 2015-16
Appendices attached:	Appendix A - The Capital Prudential Indicators Appendix B - Treasury Management Strategy Appendix C - Annual Investment Strategy Appendix D - Treasury Management Practice (TMP 1) – Credit and Counterparty Risk Management Appendix E - Treasury Management Scheme of delegation Appendix F - Glossary of Terms

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	↔	<p>The Council has adopted the CIPFA Code of Practice for Treasury Management and produces an annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines. The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements. Investment interest income is reported quarterly to SLT and the Executive. The Audit Committee has a scrutiny role over the Treasury Management operation.</p> <p>The Council's adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrates a low risk approach.</p>	S151 Officer

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			
2	Liquidity	liquidity constraints affecting interest rate performance	3	2	6	↔	See above	S151 Officer
3	Yield	volatility of interest rates / inflation	4	4	16	↔	See above	S151 Officer

Direction of travel symbols ↓ ↑

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APPENDIX A

THE CAPITAL PRUDENTIAL INDICATORS 2015/16 – 2017/18

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 review 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	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate I £000
Total	4,040	2,377	2,875	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 financing need (borrowing).

The Council is currently debt-free and the approved Capital Programme for 2015/16 is being financed from capital receipts, capital grants and reserves. Any opportunities to undertake prudential borrowing in the future will be assessed on a business case basis in the light of emerging priorities and resource availability.

Capital Expenditure	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Total	4,040	2,377	2,875	TBA	TBA
Financed by:					
Capital receipts	1,455	1,095	1,501		
Capital grants	1,549	282	366		
New Homes Bonus	218	460	464		
Reserves	818	540	544		
Net financing need for the year	Nil	Nil	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.

	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 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. **The Council is asked to approve the following indicators:**

Ratio of financing costs to net revenue stream

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

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Ratio of net investment income to net revenue stream. (surplus)	1.8%	1.2%	1.4%	2.9%	3.9%

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.

	2013/14 Actual £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
Future incremental impact of capital investment decisions on the band D council tax (Notional cost)	0.30	0.14	0.20	TBA	TBA

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APPENDIX B

TREASURY MANAGEMENT STRATEGY (BORROWING)

INTRODUCTION

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

TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

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

Operational Boundary	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
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.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

2. The Council is asked to approve the following Authorised Limit:

Authorised limit	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
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

PROSPECTS FOR INTEREST RATES

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.10	3.30	3.30
Jun 2015	0.50	2.20	3.40	3.40
Sep 2015	0.50	2.30	3.60	3.60
Dec 2015	0.50	2.50	3.80	3.80
Mar 2016	0.75	2.60	3.90	3.90
Jun 2016	0.75	2.70	4.00	4.00
Sep 2016	1.00	2.80	4.20	4.20
Dec 2016	1.25	3.00	4.30	4.30
Mar 2017	1.25	3.10	4.40	4.40
Jun 2017	1.50	3.20	4.50	4.50
Sep 2017	1.50	3.30	4.60	4.60
Dec 2017	1.75	3.40	4.60	4.60

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is promising for the outlook for strong growth going forwards and it looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now expected that the US will be the first major western economy to start on central rate increases by mid 2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation and the Middle East, have led to a resurgence of those concerns, as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets.

Economic forecasting remains difficult with so many external influences weighing on the UK.

BORROWING STRATEGY

The Council is currently debt-free and the approved Capital Programme for 2015/16 is being financed from capital receipts, capital grants and reserves. Any opportunities to undertake prudential borrowing in the future will be assessed on a business case basis in the light of emerging priorities and resource availability.

TREASURY MANAGEMENT LIMITS ON ACTIVITY

There are two related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on fixed interest rate exposure – This covers a maximum limit on fixed interest rates.
- Upper limits on variable interest rate exposure – This covers a maximum limit for variable interest rates.

The Council is asked to approve the following treasury indicators and limits:

	2015/16	2016/17	2017/18
Interest rate Exposures			
	Upper	Upper	Upper
Upper limit for fixed interest rate exposure Net principal re fixed rate investments	100%	100%	100%
Upper limit for variable interest rate exposure Net principal re variable rate investments	50%	50%	50%

POLICY ON BORROWING IN ADVANCE OF NEED

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

ANNUAL INVESTMENT STRATEGY

Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). **The Council's investment priorities will be security first, liquidity second, then return.**

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix D under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

Creditworthiness Policy

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

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

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

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour- not to be used

** this category is for AAA rated Government debt or its equivalent*

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

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

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

Country limits

The Council has determined that it will only use UK registered banks.

Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next few years are as follows:

2015/16 0.60%
2016/17 1.25%
2017/18 1.75%
2018/19 2.25%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Maximum principal sums invested > 364 days			
£m	2014/15	2015/16	2016/17
Principal sums invested > 364 days	£5 million	£5 million	£5 million

End of year investment report

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

Treasury Management Advisers

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

APPENDIX D

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT SPECIFIED AND NON-SPECIFIED INVESTMENTS AND LIMITS

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society)

Non-specified investments: These are any investments which do not meet the Specified Investment criteria. **A nil amount will be held in aggregate in non-specified investment**

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
Money market funds	AAA	£5 million	Liquid
Local authorities	N/A	£5 million	5 years
Term deposits with banks and building societies	Yellow	£5 million (£6 million for Lloyds plc – see note)	Up to 5 years
	Purple		Up to 2 years

	Blue		Up to 1 Year
	Orange		Up to 1 Year
	Red		Up to 6 months
	Green		Up to 100 days
	No Colour		Not for use
<p>The Council is not recommending using the following investment vehicles and this is reflected by showing 0% against the limit per institution.</p>			
UK Government gilts	AAA	0%	Yellow (5 years)
UK Government Treasury bills	AAA	0%	6 months
Bonds issued by multilateral development banks	AAA	0%	Yellow (5 years)
CDs or corporate bonds with banks and building societies	Yellow	0%	Up to 5 years
	Purple		Up to 2 years
	Blue		Up to 1 year
	Orange		Up to 1 year
	Red		Up to 6 months
	Green		Up to 100 days
	No colour		Not for use

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	-	In-house
Term deposits – local authorities	-	In-house
Term deposits – banks and building societies	Green	In-house

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Lloyds Bank plc*	Blue	In-house	£6 million	Up to 1 year
Other UK part nationalised banks	Blue	In-house	£5 million	Up to 1 year

**As Members are aware, the council recently changed banks from the Co-op to Lloyds Bank. The council currently has a fixed investment of £5 million with Lloyds Bank earning interest of 0.95% which matures on 3 September 2015. At its meeting on 12 February 2015, Council agreed that it would be prudent to increase this limit from £5 million to £6 million specifically for Lloyds Bank in order to facilitate the effective management of daily cash flows.*

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	MMF Rating	In-house
2. Money Market Funds	MMF Rating	In-house

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

A Guide to Money Market Funds	
Definition	A pool of cash managed by an independent fund management company. Frequently these are well known banks or investment houses
Investment	Investors purchase units (shares) of the fund which are held on their behalf in a custody account.
Returns	Returns in line with either 7-day or 1-month LIBID are targeted by most funds.
Liquidity	The funds are very liquid. Shares can be purchased and sold on the same day if necessary and without penalty. Deals are subject to a cut-off time which varies from manager to manager but can be as late as 2pm.
Variety	Two types of classes exist – <ul style="list-style-type: none"> 1) Stable Net Asset Value (SNAV) – the most common variety. Prices are fixed and interest is credited to investors in the form of a dividend. 2) Accumulating Net Asset Value (ANAV) – interest is credited to the shares and the price rises to reflect the return achieved.
Accounting	Purchases of MMF shares do not score as capital expenditure. Sales do not score as capital receipts.
Legality	Local authorities are permitted to invest in sterling denominated funds with an AAA credit rating and domiciled in the EU.
Regulation	UK-based Funds are regulated by the Financial Services Authority. Those domiciled in other EU zones (the majority) are regulated via the Undertakings for Collective Investment in Transferable Securities (UCITS) Code. The Code lays down

Portfolio holdings	<p>strict common standards of investment and management.</p> <p>Cash is invested in a selection of high quality, high liquidity securities including: time deposits, certificates of deposit, short-dated gilts, corporate bonds and notes, commercial paper etc.</p>
Credit rating	<p>Local authorities are empowered to place funds in investment schemes with a high credit rating. Money Market Funds fall into this category and are all rated by one or more of the three rating agencies. Credit Quality – measures the financial strength of the fund (not the manager) and the probability of it defaulting.</p>
Risk management	<p>The funds eligible for local authority investment score highly on credit quality and low volatility. All have an AAA rating which means that the chances of default are considered minimal.</p> <ol style="list-style-type: none"> 1) Rating requirements – in order to maintain an AAA rating fund managers must adhere to requirements specified by the rating agencies. These include: <ul style="list-style-type: none"> • A maximum exposure to any one counterparty (concentration ratio) between 5% & 10% • A maximum weighted average maturity (WAM) for the entire fund – typically 60 days • A minimum level of overnight investments to ensure high liquidity • A lower limit on quality of investment counterparty 2) Ring fencing – monies received from share purchases are invested in financial instruments by the managing organisation. Deposits/security investments are held in custody by a non-related company that specialises in custody services. Counterparty exposure of the fund (and of the investor) is to the underlying securities and not to the management company.
Exposure limits	<p>In view of the funds' low concentration ratios; quality of asset holdings; maximum WAM and ring-fencing arrangements, counterparty risk is spread widely. MMFs possess the same status as external fund managers operating cash/gilt funds for local authorities. They should have their own counterparty limit which can be considerably greater than that accorded to individual investment counterparties.</p>

TREASURY MANAGEMENT SCHEME OF DELEGATION

Full Council:

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy
- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on the recommendations
- Approving the selection of external service providers and agreeing terms of appointment

The treasury management role of the Section 151 Officer:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers
- To ensure that members with responsibility for treasury management receive adequate training in treasury management.
- To review the training needs of treasury management officers periodically

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Basis Point

1/100th of 1%, i.e., 0.01%

Base Rate

Minimum lending rate of a bank or financial institution in the UK

Benchmark

A measure against which the investment policy or performance of a fund manager can be compared

Bill of Exchange

A financial instrument financing trade

Callable Deposit

A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre-agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen, the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower

Cash Fund Management

Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio

Certificate of Deposit (CD)

Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD

Commercial Paper

Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing

Corporate Bond

Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies

Counterparty

Another (or the other) party to an agreement or other market contract (e.g., lender/borrower/writer of a swap, etc)

CPI

Consumer Price Index – calculated by collecting and comparing prices of a set basket of goods and services as bought by a typical consumer, at regular intervals over time.

CDS

Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap

Derivative

A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g., an option is a derivative because its value changes in relation to the performance of an underlying stock.

DMADF

Deposit Account offered by the Debt Management office, guaranteed by the UK government

ECB

European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle

EMU

European Monetary Union

Equity

A share in a company with a limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain

Fed.

Federal Reserve Bank of America – sets the central rates in the USA

Floating Rate Notes

Bonds on which the rate of interest is established periodically with reference to short-term interest rates

Forward Deal

The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed date

Forward Deposits

Same as forward dealing (above)

FSA (Financial Services Authority)

Body responsible for overseeing financial services

Fiscal Policy

The Government policy on taxation and welfare payments

Gilt

Registered British Government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent

Gilt Funds

Pooled fund investing in bonds guaranteed by the UK government

Money Market Fund (MMF)

A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short term instruments. It is very similar to a unit trust, however in a MMF

Monetary Policy Committee (MPC)

Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or

minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth and employment

Open Ended Investment Companies

A well diversified pooled investment vehicle, with a single purchase price, rather than a bid/offer spread

Other Bond Funds

Pooled funds investing in a wide range of bonds

Reverse Gilt Repo

This is a transaction as seen from the point of view of the party which is buying the gilts. In this case, one party buys gilts from the other and, at the same time and as part of the same transaction, commits to resell equivalent gilts on a specified future date, or at call, at a specified price

Retail Price Index (RPI)

Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person

Sovereign Issues (Ex UK Gilts)

Bonds issued or guaranteed by nation states, but excluding UK government bonds

Supranational Bonds

Bonds issued by supranational bodies, e.g., European investment bank. These bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given

their relative illiquidity when compared with gilts

Term Deposit

A deposit held in a financial institution for a fixed term at a fixed rate

Treasury Bill

Treasury bills are short term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value

WARoR

Weighted Average Rate of Return is the average annualised rate of return weighted by the principal amount in each rate

WAM

Weighted Average Time to Maturity is the average time, in days, till the portfolio matures, weighted by principal amount

WATT

Weighted Average Total Time is the average time, in days, that deposits are lent out for, weighted by principal amount

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Council Tax Discretionary Discount and Reduction Policy
REPORT OF	Customer Service Manager
WARDS AFFECTED	All

Summary of report:

The Council can use its discretionary powers to assist persons liable for Council Tax who are facing extreme hardship or distress. This report presents a new policy which incorporates these powers with the Exceptional Hardship Fund which specifically provides additional support to customers in receipt of Council Tax Reduction. This will allow all applications for assistance with Council Tax to be considered under one framework. This will mean that SHDC has one set of financial assessment criteria ensuring applicants are treated fairly and consistently.

The Council Tax Discretionary Discount and Reduction Policy replaces the Council Tax Reduction Exceptional Hardship Fund Policy.

Financial implications:

Discretionary awards made under Section 13a of the Local Government Finance Act 1992 are funded wholly by SHDC. In 2014/15 £1,731.62 has been awarded under these powers in the financial year to date.

Awards under the Exceptional Hardship Fund are funded proportionately by all major preceptors. In 2014/15 £16,115.04 has been awarded so far from a total fund of £28,416.00.

RECOMMENDATIONS:

The Executive recommends to Council that the Council Tax Discretionary Discount and Reduction Policy be approved.

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

1. BACKGROUND

Section 13a of the Local Government Finance Act 1992 provides the billing authority with discretionary powers to reduce Council Tax liability where national discounts and exemptions cannot be applied.

Applications for awards under these powers are currently dealt with by the Leader of the Council and the Finance Community of Practice Lead under delegated powers.

The Exceptional Hardship Fund forms part of SHDC's agreed Council Tax Reduction Scheme for 2014/15 and 2015/16 and has been awarded in line with the Council Tax Reduction Exceptional Hardship Fund Policy.

The proposed Council Tax Discretionary Discount and Reduction Policy brings together these two schemes into one policy.

The purpose of bringing the two discretionary schemes under the one policy allows for applications to be considered under the one framework and therefore removes the requirement for the Council Taxpayer having to apply under both discretionary provisions. It also means that SHDC has one financial assessment criteria ensuring that applicants are treated fairly and consistently.

2. ISSUES FOR CONSIDERATION

By combining the two policies customers need only make a single application for financial hardship.

Both schemes have common purpose and deliver the following outcomes:

- A safety net to protect our most vulnerable Council Taxpayers who need additional financial assistance.
- Enables support to be given to Council Taxpayers who are in financial or other crisis where no other legislative discounts or reliefs exist.
- Helps Council Taxpayers through personal crisis, difficult events or where there are exceptional circumstances which impacts on their ability to pay.
- Prevents exceptional hardship
- Alleviates poverty
- Helps those who are trying to help themselves
- Sustains tenancies and prevention of homelessness
- Keeps families together
- Encourages and supports people to obtain and remain in employment

This policy does not exclude any additional provision or guidance given by Central Government on particular issues. For example: additional help to residents affected by the flooding in 2013/14.

3. LEGAL IMPLICATIONS

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

Section 13a Local Government Finance Act 1992 (Council Tax)

4. FINANCIAL IMPLICATIONS

Discretionary awards made under Section 13a of the Local Government Finance Act 1992 are funded wholly by SHDC. In 2014/15 £1,731.62 has been awarded under these powers in the financial year to date.

Awards under the Exceptional Hardship Fund are funded proportionately by all major preceptors. In 2014/15 £16,115.04 has been awarded so far from a total fund of £28,416.00.

5. OTHER CONSIDERATIONS

Corporate priorities engaged:	Community Life
Statutory powers:	Section 13a Local Government Finance Act 1992 (Council Tax)
Considerations of equality and human rights:	This policy has high relevance to equality and has a positive or neutral impact on all protected characteristics
Biodiversity considerations:	None
Sustainability considerations:	Encourages and supports people to obtain and remain in employment
Crime and disorder implications:	None
Background papers:	None
Appendices attached:	Appendix A – Council Tax Discretionary Discount and Reduction Policy

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	Separate policies	Not combining these two schemes could mean that customers get treated differently depending on whether they claim CTR or not	4	1	4	↑	Creation of policy	Customer Service Manager
2	Inconsistent awards	The awarding of funds is done inconsistently by officers	2	2	4	↑	Awards are monitored by Customer Service Manager. Cross checking done by trained officers to check consistency.	Customer Service Manager
3	Awards exceed funding	Awards exceed funding available	2	2	4	↑	Awards cannot be refused based on lack of funds therefore criteria must be adhered to and awards only made to those in most need throughout the financial year. Monitored by CSM	Customer Service Manager

Direction of travel symbols ↓ ↑ ⇄

South Hams District Council

Council Tax Discretionary Discount and Reduction Policy

Issue details	
Title:	Council Tax Discretionary Discount and Reduction Policy
Version number	Version 1.0
Officer responsible:	Kate Hamp, Customer Service Manager
Authorisation by:	Full Council
Authorisation date:	

1 Previous Policies/Strategies

- 1.1 This policy brings together the Council Tax Discretionary Discount Policy and Exceptional Hardship Fund Policy.

2 Why has the council introduced this policy?

- 2.1 This policy sets out the criteria that need to be met and the type of information to be provided when a Council Taxpayer applies for a reduction in their Council Tax under South Hams District Council's (SHDC) discretionary powers.

- 2.2 There are two ways by which SHDC can use its discretionary powers to give a reduction in Council Tax:

- 2.2.1 S13a1c of the Local Government Finance Act 1992 (as amended) provides the billing authority with additional discretionary powers to reduce the Council Tax liability where national discounts and exemptions cannot be applied:

a. Where a person is liable to pay Council Tax in respect of any chargeable dwelling and day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.

b. The power under subsection 1) above includes the power to reduce an amount to nil.

c. The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

This is referred to in our policy as a Section 13a1c discretionary Council Tax reduction. This is wholly funded by SHDC, except when Central Government has used this provision to provide grant funding for specific issues, for example the winter 2013/14 flooding.

2.2.2 In addition to our Council Tax Reduction Scheme Policy (Section 13a1a of the Local Government Finance Act 1992, as amended), SHDC has an Exceptional Hardship Fund (EHF). The EHF is available to cover the shortfall between Council Tax liability and payments of Council Tax Reduction. The funding of EHF is through the collection fund and is paid for by all preceptors in proportion to their share of Council Tax

2.3 The purpose of bringing the two discretionary schemes under the one policy allows for applications to be considered under the one framework and therefore removes the requirement for the Council Taxpayer having to apply under both discretionary provisions. It also means that SHDC has one financial assessment criteria ensuring that applicants are treated fairly and consistently.

3 What is SHDC's policy?

3.1 This policy meets the corporate priorities of Community Life by looking after our residents' health and wellbeing. It supports these priorities by delivering the following outcomes:

- A safety net to protect our most vulnerable Council Taxpayers who need additional financial assistance.
- Enables support to be given to Council Taxpayers who are in financial or other crisis where no other legislative discounts or reliefs exist.
- Helps Council Taxpayers through personal crisis, difficult events or where there are exceptional circumstances which impacts on their ability to pay.
- Prevents exceptional hardship
- Alleviates poverty
- Helps those who are trying to help themselves
- Sustains tenancies and prevention of homelessness
- Keeps families together
- Encourages and supports people to obtain and remain in employment

3.2 Officers applying this policy will consider whether all other statutory discounts or reliefs have been applied. This policy will normally only consider exceptional circumstances, due to financial need or crisis, where it is appropriate and fair to give a discretionary discount or reduction.

3.3 An application for financial hardship will only need to be made once. Where the Council Taxpayer is in receipt of Council Tax Reduction this will be dealt with under the EHF provision. The same assessment criteria used under the EHF will also be used for all non Council Tax Reduction customers who are applying for a reduction under Section 13a1c on the grounds of financial hardship.

3.4 When considering an application on financial grounds, the Council Taxpayer will be required to provide details of household income and expenditure,

savings, capital, debts, etc. The assessment we will make for determining financial hardship will take account of only reasonable priority expenditure * against income but will not take account of any non essential expenditure, as Council Tax is a priority bill. Part of the assessment may include referral to an independent money advice and budgeting advice service.

** Priority expenditure is based upon Citizens Advice Bureau guidance.*

- 3.5 Where funding has been provided by Central Government any discretionary discounts that are made will be based upon the guidance and criteria that the Government issues, subject to SHDC agreeing to adopt this.

3.6 Section 13a 1c Discretionary Council Tax reduction

- 3.6.1 Every Council Taxpayer is entitled to make an application for a discretionary Council Tax reduction. It is anticipated that a discretionary reduction will only be granted to Council Taxpayers in exceptional circumstances and will normally be for a short term period. An application for a further award can be made and there will be a review of the application and what actions have been taken since the last award.
- 3.6.2 When considering an application the following factors will be taken into account:
- There must be evidence of financial hardship or unforeseen or exceptional circumstances to justify any reduction.
 - Whether changing payment methods, re-profiling Council Tax instalments or setting alternative payment arrangements in order to make them more affordable.
 - An award may not be made until the Council Taxpayer has accepted assistance either through SHDC or a third party, such as; Citizens Advice Bureau or similar organisations, to enable them to manage their finances more effectively, including termination of non-essential expenditure.
 - The Council Taxpayer has experienced a crisis or event that has made their property uninhabitable eg due to fire or flooding, where they remain liable to pay Council Tax and for which they have no recourse for compensation.
 - The Council Taxpayer must satisfy SHDC that all reasonable steps have been taken to resolve their situation prior to an application.
 - If the Council Taxpayer is on a low income, whether they have applied for a Council Tax Reduction (SHDC's scheme is called Council Tax Reduction). The Council Tax Reduction scheme exists to ensure that those on low incomes receive financial assistance with their Council Tax.
 - All other eligible discounts/reliefs have been explored prior to an application being made.

- The Council Taxpayer does not have access to other funds/assets that could be used to pay Council Tax.
- All other legitimate means of resolving the situation have been investigated and exhausted by the applicant. If they have not been, it is unlikely that an award will be made.
- The payment record history of the Council Taxpayer.
- The amount outstanding must not be the result of wilful refusal to pay or culpable neglect.
- Relief will only normally only apply to the Council Taxpayer's primary home.

3.6.3 Discretionary reductions will be withdrawn if:

- The conditions or circumstances on which the reduction was granted. change or fail to materialise,
- The information submitted as part of the application proves to be misleading.
- The applicant ceases to be the Council Taxpayer.

3.6.4 Where the reduction is cancelled this will normally take effect from the actual date of change. However, in certain circumstances this may be withdrawn in full. A revised Council Tax bill will be issued for payment.

3.7 Administering the scheme

3.7.1 Discretionary Council Tax reductions must be applied for in writing from the Council Taxpayer, their advocate/appointee or a recognised third party acting on their behalf. Where the application is on the grounds of financial hardship a standard form is available which can be obtained via the telephone, in person at Follaton House, Totnes or on SHDC's website.

3.7.2 The application should normally relate to the current Council Tax year, unless the Council Taxpayer has only recently received a bill following a retrospective change to a previous year.

3.7.3 It is expected that the Council Taxpayer will need to provide:

- The period and amount of reduction being sought.
- Reasons why a discretionary reduction should be given, and how this meets our policy.
- What action(s) the applicant has taken to alleviate the situation

3.7.4 SHDC may request any reasonable evidence in support of an application.

3.7.5 The Customer Service Manager in consultation with the Finance Community of Practice Lead will normally determine Discretionary Discount applications and in their absence this will be passed to the Customer First Group Manager.

- 3.7.6 Successful applicants will be notified in writing of the amount and period a Discretionary Council Tax reduction has been awarded for. Any entitlement is applied to the Council Tax account and a revised bill is sent. Awards are limited to the end of the financial year in which the application is made.
- 3.7.7 If a reduction has been made as a result of a false or fraudulent claim SHDC reserves the right to withdraw the award. SHDC will consider prosecuting any applicant who makes a false statement or provides fraudulent evidence in support of an application.
- 3.7.8 Unsuccessful applicants will be notified in writing together with the reason for the decision.
- 3.7.9 SHDC will aim to make a decision within 14 days of receiving all the information required.
- 3.7.10 Applicants who are receiving a Council Tax discretionary reduction must report changes in their circumstances within 21 days of the change occurring.

3.8 Exceptional Hardship Fund (EHF) Awards

- 3.8.1 Every Council Taxpayer who is entitled to Council Tax Reduction and who has a shortfall is entitled to make a claim for help from EHF. It is normally a short-term emergency fund, whilst the Council Taxpayer seeks alternative solutions.
- 3.8.2 The main features of the Fund are that:
- EHF awards are discretionary
 - Council Taxpayers do not have a statutory right to an award
 - EHF awards are not a payment of Council Tax Reduction
 - Council Tax Reduction must be in payment in the week in which an EHF award is made.
 - SHDC may decide that a backdated EHF award is appropriate; which could then settle Council Tax arrears. This would be the only circumstance where the EHF could be used to facilitate payment of Council Tax arrears.
 - EHF awards cannot be made to settle arrears of Council Tax unless due to an award of backdated EHF as set out above.
- 3.8.3 EHF cannot be awarded for the following circumstances:
- Where full Council Tax liability is being met by Council Tax Reduction.
 - For any other reason, other than to reduce Council Tax liability.
 - Where SHDC considers that there are unnecessary expenses/debts etc and that the Council Taxpayer has not taken reasonable steps to reduce these.
 - To reduce any Council Tax Reduction recoverable overpayment.

- To cover previous years Council Tax arrears.
- A shortfall caused by a Department for Work and Pensions sanction or suspension which has been applied because the Council Taxpayer has turned down work/interview/training opportunities.

3.8.4 Trained officers from Benefits Team will determine whether or not to make an EHF award, and how much any award might be. This will be monitored by the Customer Service Manager to ensure consistency and fair application of the award.

When making this decision the officers will consider the following before making an award:

- The shortfall between Council Tax Reduction and Council Tax liability.
- The steps taken by the Council Taxpayer to reduce their Council Tax liability.
- Changing payment methods, re-profiling Council Tax instalments or setting alternative payment arrangements in order to make them affordable.
- Ensure that all appropriate discounts, exemptions and reductions are granted.
- Steps taken by the Council Taxpayer to establish whether they are entitled to other welfare benefits.
- Steps taken by the Council Taxpayer in considering and identifying where possible the most economical tariffs for supply of utilities.
- If a Discretionary Housing Payment has already been awarded to meet a shortfall in rent.
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the Council Taxpayer, their partner and any dependants and any other occupants of the Council Taxpayer's home.
- The difficulty experienced by the Council Taxpayer, which prohibits them from being able to meet their Council Tax liability, and the likely length of time this difficulty will exist.
- Shortfalls due to non-dependant deductions.
- The income and expenditure of the Council Taxpayer, their partner and any dependants or other occupants of the Council Taxpayer's home.
- How deemed reasonable expenditure exceeds income.
- All income may be taken into account, including those which are disregarded when awarding Council Tax Reduction.
- Any savings or capital that might be held by the Council Taxpayer or their partner.
- Other debts outstanding for the Council Taxpayer and their partner.
- Whether the Council Taxpayer has already accessed or is engaging for assistance with budgeting and financial/debt management advice. An EHF award may not be made until the Council Taxpayer has accepted assistance either from SHDC or third party, such as the Citizens Advice Bureau or similar organisations, to enable them to manage their finances more effectively, including the termination of non essential expenditure.
- The exceptional nature of the Council Taxpayer and/or their family's circumstances that impact on finances.

- The length of time they have lived in the property.

The list is not exhaustive and other relevant factors and special circumstances will be considered.

3.8.5 An application for a further EHF award can be made and there will be a review of the application and what actions have been taken since the last award.

3.8.6 An EHF award may be less than the difference between the Council Tax liability and the amount of Council Tax Reduction paid.

3.9 Administering EHF

3.9.1 The Council Taxpayer must make a claim for an EHF award by submitting an application to SHDC. The application form can be made in conjunction with a third party providing money advice or obtained via the telephone, in person at Follaton House, Totnes and SHDC's website. A copy of the application form is at Appendix A of this policy. Council Taxpayers can get assistance with the completion of the form from the Customer Service Team or the Benefits Team at SHDC.

3.9.2 The application form must be fully completed and supporting information or evidence provided, as reasonably requested by SHDC.

3.9.2 In most cases the person who claims the EHF award will be the person entitled to Council Tax Reduction. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

3.9.3 An EHF award may be revised where the Council Taxpayer's circumstances have changed, which either increases or reduces their Council Tax Reduction entitlement.

3.9.4 A person claiming an EHF Payment is required to:

- Give SHDC such information as it may require to make a decision.
- Tell SHDC of any changes in circumstances that may be relevant to their ongoing claim.
- Give SHDC such other information, as it may require, in connection with their claim.

3.9.5 Both the amount and the duration of the award are determined at the discretion of SHDC, and will be done so on the basis of the evidence supplied and the circumstances of the claim

- The start date will usually be the Monday after the written claim for an EHF award is received by SHDC, although in some cases it may be possible to backdate this award, based upon individual circumstances of each case.
- The EHF will normally be awarded for a minimum of one week
- The maximum length of the award will not exceed the end of the financial year in which the award is given.

3.9.6 Any EHF award will be made directly to the Council Tax account, thus reducing the amount of Council Tax payable.

3.9.7 Overpaid EHF awards will generally be recovered directly from the Council Taxpayers Council Tax account, increasing the amount of Council Tax due and payable.

3.9.8 SHDC will notify the outcome of each application in writing. The notification will include the reason for the decision and advise the Council Taxpayer of their appeal rights.

3.10 Publicity of discretionary reductions and discounts

3.10.1 SHDC will publicise this policy and will work with interested parties to achieve the stated outcomes. A copy of this policy will be made available for inspection and will be published on SHDC's website.

3.11 Right to appeal

3.11.1 Decisions about discretionary discounts and reductions are subject to the statutory appeal process.

3.11.2 If the Council Taxpayer is not satisfied with a decision in respect of:

- an application for a discretionary reduction
- a decision not grant a discretionary reduction
- a decision to award a reduced amount of discretionary reduction
- a decision not to backdate a discretionary reduction

they may request a review in writing. In these cases SHDC will look at the decision again.

3.11.3 An officer, senior to the original decision maker, will consider the dispute by reviewing the original application and any additional information and/or representation made and will make a decision within 14 days of referral or as soon as practicable thereafter.

3.11.4 Any request for a review must be made in writing, within two months of the date of the notification letter confirming the original decision.

3.11.5 The outcome of the review will be given in writing by the Council, detailing the reasons for changing or upholding the original decision.

3.11.6 If SHDC does not respond within two months to the Council Taxpayer's request for a review or the Council Taxpayer considers that SHDC's decision is wrong, they can appeal directly to the Valuation Tribunal

4 Equality impact considerations – the policy is high relevance to equality if it has a big impact on residents and users of the service

Low

4.1 This Equality Impact Assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:

- Age (including children and young people)
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)
- An additional SHDC local factor of community considerations such as socio-economic factors, criminal convictions, rural living or Human Rights

4.2 This policy has a positive or neutral impact on all protected characteristics.

4.3 The protected characteristics which are positively impacted are age, disability and SHDC local factors. This is because the policy, when considering EHF awards, considers household composition and disability related expenditure when looking at expenditure calculations.

4.4 The positive impact on local factors is high as the EH awards support vulnerable Council Taxpayers who may not otherwise be able to pay their Council Tax. Also the discretionary discounts help to support local areas which may be affected by natural disasters which affect the households.

5 Appendices and other relevant information

Appendix A – Application Form

6 Who authorised the policy/strategy and date of authorisation.

Authorised by the Executive on 5th March 2015

7 Related Policies/Strategies, Procedures and Legislation

7.1 Related policies

Corporate debt policy

Discretionary Housing Payments policy

7.2 Legislation

Local Government Finance Act 1992, as amended

8 Policy date for review and responsible officer

8.1 This policy will be reviewed by the Customer First Group Manager periodically but no later than 2017.

DRAFT

NOT FOR PUBLICATION

EXEMPT INFORMATION – By virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person including the authority holding that information. Note that 'person' may include a corporate body.

(Applies to Appendix A and Strategic Risk 2)

AGENDA
ITEM
13

SOUTH HAMS DISTRICT COUNCIL

AGENDA
ITEM
13

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Dartmouth Lower Ferry: Update Progress
REPORT OF	Group Manager, Commercial Services/Head of Assets
WARDS AFFECTED	All Wards but in particular Dartmouth & Kingswear; East Dart and Skerries;

Summary of report:

Following completion of the widening and extension of the ferry slipways in Dartmouth, South Hams District Council undertook a review of the ferry service to health check the service and identify methods for improving its success. This report considers the recommendations for the future of the service based on the review work.

Financial implications:

The financial implications related to this report are related solely to the preparation of the detailed options appraisal at this time. This is likely to cost between £5,000 and £7,500 and can be funded from the Land and Development Earmarked Reserve. It is anticipated that these costs can be recovered in the Year 1 efficiencies resulting from the review.

RECOMMENDATIONS:

That the Executive resolves:-

1. To note progress in relation to improvements and efficiencies delivered by the Property Services Manager over the last two years.
2. To agree to a full Options Assessment on the Lower Ferry Service to ensure a preferred option for the Lower Ferry business is identified by autumn 2015 at a cost of up to £7,500 to be funded from the Land and Development Reserve.

Officer contact:

helen.dobby@swdevon.gov.uk

1. BACKGROUND

- 1.1 The Lower Ferry operates on the River Dart between Kingswear and Dartmouth providing a vehicular and pedestrian link for residents, businesses and visitors between the two towns and the wider South Devon region. It operates from slipways owned and managed by the Council. The Council operates the Lower Ferry as a business unit and budgeted to make a net surplus of £98, 500 for the 2014/15 financial year. However, current projections indicate a trading deficit of approximately £50,000 for the year due to a projected shortfall in income against budget (please refer to the Revenue Budget Monitoring report on this agenda). The income budget is already planned to be amended for future years to reflect the actual potential of business which will also be explored in the options appraisal document when commissioned.
- 1.2 The Lower Ferry faces competition from the foot Passenger Ferry and the Higher Ferry. This is a unique position within the South West to have more than one business operating a river crossing and this has competition issues impacting on pricing and market share.
- 1.3 Following the completion of the ferry slips capital project in 2012 a business case review was undertaken on the Dartmouth Lower Ferry Service. This gave a health check on the existing service and identified methods for improving its success. The review looked at all aspects of the business including, stock, staff and operations through to competitors and marketing, assessing cash flow, financial accounts and profit margins. The purpose of the review was to identify cost savings, provide efficiency measures and ways to improve revenue.
- 1.4 The Member task and finish group considering this service has recently met and emphasised the need for the comprehensive options appraisal to be prepared as soon as is practicable. This work will build upon the actions carried out by the assets team to improve the service and assess its' future viability through a number of delivery channels robustly.

2. ISSUES FOR CONSIDERATION

- 2.1 The Lower Ferry is operating in a competitive environment and to further secure the ability to reduce the operating cost of the ferry and improve income it is recommended that a full options appraisal is undertaken to include alternative service delivery models (ASDM). Further operational and strategic efficiencies should be achievable but these may be secured more efficiently by an ASDM than the current in-house arrangement. This will be tested through the option appraisal work.
- 2.2 Old Mill Creek information is contained within Appendix A to this report and is exempt from the public session.

3. LEGAL IMPLICATIONS

- 3.1 There are no specific legal implications relating to this update report. Full legal consideration will be given to all service options and potential future lease or purchase arrangements.
- 3.2 Since there is commercially sensitive information in the report relating to the Old Mill Creek 2.2 there are grounds for the publication of this part of the report 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 report. Accordingly 2.2 to this report contains exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 and is contained within Appendix A.

4. FINANCIAL IMPLICATIONS

- 4.1 At this stage the costs are related solely to the preparation of the detailed options appraisal at this time. This is likely to cost between £5,000 and £7,500 and can be funded from the Land and Development Earmarked Reserve. These costs can be recovered in the Year 1 efficiencies resulting from the review.
- 4.2 Detailed costings around the service delivery options will be brought before Members as part of the options appraisal in order that fully costed service alternatives can be considered.

5. RISK MANAGEMENT

- 5.1 The strategic risk management implications are set out in the table below:

Corporate priorities engaged:	Economy
Statutory powers:	
Considerations of equality and human rights:	N/A
Biodiversity considerations:	N/A
Sustainability considerations:	
Crime and disorder implications:	N/A
Background papers:	2012 service review and action plan
Appendices attached:	Appendix A – Exempt information

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 arising if not pursuing most viable market model	3	3	9	↔		Executive Director
3	Reputational	Failure to maintain same level service will impact on residents and businesses reliant on DLF.	3	2	6	↔	Participate in managed and structured review of future options Seek external validation of process	Group Manager (HD)

Direction of travel symbols ↓ ↑

(Strategic Risk 2 is exempt)

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY, 05 MARCH 2015**

Members in attendance:			
* Denotes attendance			
∅ Denotes apologies			
∅	Cllr H D Bastone	*	Cllr R J Tucker (arrived late)
*	Cllr R D Gilbert	*	Cllr L A H Ward
*	Cllr M J Hicks (Chairman for the duration of this meeting)	*	Cllr S A E Wright
*	Cllr M F Saltern		

Also in attendance and participating		
Item 8	E.69/14	Cllr Baverstock
Item 9	E.70/14	Cllr Brazil
Item 10	E.71/14	Cllrs Barber, Brazil, May, Pearce, Smerdon, Wingate
Item 11	E.72/14	Cllrs Barber, Holway, May
Item 12	E.73/14	Cllrs Brazil and Hodgson
Item 13	E.74/14	Cllrs Barber, Brazil, Hawkins, Stone
Also in attendance and not participating		
Cllrs Bramble, B Cooper, Cane and Cuthbert		

Officers in attendance and participating		
All items	Minute Ref	Executive Director (SJ), Finance COP Lead and Member Services Manager
Item 12	E.73/14	Customer Services Manager
Item 13	E.74/14	Commercial Services Group Manager

E.65/14 MINUTES

The minutes of the meeting of the Executive held on 29 January 2015 were confirmed as a correct record and signed by the Chairman.

E.66/14 URGENT BUSINESS

The Chairman advised that there was one item of urgent business to be raised. It had come to light that the Local Development Strategy, which had been the subject of a report to 24 April 2014 meeting of the Executive (Minute E.81/13 refers), did not specify a start date beyond stating 'this year'. For the avoidance of any doubt, he proposed therefore that the minutes of this meeting reflect that the Local Development Strategy had commenced on 7 May 2014 (i.e. after the call in period following that Executive meeting on 24 April 2014).

It was then:

RESOLVED

That, for the avoidance of any doubt, it be noted that the start date of the Local Development Strategy was 7 May 2014

E.67/14 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 and the following were made:

Cllr R D Gilbert declared a potentially disclosable pecuniary interest in item 7: 'Priority Action Plan for 2015/16' (Minute E.68/14 below refers) specifically in respect of Direct Lets. As this matter did not arise during the discussion, Cllr Gilbert remained in the meeting and took part in the debate and vote thereon.

E.68/14 PRIORITY ACTION PLAN FOR 2015/16

Members were asked to consider a report that sought formal approval of a list of priority actions for 2015-16 as an interim measure for 2015-16 whilst Our Plan and the supporting Annual Delivery Plan were developed, the latter being the Council's corporate plan and part of the 'Our Plan' strategic approach to the development of both a Local Plan for the area and the Corporate Planning Framework.

The Portfolio Holder for Planning, Economy and Community introduced the report.

There being no questions raised, it was then:

RESOLVED

That the list of actions for 2015-16 as attached to the presented agenda report be approved.

E.69/14 COMMUNITY RE-INVESTMENT PROJECTS FUND 2014/15 GRANT ALLOCATIONS

Members were presented with a report that provided a summary of the applications to the Community Re-investment Projects Fund in 2014/15 and sought approval for allocating grants of over £10,000 to these projects.

The Portfolio Holder for Planning, Economy and Community introduced the report. Members generally welcomed the report and the Portfolio Holder for Corporate and Customer Services particularly welcomed the additional criteria as set out in the presented report.

The local Ward Member for Stokenham thanked the Executive for agreeing to a previous request in respect of an enhanced footpath within his Ward, and asked that the current request for extension of the footpath be approved.

It was then:

RESOLVED

1. That the following six grants of over £10,000, totalling £136,013, be approved:
 - £30,000 to Malborough Village Hall & Playing Fields Association and Malborough Parish Council towards replacing the Village Hall roof.
 - £13,295 to Loddiswell Playing Fields & Village Hall Trust for tarmacing the Playing Field car park area.
 - £12,506 to Stokenham Parish Council towards footpath surface and drainage improvements between Carehouse Cross and Torcross (to complete improvements between Chillington and Torcross).
 - £27,225 to Totnes Development Trust towards improvements to the Shady Garden (creation of an improved public space through installation of paving, seating and street furniture).
 - £26,166 to Dartington Village Hall Association towards disabled access alterations and a toilet block and committee room extension.
 - £26,821 to Totnes Town Council for Civic Hall regeneration (purchase and installation of sound system and sound insulation and refurbishment of backstage stairs and landing).
2. That an addition to the eligibility criteria to the Community Re-investment Projects Fund to take effect from 1 April 2015, as per the red italicised text in the attached Guidance Notes (Appendix B of the presented agenda report refers), be approved.

E.70/14 REVENUE BUDGET MONITORING 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.

The Executive Portfolio Holder for Support Services introduced the report and advised Members that this was a routine monitoring report. She drew particular attention to the predicted surplus of £45,000.

The Executive Portfolio Holder for Environment Services updated Members on the potential impact on the Council of recent developments in the recycled materials market. One of three organisations across the UK who buy recycled paper and card had unexpectedly gone into administration. South Hams District Council had a contract in place and material would still be collected, however the income from material would reduce from £37 per tonne to £5 per tonne. However, the Council's recycling rate would remain unaffected and the recycling credits would continue to be paid. He concluded by advising that the situation would continue to be monitored.

In response to a question relating to anticipated savings not being realised in respect of seasonal closure of public conveniences, a Member was advised that in the medium term there would be a better financial gain as more parish councils than expected had elected to have the public conveniences transferred to them as an asset.

It was then:

RESOLVED

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

E.71/14 T18 BUDGET MONITORING REPORT

Members were presented with a report that advised of the progress of the T18 Transformation Programme.

The Executive Director Strategy and Commissioning (Head of Paid Service) introduced the report and took Members through the key areas. The Finance COP Lead explained the detail around Section 3 of the presented report and the reason for the second recommendation. It was also confirmed that this was not a request for additional funding.

During discussion, the following points were raised:

- In response to a question, Members were advised that customer insight information looked at population density and needs. It was accepted that not all residents would use IT but the Transformation Programme was about giving them a choice of options;
- A number of Members felt that the term 'channel shift' may need further explanation. In response, they were advised that this was an understood term within local government but it was an internal term. Members asked that attention be paid to language used and that communication was clear;
- One Member asked that IT approaches must be user friendly if residents were to be encouraged to use them;
- A Member reminded that the Council would be using Locality Officers to provide off site face to face communication;

- The Leader advised that, at an awards evening the previous day, the Council had jointly with West Devon Borough Council received a gold award for Delivery through Efficiency and a silver award for Council of the Year. He added that this was to the credit of staff and Members and they should be thanked for supporting the Programme.

It was then:

RESOLVED

- a) That progress on the Transformation Programme to date be noted; and
- b) That the s151 Officer, in consultation with the Executive Director Strategy and Commissioning (Head of Paid Service) and the Leader be delegated authority to determine the appropriate financing requirement from the Council's Earmarked Reserves in 2014/5, to fund the year end accounting provision for the Transformation Programme as set out in section 3 of the presented agenda report.

E.72/14

TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2015/16

Members were presented with a report that sought approval of the proposed Treasury Management and Investment Strategies together with their associated prudential indicators.

The Executive Portfolio Holder for Support Services introduced the report and the s151 Officer added that work was being undertaken to advise residents of the change in bank account details of the Council. In response to questions she confirmed that no financial allowance needed to be made for non receipt of payments due to the change. However, two temporary agency staff were being taken on for a two-three month period in the Customer Services Team to handle any additional calls from the change of bank details and the forthcoming election.

It was then:

RESOLVED

That Council be **RECOMMENDED** to approve:

1. the prudential indicators and limits for 2015/16 to 2017/18 (as contained within Appendix A of the presented agenda report);
2. the Treasury Management Strategy 2015/16 and the treasury prudential indicators 2015/16 to 2017/18 contained within Appendix B of the presented agenda report; and
3. The Investment Strategy 2015/16 (Appendix C of the presented agenda report refers) and the detailed criteria included in Appendix D of the presented agenda report.

E.73/14

COUNCIL TAX DISCRETIONARY DISCOUNT AND REDUCTION POLICY

Members considered a report that presented a new policy which incorporated the existing discretionary powers with the Exceptional Hardship Fund which specifically provided additional support to customers in receipt of Council Tax Reduction.

The Executive Portfolio Holder for Corporate and Customer Services introduced the report and explained that the purpose was to bring two applications for assistance with council tax together within one set of financial assessment criteria.

One Member looked for an assurance that remaining monies had not arisen due to overly strict adherence to criteria. In response, it was confirmed that any remaining monies could be carried over and a degree of flexibility was employed with applications. Members then discussed how best to make customers aware that the Fund existed for those in need.

It was then:

RESOLVED

That Council be **RECOMMENDED** that the Council Tax Discretionary Discount and Reduction Policy be approved.

E.74/14

DARTMOUTH LOWER FERRY UPDATE

Members considered a report that considered the recommendations for the future of the service based on review work recently undertaken to health check the service and identify methods for improving its success.

The Lead Executive Member for Environmental Health and Housing introduced the report on behalf of the Lead Executive Member for Assets, and advised Members of the improvements made including: the use of plastic cards rather than paper tickets, rebranded concessionary tickets, fleet cards for businesses, guest cards for hotels and a new leaflet for tourist offices. He also advised that a customer survey had been undertaken and the feedback highlighted the necessity for a proper business appraisal of the service.

One Member reiterated that a root and branch appraisal of the service was important.

A local Ward Member reminded Members that the service did make a profit for the Council. It was not a statutory service but was a front line service with excellent staff. In his opinion, a manager on site was needed to respond to issues and he hoped that this would form part of the appraisal. He concluded by stating that any goodwill from Higher Ferry customers who used the service whilst the Higher Ferry was off service had been lost, as immediately it returned then the Lower Ferry reduced to one float resulting in queues to use it. Another local Ward Member stated that many years ago an agreement had been reached whereby if ever the Lower Ferry was considered for sale then it should be offered to the staff that operated it.

One Member wanted to be convinced that the rest of the South Hams was not subsidising Dartmouth through the provision of the Lower Ferry.

Another Member stated that he would be totally opposed to selling off the Lower Ferry and he could not think of anything worse for local communities. If privatised, his fear was that the service would finish at 7pm. The Council had a responsibility to communities and Members should perhaps question the amount allocated to support services for the re-charge to the Ferry. Finally, any options appraisal should not be based on the last 12 months and should take a longer term view.

In response to the final point, the Commercial Services Group Manager confirmed that the options appraisal would be based on a three year profile.

It was then:

RESOLVED

1. That progress in relation to improvements and efficiencies delivered by the Property Services Manager over the last two years be noted; and
2. That a full Options Assessment on the Lower Ferry Service to ensure a preferred option for the Lower Ferry business is identified by autumn 2015 at a cost of up to £7,500 to be funded from the Land and Development Reserve, be agreed.

E.75/14 **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 – 5 February 2015**
 - i) **CLH.33/14 NEW HOMES BONUS ALLOCATION TO DARTMOOR NATIONAL PARK AUTHORITY**

RESOLVED

That the status quo be retained in relation to the process adopted for the future allocation of funds.

- b) **Corporate Performance and Resources Scrutiny Panel – 19 February 2015**

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF MINUTE E.72/14 and E.73/14 WHICH ARE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 21 MAY 2015, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 16 MARCH 2015 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 10.00 am and concluded at 11.15 am)

Chairman