

West Devon Hub Committee



West Devon
Borough
Council

Title:	Agenda
Date:	Tuesday, 27th October, 2015
Time:	2.00 pm
Venue:	Chamber - Kilworthy Park
Full Members:	<p style="text-align: center;">Chairman Cllr Sanders Vice Chairman Cllr Baldwin</p> <p><i>Members:</i> Cllr Benson Cllr Parker Cllr Cann OBE Cllr Sampson Cllr Moody Cllr Samuel Cllr Oxborough</p>
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
Committee administrator:	Member.Services@swdevon.gov.uk

1. Apologies for absence

2. 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.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda, then please contact the Monitoring Officer in advance of the meeting.

3. Items Requiring Urgent Attention

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any)

4. Confirmation of Minutes

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Minutes of meeting held 22 September 2015

5. Procurement of Waste Cleansing Contract 2017

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Report of Lead Specialist Recycling and Waste

6. Devon Building Control Partnership

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Report of Head of Devon Building Control Partnership

7. Business Development Opportunities - Asset Management Strategy

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Report of Group Manager Business Development and COP Lead Assets

8. Neighbourhood Plan Protocols

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Report of Specialist Place and Strategy

9. Medium Term Financial Strategy 2016/17 onwards

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Report of s151 Officer

10. Council Tax Reduction Scheme

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Report of Case Manager

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Report of s151 Officer and Case Management Manager	
12. Minutes of Overview and Scrutiny (Internal) Committee	97 - 102

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Agenda Item 4

At a Meeting of the **HUB COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **22nd** day of **SEPTEMBER 2015** at **2.00pm**

Present:

	Cllr P R Sanders – Chairman
	Cllr R E Baldwin – Vice-Chairman
Cllr M J R Benson	Cllr W G Cann OBE
Cllr R J Oxborough	Cllr G Parker
Cllr R F D Sampson	Cllr L Samuel

In attendance:

- Executive Director (Strategy and Commissioning)
- Executive Director (Service Delivery and Commercial Development)
- Lead Specialist – Place and Strategy
- Lead Specialist – Housing, Revenues & Benefits
- Place and Strategy Specialist
- Group Manager Customer First
- Group Manager Support Services
- S151 Officer
- Senior Case Manager

Other Members in attendance:

Cllrs D Cloke; C Edmonds; J Evans; T Leech; D Moyse; R Musgrave; T G Pearce and B Stephens

***HC11** **APOLOGIES FOR ABSENCE**
Apologies were received from Cllr J B Moody.

***HC 12** **DECLARATIONS OF INTEREST**
Members were invited to declare any interests in the items of business to be discussed and the following were made:

Cllr R J Oxborough declared a disclosable pecuniary interest in Item 6 'Business Development – Discretionary Rate Relief' (Minute HC 15 below refers) by virtue of being a business owner himself and he left the meeting for the duration of this item.

***HC 13** **URGENT BUSINESS**
The Chairman advised that in view of concerns about the level and quality of service, specifically in the Customer Contact Centre and Planning, discussions had taken place with the Executive Directors. Members had been aware that service levels could suffer with the transition to new ways of working, however, issues were now being raised at Parish Council meetings with Borough Councillors.

The Executive Director (Service Delivery and Commercial Development) thanked Members for the opportunity to set out the latest position and advised that there had been a dip in service in two key areas. She set out the recruitment position for staff into the Customer Contact Centre, and plans to consider temporarily outsourcing Revenue and Benefits calls. There had been an increase overall in the number of calls received into the Customer Contact Centre, caused by failure demand in other areas. Assurances were given that once new ways of working were fully implemented this demand would be addressed. The main issues were at the validation stage, and this would not be an issue once the full complement of 'Planning qualified' Case Managers were in post. Of four vacancies, one and a half had now been filled. Discussions were being held with external companies in terms of supporting the Council temporarily with validation requests, enforcement and land charges. A plan was in place, and the ability to use additional resource would help dramatically and be of direct benefit.

The Executive Director (Strategy and Commissioning) apologised to Members for the difficulties they were experiencing when attending Parish Council meetings. The changing ways of working and changing IT systems were always going to cause difficulties but definite plans were in place and both Leaders were prepared to support through additional finance.

The Leader stated that both he and the Leader of South Hams District Council were prepared to look at additional resource but it would be a Council decision. However the current situation could not continue and clearing the backlog of work was the issue. He also wanted to make absolutely certain that it was understood that the current difficulties were in no way a reflection on or criticism of staff who were working incredibly hard, over long hours in difficult areas.

The Executive Directors then responded to a number of queries from Members. Members also wished to echo the Leader in stating that the staff were appreciated and the current problems were in no way a criticism of them.

HC 14

OUR PLAN UPDATE

The Portfolio Holder for Our Plan and Strategic Planning presented a report that updated Members on the status of Our Plan and made recommendations for next steps. It highlighted responses to the Our Plan public consultation that took place in the spring and set these in a regional and national context of significant change over the last 6 months.

He then responded to a number of detailed questions regarding the recommendations contained within the report.

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

1. Option 2 for progression of Our Plan, as set out at paragraph 4 of the presented agenda report, be pursued recognising that this will need an extended plan period to 2032 or 2033;
2. A detailed Duty to Co-operate protocol, or similar agreement, be established with neighbouring planning authorities within the Housing Market Area. This would address joint approaches to strategic planning relating to timetable, evidence, policies, strategic allocations, governance, staffing, scope of Housing Market Area, viability and infrastructure amongst other matters;
3. The Local Development Scheme be reviewed and re-issued in line with recommendation 1;
4. That further evidence work (joint or specific) be procured as required;
5. That a budget provision for 2016/17 of £75,000 be made for Our Plan, which will be a cost pressure built into the Council's Medium Term Financial Plan for 2016/17 onwards;
6. That a Settlement Boundary Policy be considered for incorporation in future versions of Our Plan and necessary preparatory work be undertaken to allow for this option;
7. That it be agreed that a World Heritage Site Supplementary Planning Document (SPD) be pursued in line with existing and proposed development plan policies;
8. That a further "Call for Sites" be initiated;
9. That site OP16 at Brook Lane, Tavistock be agreed to be deleted from future versions of Our Plan;
10. That Guidance for Neighbourhood Plan Groups be issued to inform their work as it relates to Our Plan;
11. That a refreshed Our Plan Engagement Strategy be issued;
12. That regular Member update sessions be timetabled;
13. That a further report be submitted to Hub Committee and Council making specific proposals for future consultation, consideration and submission of Our Plan; and
14. Those specific details to be agreed under recommendations 2,3,4,5,6,7,8,9,10 and 11 be delegated to the Lead Specialist – Place and Strategy in consultation with the lead Hub Committee Member and the Leader of Council.

HC 15

BUSINESS DEVELOPMENT – DISCRETIONARY RATE RELIEF

The Deputy Leader presented a report that recommended to Council that the Borough Council utilise its powers to apply discretionary business rate relief. The purpose of these new powers was to give billing authorities the ability and scope to encourage, sustain and improve local economic performance by temporarily lowering the business rate burden while local businesses grew and created significant additional employment within the Borough.

Members had a detailed debate on this item, including how the proposed policy differed from the existing Rate Relief Panel. During discussion, it was confirmed that reference in the presented report to the Overview and Scrutiny Committee chairman as a substitute Member of the business rate relief decision panel should state the Overview and Scrutiny (External) Committee. Members also discussed amending specific points within presented Appendix one, however these proposed amendments fell as there was not sufficient support.

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

- a) to offer local businesses discretionary business rate relief where it is in the interest of local Council tax payers to do so;
- b) to ratify a new discretionary business rate relief policy as detailed within Appendix one and approve the rate relief application form as shown in Appendix two attached to this report;
- c) to agree the formation of a discretionary business rate relief decision panel, who will appraise and determine applications on an as-needs basis as set out in paragraph 1.6 of this report;
- d) to delegate authority to the Group Manager, Business Development in consultation with the Deputy Leader of West Devon Borough Council to make minor legal amendments to the Policy shown in Appendix one prior to it being published and adopted as appropriate;
- e) to review the policy after one year; and
- f) to refer decisions made by the panel to the Audit Committee.

HC 16 COUNCIL TAX DISCRETIONARY DISCOUNT AND REDUCTION POLICY

The Portfolio Holder for Health and Wellbeing presented a report that set out how the Council could use its discretionary powers to assist persons liable for Council Tax who are facing extreme hardship or distress. The report presented a new policy which incorporated these powers with the Exceptional Hardship Fund which specifically provided additional support to customers in receipt of Council Tax reduction. This would allow all applications for assistance with Council Tax to be considered under one framework and would ensure all applicants are treated consistently and fairly.

It was then **RECOMMENDED** that Council be **RECOMMENDED** to approve the combined Council Tax Discretionary Discount & Reduction Policy.

HC 17

DEVON HOME CHOICE & LOCAL ALLOCATIONS POLICY REVIEW

The Lead Specialist Housing, Revenue and Benefits presented a report that reviewed the existing arrangements for Devon Home Choice – the Authority's current model of allocating affordable housing in the borough. The report included a summary of the experiences of other authorities who had made significant changes locally to the Devon Home Choice Policy and set out the reasons for the recommendations going forward.

There was some discussion regarding the example presented in the report of the policy adopted by another Council to remove Band E residents from the list. Whilst not all Members agreed with this way forward, it was noted that officers should look at alternatives to Devon Home Choice in time for the next annual review.

It was then **RESOLVED**:

a) that the content and findings of the report be noted

to **RECOMMEND** to Council to:

- b) remain in the Devon Home Choice Partnership and review again in twelve months time; and
- c) make no changes at this time to the West Devon Borough Council Local Allocation Policy and review again in twelve months time.

HC 18

PLANNING OBLIGATIONS REPORT

The Portfolio Holder for Our Plan and Strategic Planning presented a report that sought to revoke the interim planning obligations decision agreed at full Council on 17 February 2015.

Members discussed the report and particularly the effective date of the decision.

It was then **RECOMMENDED** that Council be **RECOMMENDED** to revoke the interim planning obligations decision agreed at full Council on 17 February 2015.

HC 19

HEALTH AND SAFETY MANAGEMENT

The Executive Director (Strategy and Commissioning) presented a report that sought acceptance of the Health and Safety Statement of Policy and recommend that the Statement of Policy be reviewed and signed annually on the occasion of the Annual Council Meeting.

During discussion the Members confirmed that the policy, whilst not specific to West Devon Borough Council, was acceptable, as it related to staff working across both Councils.

The Chairman commented that whilst it was important to have policies in place, it was more important that the culture of an organisation reflected the commitment to working in a healthy and safe manner.

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

- a) that the Health and Safety Statement of Policy is accepted and signed by the Head of Paid Service and the Leader of the Council; and
- b) that the Health and Safety Statement of Policy is reviewed and signed annually on the occasion of the Annual Council Meeting.

HC 20 JOINT DATA PROTECTION POLICY

The Portfolio Holder for Resources and Performance presented a report that brought a revised Joint Data Protection Policy for approval. The Policy had been drafted to support the Council's T18 ways of working.

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

1. to approve the Joint Data Protection Policy attached at Appendix A to the presented report and supporting Codes of Practice and documentation; and
2. to delegate to the Monitoring Officer to make minor amendments

***HC 21 WRITE OFF REPORT**

The Portfolio Holder for Health and Wellbeing introduced a report that informed Members of the debt written off for revenue streams within the Revenue and Benefits service. Debts up to the value of £5,000 were written off by the s151 Officer under delegated authority. Permission was sought to write off individual debts with a value of more than £5,000.

It was then **RESOLVED** that:

1. The write off by the s151 Officer of individual West Devon Borough Council debts totalling £65,532.49, as detailed in Tables 1 and 2 of the presented report, be noted; and
2. The write off of individual debts in excess of £5,000, totalling £25,244.26 as detailed in Table 3 of the presented report be approved.

At the conclusion of this item, the Executive Director (Strategy and Commissioning) advised Members that the external auditors, Grant Thornton, had issued an unqualified opinion in respect of the accounts and acknowledged the hard work of the shared finance team. Members congratulated the s151 Officer on an excellent job and asked that thanks to her and her team be noted.

(The Meeting terminated at 4.30 pm)

Dated this

Chairman

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Procurement of Waste and Cleansing Contract

Report to: **Hub Committee**

Date: **27 October 2015**

Title: **Procurement of Waste and Cleansing Contract**

Portfolio Area: **Commercial Services and Contracts**
Cllr R F D Sampson

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny External Committee**

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

Date next steps can be taken: **Wednesday 4 November 2015**

Author: **Jane Savage** Role: **Lead Specialist Recycling and Waste**

Contact: **01822 813657**
jane.savage@swdevon.gov.uk

Recommendations:

1. That the Committee approves the recommendation to commence the tender process for the waste and cleansing contract;
2. That the procurement process is overseen by the Waste Working Group and reports regularly on progress to this Committee; and,
3. That any changes considered necessary to the terms as highlighted are delegated to the Lead Specialist Recycling and Waste (Strategy & Commissioning) in consultation with the Lead Hub Member for Commercial Services.

Procurement of Waste and Cleansing Contract

1. Executive summary

The current waste and cleansing contract terminates on 31 March 2017. The contract includes the collection of all domestic waste from households and recycling banks within the borough, along with street cleansing, litter and dog bin servicing, and public toilet cleaning. The anticipated value of the contract is above the threshold for goods and services, referred to in the Public Contracts Regulations 2015. In order for the Council to be legally compliant and not at risk of challenge the procurement process needs to begin during late 2015. This does not compromise the parallel work which will be carried out over the few months relating to alternative delivery options. The initial work will be similar for any option and so does not incur duplication of resource input.

In initially commencing the external procurement process it is proposed that a new waste and cleansing contract is procured by the competitive dialogue process and that the contract should run for an initial period of 7 (seven) years with an ability to extend, subject to procurement advice.

Potentially, the service can be delivered through an alternative delivery mechanism, including trading solutions, which will be the subject of a separate report to Council early in the New Year. In the meantime, this procurement process must be started in order to adhere to the Council's Contract Procedure Rules and to ensure enough time is allowed to deliver the desired outcomes.

2. Background

2.1 The current waste and cleansing contract terminates on 31 March 2017. The contract includes the collection of all domestic waste from households and recycling banks within the borough, street cleansing, litter and dog bin servicing, and public toilet cleaning.

2.2 The current contract costs the Council around £1,870,000 annually. The contract was let in 2010 at a time when the financial markets were such that a very competitive deal was achieved. This is not anticipated in the current financial climate and whilst markets for recyclable materials are suppressed.

2.3 For a contract of this nature and size, the procurement process needs to begin immediately in order to secure a service that meets the needs of residents and secures best value.

2.4 The anticipated value of the total contract over the 7 year period is above the threshold of £172,514 for goods and services, referred to in the Public Contracts Regulations 2015. Contracts with a total contract value in excess of the threshold must be procured in accordance with the Regulations otherwise the Authority may be presented with a legal challenge on the basis of a breach of legislation.

Procurement of Waste and Cleansing Contract

3. Options available and consideration of risk

3.1 Potentially the service could be delivered through partnering or trading solutions. A recommendation on the various options for delivery of this service will be presented to Council in early 2016 once market testing has been undertaken. In the meantime, this procurement process must be started in order to adhere to the Council's Contract Procedure Rules as detailed in 5. *Implications*, and to ensure enough time to deliver the desired outcomes.

3.2 The initial part of the competitive dialogue process can be run co-terminus with other options in the first instance. Once the direction of travel is confirmed, which is expected to be early in 2016, the preferred route would be adopted. If subsequently an alternative delivery solution is approved, the public procurement can be terminated.

4. Proposed Way Forward

4.1 It is proposed that a new waste and cleansing contract is procured by the competitive dialogue process and that the contract should run for a period of 7 (seven) years with the ability to extend, subject to advice.

This fits with the following corporate priority:
Excellent Customer Services

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Contract Procedure Rule 2.1.2 requires officers to take a report to the Hub Committee for all contracts over £50,000 to consider whether it is appropriate to retender the contract on the same basis. The collection of domestic waste from households is a legal requirement as set out in the Environment Protection Act 1990. The anticipated value of the total contract over the 7 year plus period is above the threshold of £172,514 for goods and services, referred to in the Public Contracts Regulations 2015. Contracts with a total contract value in excess of the threshold must be procured in accordance with the Regulations otherwise the Authority may be presented with a legal challenge on the basis of a breach of legislation.

Procurement of Waste and Cleansing Contract

Financial		<p>Current revenue cost of the waste and cleansing service is approximately £1,870,000 per year. Any new contract procured on the open market is expected to cost significantly more than current costs for a similar level of service. The expected costs are currently being explored through market testing.</p> <p>A cost pressure of £80,000 has been built into the Medium Term Financial Strategy for 2016-17 for a specialist resource for the waste and cleansing options review and delivery. This is a one-off cost pressure for 2016-17.</p>
Risk		<p>Periods of the procurement timetable in this case are based on the legal requirements of Public Contracts Regulations 2015. There is a risk that if the procurement process is not started now, it would not be completed in time for letting of a new contract on 1 April 2017 which would put the Council at risk of legal challenge.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices: None

Background Papers: None

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

Procurement of Waste and Cleansing Contract

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Agenda Item 6

Provision of discretionary inspection services by the Devon Building Control Partnership

Report to: **Hub Committee**

Date: **27 October 2015**

Title: **Provision of discretionary inspection services by the Devon Building Control Partnership**

Portfolio Area: **Partnerships**
Cllr Baldwin

Wards Affected: **All wards affected**

Relevant Scrutiny Committee:

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

Date next steps can be taken: **4 November 2015**
(e.g. referral on of recommendation or implementation of substantive decision)

Author: **Andrew Carpenter** Role: **Head of Devon Building Control Partnership**

Contact: **andrew.carpenter@devonbuildingcontrol.gov.uk**

Recommendations:

1. It is recommended that the Hub Committee agree that the Devon Building Control Partnership provide inspections on behalf of new homes warranty providers where requested as set out in Section 2 of the report.

1. Executive summary

1.1 Discussions have taken place with a New Homes Warranty provider, who is interested in using Local Authority building control surveyors to carry out inspections of new homes on their behalf.

Provision of discretionary inspection services by the Devon Building Control Partnership

- 1.2 There is also a strong possibility that another warranty provider will wish to pay a number of Local Authorities for their surveyors to carry out warranty inspections.
- 1.3 The power to undertake these inspections needs to be delegated to the Partnership in order that work can be progressed.

2. Background

- 2.1 As explained in section 1, this report looks to enable the Partnership to provide and charge for discretionary services, involving the inspections of new homes on behalf of a provider of new home warranties, under section 93 of the Local Government Act 2003
- 2.2 This is consistent with Councils core priority to enhance the local economy and will allow the building control partnership to grow its business appropriately.
- 2.3 New homes warranties are provided by a number of providers in an increasingly competitive market. At least one major warranty provider is currently also an Approved Inspector, providing private sector building control services. Other warranty providers work together with Approved Inspectors. A significant commercial advantage to these arrangements is that building control and warranty inspections can be carried out by the same surveyor which is often easier and more cost effective for both the suppliers and the customers.
- 2.4 If the Partnership can provide warranty inspections it can negate these advantages to competitors. A number of customers have been asking why Local Authorities cannot provide joint warranty/building control inspections like their competitors. Warranty inspections complement building control inspections, covering similar technical aspects.
- 2.5 There would be an obvious potential to increase building control business by offering a directly competitive service. There would be an additional source of income for the partnership to supplement that generated by current building control work. It is difficult to estimate how much income can be generated because this depends on the success of sales by the Warranty Company. Current estimates suggest an income of around £400 per house.
- 2.6 Discussions have taken place with a Warranty provider, Global New Homes Warranties Ltd, who is keen to set up an arrangement with Devon Building Control Partnership. Several potential customers have said they would want to use this arrangement if it becomes available.
- 2.7 Another warranty provider, MDIS Insurance, have a contract with LABC, the National body representing Local Authority building control. They operate as LABC New Homes Warranty and currently employ their own surveyors. They cannot provide enough surveyors themselves to meet increasing workloads. The contract is due for renewal at the beginning of 2016 and there is a very strong likelihood that the new contract will involve selected Local Authorities

Provision of discretionary inspection services by the Devon Building Control Partnership

being invited to provide inspections under contractual arrangements Devon Building Control Partnership have received indication that they will be one of those invited.

- 2.8 Any inspection work that is undertaken would involve full cost recovery including time, travelling, insurances, training etc. Public Liability insurance would be required in the case of Global New home Warranties, the premium being proportional to the amount of work undertaken. In the case of LABC New Homes Warranty, all PI insurance would be provided through LABC itself and involve no additional cost to the Partner Councils.
- 2.9 Charges for this service are at the discretion of the Partner Councils as long as the income does not exceed the costs of its provision (section 93(5), of the Local Government Act 2003). It is proposed to recover the full costs of providing this service which will be calculated following ODPM 2003 guidance including; employee costs; premises and transport; supplies and services; third party payments and administrative costs.
- 2.11 Approval from the Hub Committee is sought to enable the Partnership to negotiate an agreement to provide these services.

3. Outcomes/outputs

- 3.1 The main benefits to the Partnership from providing these services are:
- Additional income. Although 'not for profit' this income will supplement income from chargeable building control services
 - Meet customer demand. Many house builders ask if the Partnership can provide a new homes warranty
 - Compete with private sector. Along with NHBC, other warranty providers such as 'Buildzone' are using Approved Inspectors to provide their warrant inspections. This gives them a competitive edge.
 - By providing this service the Partnership is likely to increase its building control business because a number of customers have expressed they would prefer a joint building control/warranty service provided by the Partnership than by Approved Inspectors.
- 3.2 Success of the scheme would be shown through take up and expansion of the partnerships work.

4. Options available and consideration of risk

- 4.1 The possible risks attached to providing these services:

Provision of discretionary inspection services by the Devon Building Control Partnership

- Little or no increase in work. If this happens there will also be little or no additional expenditure other than the PI insurance premium. This is estimated at around £500 per year and would only increase as work increases
- Reputation. The warranty itself should address this but the Partnership will need to indemnify itself against a possible claim by the Warranty Company. In the case of LABC Warranty, LABC itself will provide PI cover and risk of reputation should be minimized by LABC, who represent all Local Authorities and to whom we subscribe.

4.2 The proposal has been discussed in concept with the Building Control partnership members at the last board meeting and has been approved in principle by the Teignbridge Executive.

5. Proposed Way Forward

5.1 It is proposed that should the recommendation be approved by all partners that the Building Control Partnership offer the new service and report back regularly through the board on take up and income generated.

6. Implications

Implications		As detailed in report.
Legal/Governance		This report looks to enable the Partnership to provide and charge for discretionary services, involving the inspections of new homes on behalf of a provider of new home warranties, under section 93 of the Local Government Act 2003
Financial		As detailed in the report income amounts generated depend on the success of sales by the Warranty Company. Current estimates suggest an income of around £400 per house. Additional insurance premiums are estimated to be around £500 per annum.
Risk		The associated risks are set out at 4.1.
Comprehensive Impact Assessment Implications		
Equality and		None

Provision of discretionary inspection services by the Devon Building Control Partnership

Diversity		
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices:

None

Background Papers:

None

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Report to: **West Devon Hub Committee**

Date: **27 October 2015**

Title: **Business Development - Asset Management Strategy**

Portfolio Area: **Environment - Cllr Mike Benson**
cldr.mike.benson@westdevon.gov.uk

Wards Affected: **All**

Relevant Scrutiny Committee: **N/A**

Approval and clearance obtained: **Yes**

Urgent Decision: **No** Date next steps can be taken: **After Council Approval**

Author: **Darren Arulvasagam,**
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Chris Brook
Assets Community of Practice Lead
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Recommendation:

That the Hub Committee recommends that the Council approves the updated Asset Management Strategy as detailed in Appendix One

1. Executive summary

- 1.1. This report recommends that the Council updates its Asset Management Strategy to that detailed in Appendix One.
- 1.2. The Strategy is an updated version of the Asset Management Review which was approved by Council in 2013, with a greater emphasis on business development and income generation than before.
- 1.3. It is envisaged the Strategy will be shared with South Hams District Council.
- 1.4. It will be underpinned by an updated Asset Management Plan, which will review all West Devon property interests and categorise them by their status – Strategic, Non-Strategic and Public Open Space. This plan is currently being prepared/updated and will be shared with members when complete and then on a quarterly basis.

2. Background

- 2.1. To alleviate the impact of changes to funding, the Council agreed the business case for the T18 business transformation programme in December 2014.
- 2.2. It is forecast that by 2020/21 there will be a budget gap of £0.35 million in West Devon, caused by a forecast reduction in Central Government funded Revenue Support Grant, coupled with increased cost pressures. There is also the possible withdrawal of New Homes Bonus.
- 2.3. The Council is reviewing its expenditure and income opportunities in order to bridge the forecast gap.
- 2.4. The efficient and effective management of the Council's commercial property portfolio is a critical component in the response to addressing this gap. It can deliver enhanced recurrent income streams with focused capital investment.

3. Outcomes/outputs

- 3.1. The aim of this strategy is to set out and refresh the high level principles by which the Council's commercial property estate will be managed.

4. Options available and consideration of risk

- 4.1. Members could opt to do nothing – however, this strategy aims to realign the current process and understanding of commercial property management in order to fit within the Council's strategic business development and income generation agenda.
- 4.2. Each individual development or project will be progressed subject to a viable business case and in conjunction with Members (as per the financial thresholds shown in section 5 of Appendix One) and relevant Council policies.

5. Proposed Way Forward

5.1. It is recommended that West Devon Borough Council Members agree to adopt the strategy detailed in Appendix One.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>The strategy addresses the Council’s corporate priority stated within Our Plan to undertake a systematic review of the Council’s assets.</p> <p>The strategy sets out how the Council will deal with capital receipts from property disposals. Any spend will be approved by the Council in line with existing policy and financial thresholds.</p> <p>Any new initiative, development or partnership resulting from this strategy will have its own dedicated legal and governance assessment.</p>
Financial	Y	<p>Property disposal receipts (capital receipts) will be generated, which would be available for reinvestment into the commercial property portfolio through the capital programme process.</p> <p>This approach could be utilised to drive further recurring income and where possible, help to reduce expenditure in property related spend (e.g. housing benefit).</p> <p>No specific projects or developments are covered by the acceptance of this strategy. Any new initiative, development or partnership resulting from this strategy will have its own dedicated business case and financial assessment.</p>
Risk	Y	<p>This strategy does not create any additional risk. It aims to operate within existing procedures, policies and processes. Any new initiative, development or partnership will have its own dedicated risk assessment.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N/A	
Safeguarding	N/A	
Community Safety, Crime and Disorder	N/A	
Health, Safety and Wellbeing	N/A	
Other implications	N/A	

Please refer to Appendix 1 for the full Asset Management Strategy

Business Development - Asset Management Strategy

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

Asset Management Strategy



West Devon
Borough Council



South Hams
District Council

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1. Corporate Context (Our Plan)

This Asset Management Strategy fits within the Council’s corporate priorities and is integral to the delivery of “Our Plan”, relevant extract below:

Action (what)	Evidence (why)	Method (How)	Monitor Impact (How/Frequency)	Where	Lead
<i>Undertake a systematic review of the Councils assets</i>	<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>	<i>South Hams and West Devon</i>	<i>Assets CoP</i>

2. Estate Holdings Operation and Aims

South Hams District and West Devon Borough Councils (the Council), have land holdings, commercial buildings and a limited supply of housing. These assets are controlled and operated by the Assets Community of Practice, within the Customer First Team.

The commercial estate, which consists of approximately 300 units around the districts are generally small (~650 sq ft) and ideal for smaller or start up companies. The estate is run as a commercial enterprise so as to generate a revenue stream for the Council. It is the aim of the Council to continue to run the commercial estate and over time, to increase its size, by developing out sites in its ownership, as well as through the purchase of new land where required.

The development programme will form part of the capital programme, which is predicated on robust and compelling business cases. Whenever financially viable, the Council will consider and deploy renewable energy / environmentally friendly solutions and technologies.

Efficient and effective management of the Council’s commercial property portfolio is inextricably linked to the Council’s response to expected reduction in funding support and it is agreed that increasing revenue from commercial property will help to bridge any future funding gaps. Receipts from all asset disposals will initially be held in reserve, before being used to reinvest in the commercial property estate.

The Council’s land can be separated broadly into three categories, strategic, non strategic and public open space. The public open spaces are generally in towns and are of high amenity value to communities. Whilst they are not sacrosanct, it would only be by exception that the council would look at development opportunities on such sites. The Council is however, happy to engage with community groups, or other appropriate organisations to discuss asset transfers. This would be on the basis that the organisations aims are clearly aligned with that of the Council in regard to the lands use and ongoing protection. Any such transfer would follow the Council’s **Asset Transfer Policy**.

Non strategic holdings, such as verges and small parcels of land with limited development potential are subject to the Council’s **Small Land Sale Policy**, and it is the intention of the Council to dispose of these sites proactively.

Strategic holdings are key to supporting the Councils overarching aim of increasing its revenue income through a programme of disposal, development and acquisition, linked to local planning need. The Council therefore intends to bring forward development on its own land, in line with planning policy and local regeneration needs, so as to provide either; capital receipts for reinvestment or an ongoing revenue stream.

This development will not be restricted to any particular type (commercial units, affordable housing etc) but shall be driven by market demand, local need and as assessment of what will provide best value. Where possible, projects will be favoured which can reduce the Council's expenditure in other areas – for example, reducing the cost of providing short term accommodation. Ultimately, through sound, commercial asset management and a programme of reinvestment, the Council seeks to realign its portfolio to meet the objectives set out in section 3.

3. Key objectives

Commercial:

- 1) To actively grow the asset portfolio to provide a sustained and increasing revenue stream, using prudential borrowing (or other methods of low cost finance) as necessary.
- 2) To seek opportunities to acquire land and develop employment or residential units for communities, by partnering with developers of mixed use schemes to help navigate the Council through the planning and Section 106 process.
- 3) Where possible, improve the sustainability of communities by developing units in appropriate locations that foster key industries, i.e. marine and fishing.
- 4) To offer a range of scale within the portfolio, with a bias towards the smaller start up sector.

HQ buildings:

- 1) To maintain a high quality, fit for purpose environment for SWD staff based on an agile worker profile.
- 2) Reduce running costs of both buildings by maximising tenant space in non SWD areas.
- 3) Improve facilities as required to support a green travel policy.

Land holdings:

- 1) To transfer public open space to parishes or community groups when it is in both the communities and Council's best interest to do so. Safeguards will be put in place to ensure that any transferred public open space is protected from further development.
- 2) Dispose of non strategic land as soon as is practicable, so as to reduce maintenance liabilities.
- 3) Where opportunities exist to bring forward development on council land, to partner when necessary with those in the industry to benefit from best practice, efficiency and reduced programme.
- 4) To acquire land with development potential where there is a compelling business case and it supports wider Asset Management Strategy objectives.
- 5) Take steps to protect the long term interests of the council by way of good land management and security.

Residential:

- 1) Gather intelligence on housing need using; members, parishes and communities, supported by official data, to prioritise residential development by the council.
- 2) To commence a limited programme of housing development on existing council land, that is appropriate to the site, (i.e. both open market and affordable) utilising a strategy of re-investment predicated on a mixture of rental and disposal.
- 3) To grow the investment portfolio of housing stock when it also meets the needs of the housing team.
- 4) To review and rationalise the existing investment portfolio of housing stock based on the needs of the housing team and to re-invest capital receipts in the portfolio.

4. Strategic Land Holdings:

There are a number of strategic development opportunities that the Council will consider:

Totnes, Steamer Quay

Develop a masterplan to bring forward a mixed use scheme that enhances the public realm and facilitates a vibrant waterside community.

Kingsbridge, K2

Develop a master plan to bring forward a mixed use development scheme around the quay, providing retail, commercial (including marine commercial) and residential.

Ivybridge

Develop a master plan to deliver a new leisure facilities and regeneration opportunity on the Leonard's Road Site.

Dartmouth

Further development of commercial units at Admirals Court, subject to demand and local need. Working with existing recreation and sports clubs to improve facilities in the locality.

Continued partnership working with Dart Harbour Navigation Authority to maximise benefit from existing assets.

Salcombe

Transform Whitestrand by delivering the vision of a cafe quarter, improved public realm, and a better balance of cars to people, all underpinned by a prestige development for visiting yachtsmen, the public and the harbour.

Tavistock

Strategic review of land holding and car parks, so as to realise development opportunities for growth and revenue, that support the community, town and tourism.

Okehampton

Old Mill Site, develop a financially viable mixed use scheme (subject to satisfaction of covenant restrictions) or dispose of the site.

5. Reporting and Sign Off

The Strategic Asset Review was undertaken and signed off by both SH and WD councils in 2013. This included a full list projects that have been taken forward including disposals. In line with Our Plan, the current updating of that work will ultimately lead to further reporting to members.

So as to give that reporting context, the following financial thresholds from the **Financial Procedure Rules** are of note:

Item Value ex VAT Disposals: Land and Buildings – Section 3

Below £25,000

In conjunction with the Finance Community of Practice Lead (s.151 Officer), the Assets Community of Practice Lead (Corporate Property Officer) may effect minor freehold disposals of land not required for operational purposes up to £25,000 in value.

£25,000 to £50,000

The Assets Community of Practice Lead (Corporate Property Officer) in consultation with the Finance Community of Practice Lead (s.151 Officer) and the Leader, may agree to the disposal, by sale or lease, of small areas of land whose market value does not exceed £50,000 in value.

Above £50,000

The disposal of any land and buildings over £50,000 in value requires the prior approval of the Executive for South Hams and Resources Committee (*now Hub Committee*) for West Devon and shall be made within the context of the Council's asset management plan.

Item Value ex VAT Acquisitions: Land and Buildings – Section 2

Below £25,000

In conjunction with the Finance Community of Practice Lead (s.151 Officer), the Assets Community of Practice Lead (Corporate Property Officer) may effect minor freehold acquisitions of land required for operational purposes up to £25,000 in money or money's worth from or to the owners of adjacent or nearby property or Statutory Undertakers where there are no future ongoing liabilities.

£25,000 to £50,000

The Assets Community of Practice Lead (Corporate Property Officer) in consultation with the Finance Community of Practice Lead (s.151 Officer) and Leader may agree to the acquisition, by sale or lease, of small areas of land whose market value does not exceed £50,000.

Above £50,000

The acquisition of any land and buildings of a value in excess of £50,000 requires the approval of Executive for South Hams and the Resources Committee (*now Hub Committee*) for West Devon and shall be made within the context of the Council's asset management plan.

The Asset Management Plan, which sits under the Asset Management Strategy, will include all projects being taken forward or that are pending. It will be updated on a quarterly basis and submitted to members of the Executive at South Hams and the Hub Committee at West Devon. This will be treated as an exempt item (due to commercial sensitivities) as a progress update rather than a full report.

The Assets Community of Practice Lead (Corporate Property Officer, as well as the Group Manager - Business Development, will work closely with the portfolio holders for Customer First & Business Development at SH and the portfolio holders for Environment and Economy at West Devon, so as to ensure progress and direction has member input. The exact frequency and format of these meetings will be agreed with the relevant portfolio holders.

6. Community Asset Transfers

The **Asset Transfer Policy** is currently being worked up in partnership with the central government Locality team. The initial focus of this work relates to a potential multiple asset transfer in Totnes. This work and resulting policy will be applicable to both South Hams and West Devon. It is expected to be complete by early 2016 and progress will be reported to members.

This will address and define the terms of reference for Community Asset Transfers, including timescales, alignment of long term interests and protection of council assets.

7. Repairs, Maintenance and Inspection

The Council has assessed the condition and maintenance requirements of its building stock, both operational and non-operational. This supports a planned programme of maintenance being developed by Commercial Services. So as to ensure that a consistent and methodical approach is taken to the repair and maintenance of the council's assets, a **Building Maintenance Policy** has been adopted. The purposes of the policy are:

- To clearly set out the key objectives to ensure a consistent approach to the maintenance of the council's assets for effective delivery of services
- To encourage the adoption of asset management planning as a means of demonstrating value for money in the delivery of repairs and maintenance
- To encourage development, adoption and regular reviews of policies for repairs and maintenance
- To encourage a focus on the needs of users and the community
- To encourage harmonisation of repairs and maintenance practice and standards with users expectations
- To encourage the adoption of an efficient and consistent approach in the collection and recording of the property inventory, condition surveys and status information
- To encourage the adoption and regular review of a risk management regime to determine operational standards and rectification of defects arising from our own inspections and reports from the public
- To encourage continuing innovation in the repair and maintenance of buildings and other assets, whilst complying with the high standards of corporate governance
- To develop a rolling programme of condition surveys detailing the condition of the council's assets that will drive the planned maintenance programme on a yearly basis
- To develop a 5 year resource plan to outline how the capital and revenue resources will be allocated to minimise the backlog of the highest priority maintenance work
- To monitor the council's consumption of electricity, gas and water resources and the carbon footprint for property assets

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Report to: **Hub Committee**

Date: **27 October 2015**

Title: **Neighbourhood Plan Procedures**

Portfolio Area **Strategic Planning and Housing**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny**

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

Date next steps can be taken: 4th November 2015

Author: **Rebecca Black** Role: **Specialist – Place and Strategy**

Contact: rebecca.black@swdevon.gov.uk

Recommendations: That Hub Committee

1. Agrees that the authority to approve the Neighbourhood Plan procedures set out in Appendix 1 be delegated to the Lead Specialist, Place and Strategy in consultation with the Lead Hub Member for Strategic Planning and Housing and the ward member(s) for the designated Neighbourhood Plan area.
2. Subject to approval of recommendation 1 above, agrees that the appropriate changes be made to the Council's Neighbourhood Planning Protocol.

1. Executive summary

The Localism Act and National Planning Policy Framework (NPPF) both came into effect in 2012. These encourage communities to prepare Neighbourhood Plans for their area. The Council has adopted a Neighbourhood Planning Protocol which provides information on the procedures that will guide the Neighbourhood Plan process.

The Council has previously agreed to delegate the Designation of Neighbourhood Plan Areas. This item seeks similar delegation to agree subsequent stages of the Neighbourhood Planning process. It is suggested that the final stage of a Neighbourhood Plan – the point at which the Plan is "Made" - is retained as a Hub Committee level decision.

2. Background

The Localism Act established Neighbourhood Plans as part of the Development Plan. This places the responsibility for preparing the Plan onto the "Qualifying Body" (usually the Town or Parish Council) but also places distinct roles onto WDBC as the Local Planning Authority.

Delegation of the power to designate an NP area was granted to officers in consultation with portfolio holder and ward members in February 2015. With plans now advancing through subsequent stages of the NP process (as set out in Appendix 1) it is considered expedient to extend the delegated powers to allow NPs to progress through further phases outside of the Hub Committee cycle. The final stage of the process, the making of the NP, is recommended to remain as a decision for Hub Committee. As set out at Appendix 1 the following stages are recommended to be subject to delegation.

- Regulation 14 Consultation
- Regulation 15 and 16 Publication and related matters

It is also recommended that the existing Neighbourhood Planning Protocol be updated. This has clear links to the recommendation made in relation to *Our Plan* to provide updated guidance to Neighbourhood Plan groups.

3. Outcome

The aim is to put in place a proportionate approach to dealing with Neighbourhood Plans that allows plans to progress in an efficient manner. The proposals for enhanced delegation, with full involvement of the Lead Hub Member and ward member(s), will allow NPs that are emerging to advance with what is considered to be an appropriate level of member involvement.

4. Options available and consideration of risk

The Council could continue to require the decisions at all stages of the Neighbourhood Plan process to be referred back to Hub Committee for agreement. However with 8 plans already in preparation (and a number of others proposed) this may become both a burden on Hub Committee and a possible delay to the free flow of the process for the Qualifying Bodies. The proposed level of delegation, with continued Member involvement and with the final "making" of the Plan returning to Hub Committee, is considered to be expedient and balance risks with benefits.

5. Proposed Way Forward

The proposal is to delegate responsibility for elements of the Neighbourhood Plan process to officer level in consultation with Members as set out in recommendation 1 and Appendix 1. Further the NP Protocol (and linked Neighbourhood Plan Guidance) will be updated accordingly.

6. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal/Governance	Y	National Planning Policy Framework (NPPF) 2012 Localism Act 2011 Town and Country Planning, England Neighbourhood Planning (General) Regulations 2012 (as amended)
Financial	N	Increased delegation will increase specialist and administration efficiency
Risk	Y	Delay to Delivery of Neighbourhood Plans: The increased delegation seeks to streamline the ability of WDBC to respond to the stages of NP preparation in a proportionate manner. Reputation: Delays in the process to allow for preparation and consideration of Hub Committee reports could slow the process and raise concerns over WDBC commitment and support to NP process
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	NPs should support Equality and Diversity in their proposed policies
Safeguarding	N	No specific matters identified
Community Safety, Crime and Disorder	Y	NPs can address matters that improve Community safety and crime & disorder reduction
Health, Safety and Wellbeing	Y	NP policies should, where appropriate, support health, safety and wellbeing
Other implications	N	

Supporting Information

Appendices: Appendix 1.

Background Papers: None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted.	No

Appendix 1 Neighbourhood Plan Procedures

No	Relevant stage of the NP process	Specific requirements of delegated authority
1	<u>Designate the Area</u>	Delegated authority already approved
2	<u>Regulation 14 consultation</u> The Qualifying Body (Town and/or Parish Council) are required to consult on their draft plan by conducting a Reg 14 consultation. The Local Planning Authority is a consultee in this process and has the opportunity to assess the contents of the draft plan to ensure compliance with local and national planning policy.	Delegated authority to provide feedback to the Qualifying Body in response to the Regulation 14 consultation that confirms that the <i>basic conditions</i> of Schedule 4B to the 1990 Town & Country Planning Act have been met, or details of the matters that the LPA feel that need addressed before the <i>basic conditions</i> can be met.
3	<u>Regulation 15 publication</u> The Local Planning Authority is required to publicise a final draft of a neighbourhood plan as submitted by the appropriate qualifying body. This consultation will run for 6 weeks.	Delegated authority to issue the Reg 15 plan, to make further LPA comments as necessary and publicise all responses to the Regulation 15 consultation, as required by Regulation 16 of the regulations.
4	<u>Appointment Of Examiner and issuing of examination report</u> The LPA and appropriate qualifying body need to work together to appoint an independent examiner,	No delegation necessary as this stage, as it is triggered by process. WDBC to approach the Neighbourhood Planning Independent Panel and Referral Service (NPIERS) to propose suitably qualified examiners who can conduct an independent examination of the draft plan and to appoint an examiner in conjunction with the qualifying body. WDBC publish the examination report and any proposed modifications
5	<u>Referendum</u> The LPA is required to place the Neighbourhood Plan (as revised in accordance with the Examiners report) to a local referendum	No delegation necessary as this stage, as it is triggered by process. WDBC to undertake a referendum, the terms of which are defined in Neighbourhood Planning (Referendum) Regulations 2012 (as amended by the Neighbourhood Planning (Referendum) (Amendment) Regulations 2013 and 2014) and the Neighbourhood Planning (Prescribed Dates) Regulations 2012 .
6	<u>'Making' the Plan</u> The requirement lies with the LPA to make the plan (the legal process by which the plan becomes part of the development plan)	Subject to retained approval by Hub Committee

Agenda Item 9

Report to: **Hub Committee**

Date: **27th October 2015**

Title: **Medium Term Financial Strategy for the five year period 2016/17 to 2020/21**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee: **Internal**

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

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

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

Recommendations:

It is recommended that the Hub Committee considers the five year Medium Term Financial Strategy and provides an indication of the budget principles to be adopted, with particular reference to;

- the level of council tax increase,
- the use of New Homes Bonus to support the revenue budget,
- the amount of Council Tax Support Grant to be passed on to Parish and Town Councils
- other income generation and budget savings and
- maintaining the current Council policy on the minimum level of unearmarked reserves being £750,000 (see 9.2).

1. Executive summary

- 1.1 This is the annual review of the Council's Medium Term Financial Strategy (MTFS). It is based on a financial forecast over a rolling five year timeframe to 2020/21 which will help ensure resources are aligned to the outcomes in Our Plan.
- 1.2 The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees West Devon Borough Council's longer term viability.
- 1.3 The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. The Queen's Speech delivered on 27 May 2015 stated that the government will "continue the work of bringing the public finances under control and reducing the deficit, so that Britain lives within its means". The Summer Budget on 8 July 2015 has confirmed this and is likely to mean significant financial reductions particularly over the next two to three years until the government achieves its aim of running a budget surplus by 2019/20.
- 1.4 By the end of 2015/16, the Council's grant funding (Revenue Support Grant) will have reduced by over 45% from 2013. The economic backdrop continues to be challenging, resulting in significant on-going reductions in Government funding, with the Council needing to focus on long term financial planning.
- 1.5 In response, in 2013 the Council alongside its shared services partner, South Hams District Council, approved an innovative Transformation Programme (T18). This is delivering a new operating model to ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £2.83 million has been approved, to deliver annual recurring revenue savings of £1.64 million. The payback period for the Programme is 2.75 years. The Transformation Programme has received the backing of Central Government with an award of £266,000 of Government funding.

- 1.6 The following table illustrates the predicted budget (surplus)/gap from 2016/17 onwards for the Borough Council as shown in Appendix A:

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Annual budget (surplus)/gap	(571,177) surplus	84,520 gap	313,203 gap	98,859 gap	346,353 gap
TOTAL BUDGET GAP OVER THE FIVE YEARS TO 2020/21					£376,758

Section 6.3 gives more details of the key assumptions regarding these figures. The budget surplus in 2016/17 of £571,177 is available for reinvestment (on a one-off basis rather than annually) in the Council's priorities, projects or as a contribution into Earmarked Reserves or the Council's Capital Programme.

- 1.7 If New Homes Bonus (NHB) were to be used as outlined in 7.3 of the report, this would mean that there would potentially be £317,087 of NHB which is uncommitted in 2016/2017 (with an additional £63,303 being uncommitted from 2015/16). This assumes that £1 million of NHB will be used annually to support the Revenue Base Budget.
- 1.8 It is not known how the forthcoming Spending Review 2015 (SR2015) will affect New Homes Bonus and whether there will be any policy changes affecting NHB. There is no doubt that an ending or phasing out of New Homes Bonus would have a very significant budgetary impact on Shire Districts (such as West Devon) in particular.
- 1.9 Whilst there remains a great deal of uncertainty about various elements of income and expenditure, the forecast has been based on a set of assumptions which represent a cautious estimate in order to focus attention on the revised scale of the funding gap. The figures will be revised as we progress through the financial year.
- 1.10 The Council's approach to financial planning over the medium term will include a focus on income generation and commercial opportunities. This will strengthen the position of the Borough Council by developing financial resilience through less exposure to reductions in Government funding.
- 1.11 The Council's Medium Term Financial Strategy was considered by the Overview and Scrutiny Committee on 6th October 2015. Minute O&S(I) 26 from the meeting is below:

It was then:

RECOMMENDED

That the Committee has considered the five-year Medium Term Financial Strategy and has provided an indication to the Hub Committee of the budget principles that the Committee would like to see adopted, with particular reference to:-

1. the level of Council Tax increase for 2016/17 being set at 1.99%;
2. New Homes Bonus monies being used to support the revenue budget;
3. the amount of Council Tax Support Grant to be passed on to Town and Parish Councils for 2016/17 be reduced by 11.2% (in line with the reduction incurred by the Council in its Settlement Funding Assessment);
4. maintaining the current Council policy on the minimum level of unearmarked reserves being set at £750,000 (paragraph 9.2 of the presented agenda report refers); and
5. the anticipated 2016/17 budget surplus (£571,177) being ringfenced for future income generation opportunities and held in an earmarked reserve for that purpose.

2 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

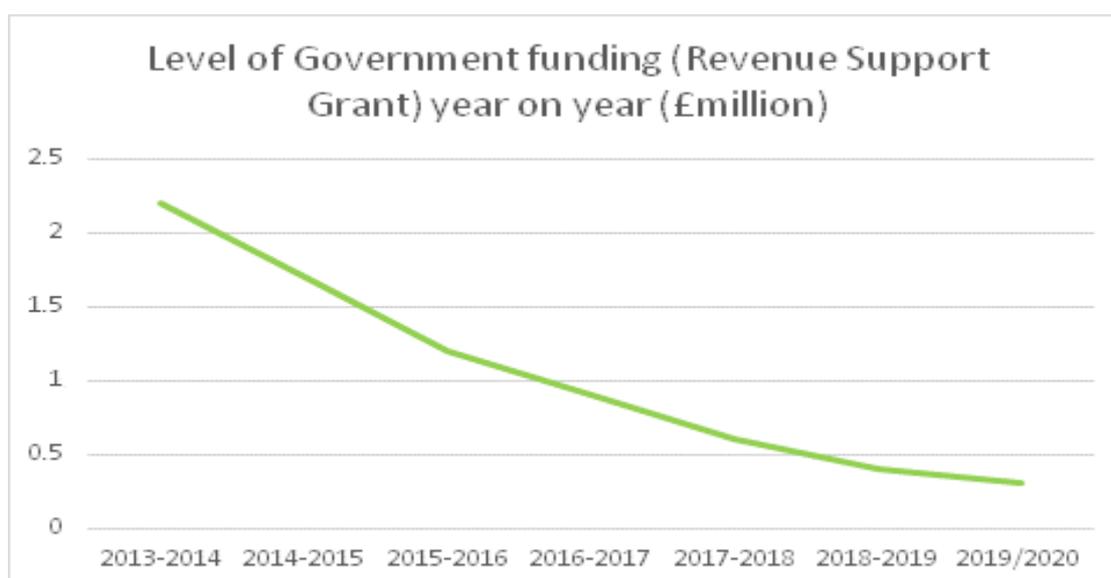
- 2.1 A two year employee pay settlement has been agreed which effectively equates to 1% in 2014/15 and a further 1.2% in 2015/16 for most employees. Future levels of pay settlement will be determined by national negotiation between the Local Government Employers and the Trade Unions. The Summer Budget 2015 did announce the context of a limiting of pay awards to 1% for the period 2016/17 to 2019/20. A budget provision of 1% for 2016/17 onwards has been modelled. The MTFS is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 2.2 The MTFS assumes inflation will run at 2% (Government target) over the five year period. The Retail Price Index (RPI) at July 2015 was 1.0% and Consumer Price Index was 0.1%. An annual cost pressure of £60,000 has been included. This is partly to allow for an expected increase in business rates from the revaluation due in 2017.
- 2.3 The predicted interest rate forecast from our treasury management advisors, Sector, is shown below. The Council's budgeted investment income in 2015/16 is £40,000. It is assumed that the interest rate return for our investments will average 0.75 % for 2016/17 rising to 1.5% by 2018/19 as shown below:-
- | | | |
|---------|---|-------|
| 2016/17 | - | 0.75% |
| 2017/18 | - | 1.00% |
| 2018/19 | - | 1.50% |

- 2.4 Two scenarios have been modelled for council tax purposes. The financial modelling in Appendix B1 assumes a Band D council tax increase of 1.99% annually. This means an increase to £212.53 in 2016/17. The financial modelling in Appendix B2 assumes that council tax is frozen for 2016/17 onwards and that a 1% freeze grant is built into the Settlement Funding Assessment (SFA) on an on-going basis. There is no confirmation whether this would be the case annually.
- 2.5 The assumed forecast reductions in Revenue Support Grant (RSG) are as follows (see 3.1 and 3.2):

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Revenue Support Grant (2015/16 RSG was £1.215m):	0.892m	0.621m	0.371m	0.311m	Nil
% reduction	27%	30%	40%	16%	100%
TOTAL REDUCTION OVER THE FIVE YEARS TO 2020/21					£1.215m

3. GOVERNMENT FUNDING

- 3.1 The Government announced the figures for 2015-16. This was a one year settlement for 2015/16 only. No indicative funding levels have been published for 2016/17 onwards. The Revenue Support Grant was £1.215 million for 2015/2016. The next Spending Review is not due until 25 November 2015 and detailed local government information at authority level for 2016/17 is unlikely to be available until the Provisional Local Government Settlement is announced in December 2015. The graph below shows how Revenue Support Grant has fallen since 2013-14.



- 3.2 **Spending Review 2015 (SR2015)** - In July 2015, the Chancellor of the Exchequer published a policy paper, 'Spending Review 2015' – A country that lives within its means. It sets out the Government's approach to SR2015. The Chancellor of the Exchequer, George Osborne said:

This Spending Review (2015) is the next step in our plan to eliminate the deficit, run a surplus and ensure Britain lives within its means. We'll invest in our priorities like the NHS and national security. Elsewhere in government, departments will have to find significant savings through efficiencies and by devolving power, so people have a greater say over the issues that affect them and their communities. We'll deliver more with less.

The Spending Review will be set out on 25 November.

- 3.3 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. However, Authorities can voluntarily form a 'pool'. Pooling mitigates each Authority's exposure to Business Rate income volatility as the risks are spread over a larger pool.

In 2014/15 the Council received £39,927 as a pooling gain. This was additional business rates income generated as a consequence of being part of the Devonwide Business Rates pool.

In line with good financial management principles, a provision has been made in the Accounts for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals.

The Council's Business Rates Gross amount payable has increased from £9.8 million in 2011/12 to £10.6 million in 2015/16. Therefore over the last 4 years, the Borough Council's business rates base has grown on average by 2% per annum.

Of the Business Rates collected of £10.6 million, the Council is predicted to retain in funding only £1.579 million of this in 2015/16. So the Borough Council retains approximately 15 pence in every £1 to run our services.

In 10.7 and 10.8 the Medium Term Financial Strategy refers to Devolution and part of any Devolution offering to Government could be around the share of Business Rates retained.

- 3.4 **Business Rates Revaluation** - There will be a Business Rates Revaluation which will go live on 1 April 2017. Following publication of the draft lists at the end of September 2016, the Valuation Office will be directing business ratepayers to their website where ratepayers can view their rateable value, find answers to their queries, and send factual corrections to the Valuation Office. This should improve ratepayers understanding of their proposed assessment and improve the accuracy and stability of the final lists when they become live on 1 April 2017.
- 3.5 **Income from Council Tax** – The Borough Council increased council tax by 1.9% for 2015/16 to £208.39 for a Band D property for West Devon. This amounted to a £3.89 increase on an average Band D property over a year equivalent to 7p a week. *A 1% increase in Council Tax generates an extra £40,000 in extra council tax income per annum.* The total income from Council Tax equates to £4.05 million in 2015/16 as per Appendix B1.
- 3.6 **Council Tax** – The table below shows how an average Band D council bill is made up for West Devon Borough Council for the last two years:

Precepting Authority	Band D Council Tax 2014/15	Band D Council Tax 2015/16	£ Increase	% Increase
West Devon Borough Council	£204.50	£208.39	£3.89	1.9%
Devon County Council	£1,138.59	£1,161.27	£22.68	1.99%
Devon & Cornwall Police	£166.16	£169.47	£3.31	1.99%
Devon & Somerset Fire & Rescue	£76.89	£78.42	£1.53	1.99%
Average Parish /Town Council	£57.31	£60.77	£3.46	6.04%
TOTAL	£1,643.45	£1,678.32	£34.87	2.12%

West Devon Borough Council's share of the council tax bill in 2015/16 was **12%**, being £208.39 out of an average Band D council tax bill of £1,678.32.

- 3.7 **Council Tax Referendum Limit** – The Localism Act introduced the power for the Secretary of State to set principles each year under which council tax increases are determined to be excessive. The Government announced that council tax increases of 2 per cent or over will be subject to a council tax referendum for 2015/16. This did not apply to Towns or Parishes in 2015/16. As at September 2015, there is no formal indication of what a referendum limit might be for 2016/17.

- 3.8 **Council Tax Freeze Grant** - In 2015/16 a 1% Council Tax Freeze Grant offer for 2015/16 was made. The indicative Council Tax Freeze Grant for 2015/16 was £42,000. The Borough Council chose to increase council tax in 2015/16. Again no details are yet known about any council tax freeze grant offer for 2016/17.
- 3.9 **Collection Fund Surplus** – At the end of March 2015, the Council has a balance on its Collection Fund (council tax collection fund) of £1.74 million. This will be distributed in 2016/17, which means that the Borough Council's share of the distribution is £280,000 which is funding available towards the 2016/17 Budget.
- 3.10 **On 5 October 2015, the Chancellor unveiled 'devolution revolution'**. This set out major plans to devolve new powers from the Government to local areas to promote growth and prosperity. The main announcement was that by the end of Parliament, local government will be able to retain 100 per cent of local taxes – including all £26 billion of revenue from business rates by 2020 – to spend on local government services.
- 3.11 Announced alongside this was that the core grant from Government (Revenue Support Grant) will be phased out. This is in tandem with the assumptions made in the Medium Term Financial Strategy that the Revenue Support Grant will be reduced to zero by 2020 (see 2.5 and 3.1).
- 3.12 It was also announced that local government will take on new responsibilities. More detail on the new responsibilities will be announced in the Spending Review on 25 November. The announcement also said that 'Local authorities will be able to cut business rates as much as they like'. This is significant new powers for local authorities.
- 3.13 Until more detail is released in the Spending Review on the items announced, it is not known what financial impact the announcement will have on the Borough Council for either 2016/17 or future years. It could take a year or so for the mechanics of how the full retention of business rates system would work to be known, and what that would mean financially for all tiers of local government.

4 THE COUNCIL'S STRATEGIC PRIORITIES – OUR PLAN

- 4.1 In February 2015, the Council published 'Our Plan'. This new strategic plan for West Devon set out the vision, long term priorities and planning policies for the area to 2031 as below:-

**West Devon - A Leading Rural Council
Thriving Towns and Villages**

Enhancing the quality of life for individuals and communities

- 4.2 Through Our Plan we are striving to achieve communities that have access to housing, employment, services and facilities that meet their needs, communities that are resilient, safe and able to make choices about their future. Our communities are places where businesses can develop and grow. We want to ensure Our Plan makes a positive contribution to the equality, fairness and spiritual wellbeing of our communities.
- 4.3 How we will achieve Our Vision is defined in each policy area and through the actions set out in our Annual Delivery Plan. We will measure the progress we are making by how well we are meeting our objectives, actions and targets and the impact all this is having on the people and places of West Devon.

The Plan's Objectives are:-

Our Wellbeing
Our Communities
Our Homes
Our Economy
Our Infrastructure
Our Environment
Our Heritage
Our Resources

The full document can be accessed on
<http://www.westdevon.gov.uk/ourplan>

5 BUDGET PRESSURES FOR 2016/17 ONWARDS

- 5.1 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 5.2 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. A description of the larger budget pressures are set out below.
- 5.3 **Waste services contract** - There is a need to prepare for a potential uplift in the cost of the waste services contract based upon the indicated requirement for an additional waste round. This resource cost was absorbed by the contractor during the lifetime of the current contract due to the previously tendered rate.

- 5.4 The budget pressure in the Medium Term Financial Strategy (£300,000 for 2017/18 onwards) is the worst case scenario as there will be the opportunity to better the cost depending on the delivery vehicle chosen and the ability to charge for elements of service delivery in future if necessary. The figure is based upon current market rates for recycling materials which are constantly changing. This amount will be tested during the waste review process and so is indicative at this stage, based on known operational costs of the service 'as is'.
- 5.5 If a trading model is chosen for the delivery of the waste collection and cleansing services then there is an opportunity to further expand related services which may be sold to generate additional income. E.g. trade waste and trade recycling services. A one-off cost pressure for £80,000 has also been built into the Financial Strategy for a specialist resource to assist with the waste and cleansing options review and delivery and a further temporary staffing resource.
- 5.6 **Our Plan** - A report on Our Plan was considered by the Hub Committee on 22th September 2015. Minute (HC 14) recommended that a provision for 2016/17 of £75,000 is made for Our Plan. This is a one-off cost for 2016/17 for the cost of the examination in public, preparation of documents and in house costs.
- 5.7 **National Insurance** - There will be increased National Insurance (NI) contributions for employers effective from 2016/17. The extra cost to West Devon is £60,000 annually.
- 5.8 The Summer Budget 2015 also announced plans for a National Living wage for the over 25s of £7.20 per hour from 2016/17 increasing to £9.00 per hour by 2020. The number of Council employees affected are within single figures and therefore a provision has been included within the overall pay award budget provision.
- 5.9 **Triennial Pension revaluation** - The Local Government Pension Scheme (LGPS) was last subject to its triennial review in 2014/15. The next valuation impact is in 2017/18 and it is likely to add an additional cost pressure.
- 5.10 **Homelessness Grant** – The Council currently receives £50,000 per annum in a Homelessness grant. It is possible that this will cease in 2016/17 and therefore provision has been made within the budget for the Council to continue with homelessness prevention activity.
- 5.11 **Trading company** – The Council will need to engage specialist advice for legal and financial services in order to set up a trading company. Actuarial advice will also need to be taken from the Devon Pension Fund's actuaries. A cost pressure of £75,000 has been included within the modelling.

- 5.12 **Tamar Estuaries Consultative Forum (TECF)** – West Devon Borough Council and South Hams District Council both currently contribute £3,635 to the Forum. It is proposed that both Councils increase this to £4,500 (an increase of £865 each – rounded to £1,000 for ease of modelling). TECF will bring support in producing Our Plan (see Section 4).

SAVINGS AND INCOME GENERATION

- 5.13 **Transformation Programme 2018 (T18)** – In 2016/17 the Council will make savings of a further £725,000 as outlined in the original Business Case. This is on top of the savings of £962,000 per annum which were already built into the base budget for 2015/16. Section 1.5 gives more detail.

6. OVERALL POSITION – BUDGET (SURPLUS)/GAP

- 6.1 **Appendices B1 and B2** illustrate the overall financial forecast for the forthcoming five years. Although the Council's Net Budget is predicted to be in the region of £7.3 million in 2016/17, the Gross Expenditure of the Council is around £26 million.
- 6.2 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the different situation if the Council Tax is increased by 1.99% (**shown in Appendix B1**) and if Council Tax is frozen (**shown in Appendix B2**). A 1% increase in Council Tax generates an extra £40,000 in extra income per annum.
- 6.3 The following table illustrates the predicted budget (surplus)/gap from 2016/17 onwards for the Borough Council as shown in Appendix A:

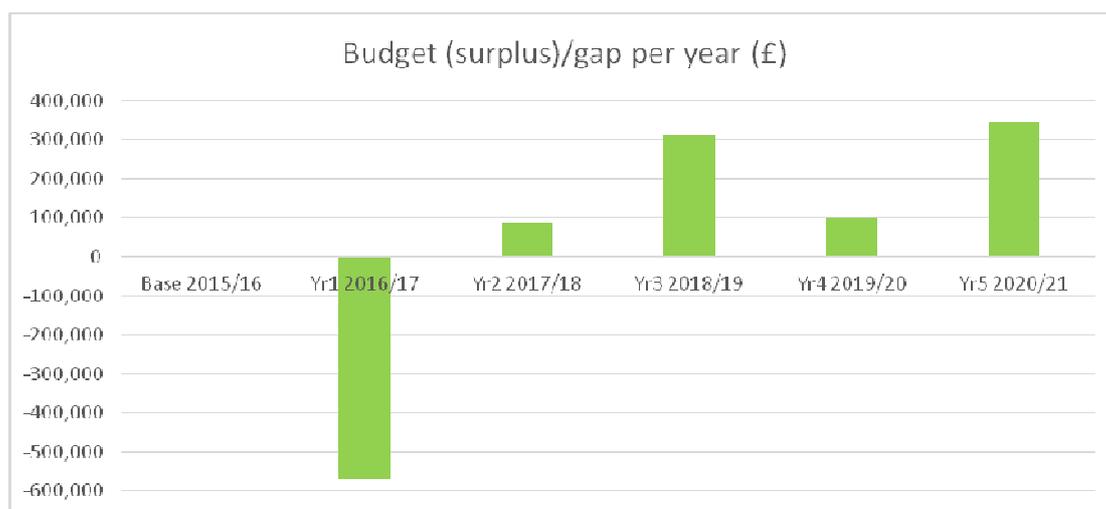
	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Annual budget (surplus)/gap	(571,177) budget surplus	84,520 budget gap	313,203 budget gap	98,859 budget gap	346,353 budget gap
TOTAL BUDGET GAP OVER THE FIVE YEARS TO 2020/21					£271,758

These budget gaps are the position based on two key assumptions:

- That a contribution from New Homes Bonus of £1 million per annum will continue to fund the Revenue Base Budget

- That the budget surplus in 2016/17 is treated as a one-off surplus and is reinvested in one-off items. This could be a one-off investment into a priority area, investment in a specific project or a one-off contribution to Earmarked Reserves or the Capital Programme. (If the £571,177 budget surplus is reinvested in annual year on year priorities/commitments, then this would increase the budget gap in 2017/18 from £84,520 to £655,697.

6.4 This is shown in graphical format below:



6.5 The report sets out an anticipated budget surplus for 2016-2017 of **£571,177** if Council Tax is increased by 1.99% as per Appendix B1. The budget surplus decreases to **£531,797** as per Appendix B2, if Council Tax is frozen for 2016/17.

6.6 *The budget surplus in 2016/17 is mainly as a result of the full amount of savings from the Council's Transformation Programme being realised by 2016/17 (see 5.13).*

6.7 In 2017/18 the Council moves into the position of having a budget gap again (of £84,520). Section 6.3 sets out the future years' budget gaps.

7 NEW HOMES BONUS (NHB)

7.1 This grant was introduced in 2011/12 and provides incentives for local authorities and local communities to be supportive of housing growth. It is not ring fenced and can be spent on anything. New Homes Bonus is funded through a combination of central government funding (£250m per annum) and top-sliced Revenue Support Grant (the balance each year).

7.2 The table below shows an estimate of New Homes Bonus for the next five years.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	323,920	323,920				
2012/13	568,622	568,622	568,622			
2013/14	133,255	133,255	133,255	133,255		
2014/15	222,997	222,997	222,997	222,997	222,997	
2015/16	248,975	248,975	248,975	248,975	248,975	248,975
2016/17*		251,680	251,680	251,680	251,680	251,680
2017/18*			251,680	251,680	251,680	251,680
2018/19*				251,680	251,680	251,680
2019/20*					251,680	251,680
2020/21*						251,680
New Homes Bonus returned (See Note 1)	4,913					
Forecast NHB	1,502,682	1,749,449	1,677,209	1,360,267	1,478,692	1,507,375

*Predictions have been made based on an extra 200 properties per annum

Note 1 – New Homes Bonus (NHB) is top-sliced from Revenue Support Grant in advance. If the actual NHB allocations that Councils receive is less than the amount that has been top-sliced in advance, the Government return the unused element of the top-slice to Councils after the allocations to Councils have been made. The figures shown in this line is West Devon's share of the returned NHB.

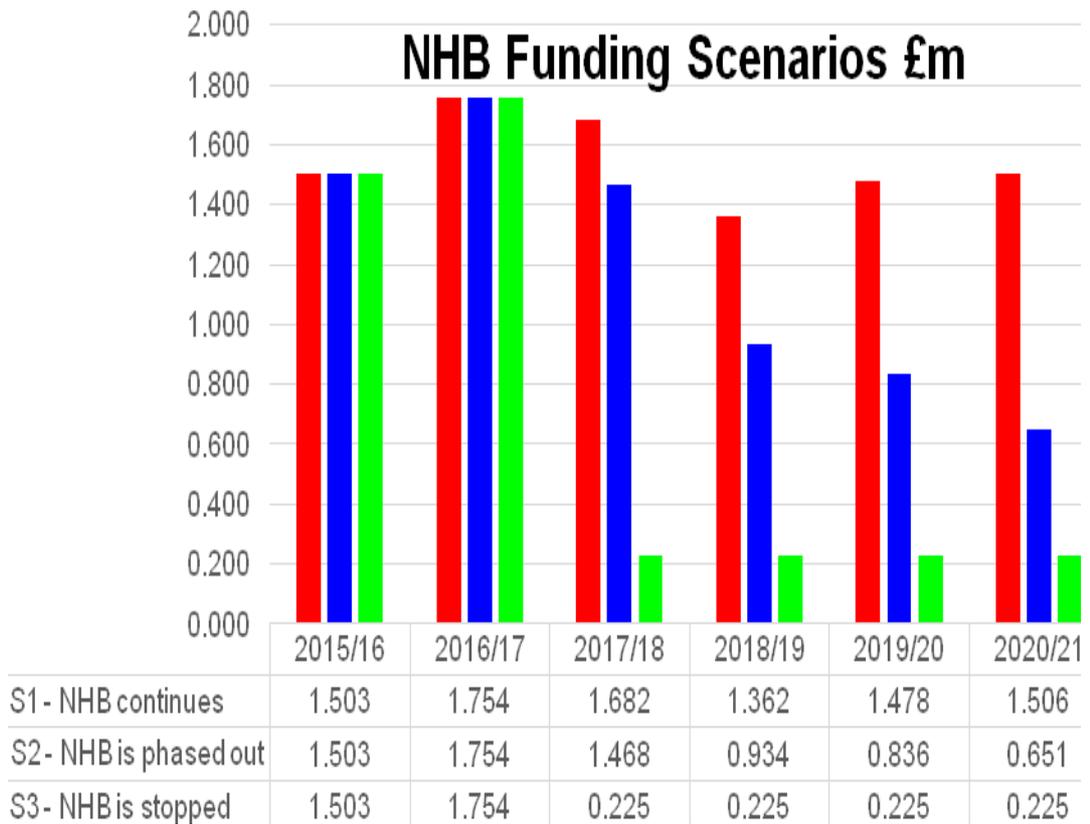
7.3 The table below shows the possible use of New Homes Bonus:

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20	2020/21
Amount receivable	1,502,682	1,749,449	1,677,209	1,360,267	1,478,692	1,507,375
To fund the current Revenue Budget *	(1,224,769)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
To fund the Capital Programme (as per 8.1)	(212,000)	(412,000)	(412,000)	(412,000)	(412,000)	(412,000)
Dartmoor National Park (7.8)	(2,610)	(20,362)	(28,146)	TBA	TBA	TBA
Balance remaining (not committed)	63,303 remaining	317,087 remaining	237,063 remaining	(51,733) This is a shortfall	66,692 remaining	95,375 remaining

7.4 If New Homes Bonus were to be used as outlined in 7.3 above, this would mean that there would potentially be £317,087 of NHB which is uncommitted in 2016/2017 (with an additional £63,303 being uncommitted from 2015/16).

7.5 It is not known how the Spending Review 2015 (SR2015) will affect New Homes Bonus and whether there will be any policy changes affecting NHB.

7.6 The modelling below shows what might happen if there is a policy change on New Homes Bonus in the future. There is no doubt that an ending of New Homes Bonus would have a very significant budgetary impact on Shire Districts (such as West Devon) in particular.



Key

Red Line = S1 – NHB continues without any policy change

Blue Line = S2 – NHB is gradually phased out from 2016/17 (policy change)

Green Line = S3 – NHB is stopped from 2016/17 onwards (policy change)

7.7 S1 shows the current level of NHB expected to be received with no policy changes and agrees to Section 7.2. Lines S2 and S3 show the decrease in New Homes Bonus levels if NHB is phased out or stopped. So by example in 2020/21, NHB is expected to be £1.5 million. This could reduce to £0.651 million if NHB is phased out or £0.225million if NHB is stopped. If scenario S2 happened, this would add £480,000 to the shortfall in 2018/19 –rising to an extra £760,000 by 2020/21.

7.8 **Dartmoor National Park (DNP)** – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members considered this as part of the Budget process for 2015/16 and the following system is in place:-

- A one off payment is to be agreed on an annual basis based on actual completions.

- The allocation received by DNP are to be spent only within those parishes falling within the boundaries of the Borough Council.
- The agreed sum is transferred to an Earmarked Reserve called 'Community Investment Fund – Dartmoor National Park' and the DNP make an annual application to draw down funds as required in line with the process agreed for that fund.

8. CAPITAL PROGRAMME 2016/17 to 2020/21

8.1 The table below shows the proposed Capital Programme for 2016/17 and projected figures to 2020/21:

	2016/17	2017/18	2018/19	2019/20	2020/21
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000	15,000
Village Halls and Community Projects	36,000	36,000	36,000	36,000	36,000
Affordable Housing (see Note 1)	200,000	200,000	200,000	200,000	200,000
Disabled Facilities Grants (see Note 2)	400,000	400,000	400,000	400,000	400,000
TOTAL CAPITAL PROGRAMME	651,000	651,000	651,000	651,000	651,000
Suggested method of funding the Capital Programme:					
Better Care funding towards Disabled Facilities Grants (see Note 2)	(239,000)	(239,000)	(239,000)	(239,000)	(239,000)
Potential funding from New Homes Bonus (Required to fund the Capital Programme)	412,000	412,000	412,000	412,000	412,000

Note 1 - The current level of capital funding allocated to the delivery of affordable housing is an annual contribution of £200,000. There is already a budget of £550,000 approved in the Capital Programme for affordable housing. National policies and funding strategies designed to deliver affordable housing have significantly changed in recent years with much greater reliance on the provision of affordable housing without public subsidy, primarily through the planning process.

Note 2 – From 2015/16, the funding for Disabled Facilities Grants will be from the Better Care Fund held by Devon County Council and funding will be passported to District Councils. Provisional allocations for 15/16 show an increase in contributions to £239,000. This level has been assumed for 2016/17 onwards.

- 8.2 The current machinery used to process our recyclate is owned by the Council (purchased via grant funding) and is reaching the end of its' life. The future processing of recyclable materials will be considered through the forthcoming waste review and the option of capital purchase of new machinery vs. other suitable options will be explored and reported back to Members.
- 8.3 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.
- 8.4 As part of the Medium Term Financial Strategy (MTFS), it is necessary to review the level and phasing of schemes within the Capital Programme. It is important that the programme is matched with available resources and the impact on reserves and the revenue budget is fully assessed.
- 8.5 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made. The Council is currently procuring a new leisure contract to commence in 2016/17 and by April 2017 the Council's waste services will have been procured (see 5.3 to 5.5). Front line service delivery options requiring capital investment will therefore be explored using this model to provide the Council with the fullest range of future choice.

9. EARMARKED AND UNEARMARKED RESERVES

- 9.1 The Council's Net Budget will be £7.2 million in 2016/17. It is still recommended to retain the same policy of a maintaining a minimum level of Unearmarked Reserves of £750,000. The summary below shows the position at 31 March 2015:

The Use of Unearmarked Revenue Reserves	2014/15 £'000
Balance B/fwd 1.4.2014	953
Revenue Outturn Underspend for 2014-15	70
Unearmarked revenue reserves at 31.3.2015	1,023
Earmarked revenue reserves at 31.3.2015 (see Appendix C)	1,023

The Unearmarked General Fund Revenue Reserve balance at 31st March 2015 was £1,023,000 and the Earmarked Reserves balance was £1,023,000. This gave total Revenue Reserves of £2,046,000. The predicted earmarked and unearmarked reserves for 2015/16 are shown below:-

	£'000
Unearmarked Reserves balance as at 31 st March 2015	1,023
Earmarked Reserves	1,023
Predicted movement in Earmarked Reserves (Appendix C)	(321)
Total Predicted Reserves as at 31st March 2016	1,725
(Unearmarked Reserves of £1,023,000 and Earmarked Reserves of £702,000 as shown in Appendix C)	

9.2 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £750,000 the following have been taken into account:

- The size of the authority
- The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
- The risks faced by the Council with regard to funding unforeseen events
- Uncertainty over future Government funding
- Uncertainty over future New Homes Bonus allocations

9.3 The Unearmarked Reserves balance of £1.023 million stands above the minimum balance of £0.75million and acts as a safeguard against unforeseen financial pressures.

9.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance). A schedule of predicted Earmarked Reserves for 15/16 is shown in Appendix C. Earmarked Reserves are predicted to be £702,000 at the end of March 2016.

10 OTHER BUDGET ISSUES

10.1 **Members' Budget Workshop** – On 20th October a Members' Budget Workshop will be held. This is to give all Members the opportunity to influence and shape the budget setting process. The outcome of the meeting will be reported to the Hub Committee and circulated to all Members.

- 10.2 **Council Tax Reduction Scheme** – Following Council Tax Benefit being abolished, Council in December 2013 approved the implementation of a cost neutral local Council Tax Reduction Scheme for 2014/15. This scheme is a discount scheme rather than a state welfare benefit and means that working age claimants will pay a minimum of 20% towards their Council Tax bill. There will be an exception hardship fund to help those claimants experiencing severe financial difficulties.
- 10.3 These changes have the effect of reducing the council tax base not only for the Borough Council, but also for Town and Parish Councils, Devon County Council, The Police and Crime Commission and Devon and Somerset Fire Authority. Reductions in the Council Tax Base adversely affect a local authority's ability to raise income from Council Tax.
- 10.4 The Government is providing financial support for local authorities (Council Tax Support Grant) to assist them in dealing with the effects of the benefit changes on their Council Tax Base.
- 10.5 In the December 2013 Statement, the Minister reminded local authorities that within the funding for Council Tax Support Schemes there is an element to specifically reflect reductions in the parish tax base resulting from the introduction of Localised Support for Council Tax. He confirms that the funding is not separately identified because it is not ring-fenced. There is recognition that as caseloads change and schemes evolve, the amount that different parishes need will also change. There is also an expectation by the Government that billing authorities will continue to pass on support to town and parish councils to help mitigate any reduction in their tax base due to the local Council Tax support scheme.
- 10.6 It is therefore considered appropriate that the Council Tax Support Grant to Town and Parish Councils should reduce in line with the reduction that the Borough Council is experiencing with its Settlement Funding Assessment (SFA). The Council approved a grant distribution of £87,285 for 2015-16. It is estimated that the Council's SFA (Business Rates and Revenue Support Grant) will decrease by **11.2%** in 2016-17 (see Appendix B).
- 10.7 Members' views are now sought on the proposal to consult with Town and Parish Councils on a 11.2% reduction to their grant for 2016-17 (from £87,285 to £77,509). This is an overall reduction of **£9,776**. **Appendix D** illustrates the effect for each Town and Parish.

- 10.8 **Devolution** - The government intends to support towns and counties to play their part in growing the economy, offering them the opportunity to agree devolution deals, and providing local people with the levers they need to boost growth. The government is working with towns and counties to make these deals happen.
- 10.9 All Devon and Somerset Councils have signed a Statement of Intent to look at working up a Devolution offering to Government. The Government, spearheaded by the Chancellor, has made clear its intention to make devolution 'deals' a major policy theme for the new Parliament.
- 10.10 **Income generation opportunities and the Council's asset management strategy** - Efficient and effective management of the Council's commercial property portfolio is inextricably linked to the Council's response to expected reduction in funding support and increasing the revenue from commercial property will help to bridge any future funding gaps. Receipts from all asset disposals will initially be held in a reserve, before being used to reinvest in the commercial property estate.
- 10.11 The commercial property portfolio is run as a commercial enterprise so as to generate a revenue stream for the Council. It is the aim of the Council to continue to run the commercial estate and over time, to increase its size, by developing out sites in its ownership, as well as through the purchase of new land where required. The development programme will form part of the capital programme, which is predicated on robust and compelling business cases. Whenever financially viable, the Council will consider and deploy renewable energy / environmentally friendly solutions and technologies.
- 10.12 In summary, the Council's asset management strategy is to:
- Pro-active dispose of non-strategic land to reduce operational expenditure
 - Use funds realised from asset disposals for future development
 - Bring forward strategic sites for development or disposal as appropriate (investment will be required)
 - Actively grow Commercial Asset Portfolio - Focus on Housing (Affordable, Rental, Market) & Employment Units
- 10.13 Other income generation initiatives will be pursued in tandem with extending the commercial property portfolio; linked to driving more value from Council assets and resources. This could be from increased fees and charges or providing customers with added value services.

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

10.15 **Working in partnership** - Opportunities for working in collaboration and partnership and different ways of working will be identified and developed where this will support the delivery of the Council's outcomes and improve service efficiency and delivery. This will include development of trading opportunities and business models and exploiting external funding opportunities.

11. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Hub Committee is responsible for recommending to Council the budgetary framework. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of this MTFS is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>
Financial	Y	The financial implications are set out in Sections 1.6 to 1.7 of the Executive Summary.
Risk	Y	The financial risks are as set out in the report.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.

Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B1 – Modelling of council tax increasing by 1.99%

Appendix B2 – Modelling of council tax freezing

Appendix C – Reserves

Appendix D – Town and Parish Council Tax Support Grant allocation

Appendix E – Sensitivity analysis and risk analysis

Approval and clearance of report

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

BUDGET PRESSURES AND SAVINGS

APPENDIX A

WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

Inflation on the waste collection, recycling and cleansing contract (estimate) (see 5.4)
 Specialist resource - Waste and Cleansing options review and delivery (see 5.5) - one off
 Inflation on the street cleaning and public conveniences
 Recycling of garden and leaf collections
 New glass recycling banks x 3
 Inflation on the swimming pool contract (profiled fee)
 Our Plan (see 5.6)
 Inflation on goods and services
 Reduction in Housing Benefit administration subsidy
 Increase in salaries - increments and pay and grading
 Increase in salaries - pay increase at 1%
 National Insurance - (see 5.7)
 Triennial Pension revaluation
 Reduction in the Homelessness Grant (see 5.10)
 Trading company - specialist advice (see 5.11) - One off
 Elections - reversal of 15/16 one off cost pressure
 New Governance Arrangements
 Tamar Valley Legacy Plan
 Rural Development Programme for England
 Tavistock Townscape (Council March 14 CM74)
 Reduction in TIC Savings
 Tamar Estuaries Consultative Forum (see 5.12)
 Workstation rental costs - payment to South Hams - this is offset by savings as shown below
 (T18 Council Minute CM49 - November 2013)

BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
80,000	80,000	300,000	80,000	80,000	80,000
0	80,000	(80,000)	0	0	0
0	10,000	30,000	10,000	10,000	10,000
27,200	44,200	0	0	0	0
8,000	(8,000)	0	0	0	0
10,000	10,000	20,000	10,000	10,000	10,000
0	75,000	(75,000)	0	0	0
15,000	60,000	60,000	60,000	60,000	60,000
34,000	40,000	40,000	40,000	40,000	40,000
0	40,000	40,000	40,000	40,000	40,000
58,800	40,000	40,000	40,000	40,000	40,000
	60,000	0	0	0	0
20,000	60,000	60,000	60,000	60,000	60,000
0	50,000	0	0	0	0
0	75,000	(75,000)	0	0	0
50,000	(50,000)	0	0	0	0
28,000	0	0	0	0	0
28,000	3,000	0	0	0	0
10,400	0	0	0	0	0
10,000	0	0	0	0	0
15,000	0	0	0	0	0
	1,000				
90,000	0	0	0	0	0
484,400	670,200	360,000	340,000	340,000	340,000

TOTAL IDENTIFIED BUDGET PRESSURES

WEST DEVON BOROUGH COUNCIL

BASE	Yr1	Yr2	Yr3	Yr4	Yr5
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BUDGET PRESSURES AND SAVINGS

APPENDIX A

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Contribution to T18 Strategic Change Earmarked Reserve						
Transformation Project (T18) - Approved at 9th December 2014 Council (One-off investment costs included for completeness)						
<i>Contribution to Strategic Change Reserve to meet redundancy and pension costs (offset by savings above)</i>	805,000	125,000	160,000	120,000	35,000	0
<i>Net contribution to T18 Reserve to meet other non-recurring costs (offset by savings above)</i>	67,000	67,000	67,000	67,000	67,000	0
Total Contribution to T18 Strategic Change Earmarked Reserve	872,000	192,000	227,000	187,000	102,000	0

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
Reduction on Members Allowances (Council 13 May 2014)	4,200	0	0	0	0	0
Savings on audit fees	12,000	0	0	0	0	0
New income generation from Street Name and Numbering	7,500	0	0	0	0	0
Additional investment income	0	5,000	15,000	30,000	5,000	5,000
Business Rates pooling gain (see 3.3)	30,000	10,000	10,000	10,000	10,000	10,000
Bank Charges Reduction	5,000	0	0	0	0	0
TOTAL SAVINGS AND INCOME GENERATION (excluding T18 savings)	58,700	15,000	25,000	40,000	15,000	15,000

Reduced running costs at Kilworthy Park and additional leasing income	90,000	15,000	15,000	15,000	15,000	0
Transformation Project (T18) savings - Approved at 9th December 2014 Council report (Appendix C) - £700,000 staff savings (30% of current staffing levels) and £25,000 other staff saving costs (ancillary costs) - Note the £725,000 savings in 2016/17 are in addition to £962,000 of savings already built into the 2015/16 Base Budget as shown.	872,000	725,000	0	0	0	0
TOTAL SAVINGS AND INCOME GENERATION (including T18 savings)	1,020,700	755,000	40,000	55,000	30,000	15,000

Line No.	Example B1 - Council Tax is increased by 1.99% each year Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line11)	7,798,625	7,262,325	7,177,525	7,413,004	7,384,799	7,595,940
2	Budget pressures (as per Appendix A)	484,400	670,200	360,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A) Further Savings Identified	(1,020,700)	(755,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,177,525	7,497,525	7,698,004	7,694,799	7,920,940
	Funded By:-						
5	Council Tax income - Modelling a 1.99% increase in council tax each year (Taxbase 15/16 = 19,457 Band D Equivalent properties)	4,054,644	4,177,702	4,304,005	4,433,800	4,566,941	4,699,587
6	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
7	Revenue Support Grant	1,215,323	892,000	621,000	371,000	311,000	0
8	Localised Business Rates	1,579,000	1,591,000	1,635,000	1,687,000	1,740,000	1,795,000
9	Funding from New Homes Bonus	1,224,769	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
10	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
11	Total Projected Funding Sources	7,262,325	7,748,702	7,413,005	7,384,800	7,595,941	7,574,587
	Budget (surplus)/ gap per year						
12	(Projected Expenditure line 4 - Projected Funding line 11)	0	-571,177	84,520	313,203	98,859	346,353

Cumulative Budget (Surplus)/Gap - There is a budget surplus in 2016/17 and budget gaps in the remaining four years.	0	-571,177	-486,657	-173,453	-74,594	271,758
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An assumption of an additional 200 Band D equivalent properties per year has been included in the TaxBase and modelling above for 2016/17 onwards

Memorandum Note - NHB remaining to fund the Revenue Budget, after funding the Capital Programme

This line shows the amount of New Homes Bonus (NHB) available to fund the Revenue Budget, after the funding for the Capital Programme has been deducted.	1,090,682	1,337,449	1,265,209	948,267	1,066,692	1,095,375
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FINANCIAL STRATEGY

Line No.	Example B2 - Council Tax is frozen every year from 16/17 onwards Modelling for the financial years 2016/17 onwards	Base 2015/16 £	Yr1 2016/17 £	Yr2 2017/18 £	Yr3 2018/19 £	Yr4 2019/20 £	Yr5 2020/21 £
1	Base budget brought forward (line 4/line11)	7,798,625	7,262,325	7,177,525	7,330,999	7,256,677	7,418,355
2	Budget pressures (as per Appendix A)	484,400	670,200	360,000	340,000	340,000	340,000
3	Savings already identified (as per Appendix A) Further Savings Identified	(1,020,700)	(755,000)	(40,000)	(55,000)	(30,000)	(15,000)
4	Projected Net Expenditure:	7,262,325	7,177,525	7,497,525	7,615,999	7,566,677	7,743,355
5	Council Tax income - Assumes Council Tax is frozen in 2016/17 and thereafter (Taxbase 15/16 = 19,457)	4,054,644	4,096,322	4,138,000	4,179,678	4,221,356	4,263,034
6	Council Tax Freeze modelled for 16/17 onwards - (assumed built into the baseline thereafter)		42,000	84,000	126,000	168,000	210,000
7	Collection Fund Surplus	60,589	280,000	80,000	80,000	80,000	80,000
8	Revenue Support Grant	1,215,323	892,000	621,000	371,000	311,000	0
9	Localised Business Rates	1,579,000	1,591,000	1,635,000	1,687,000	1,740,000	1,795,000
10	Funding from New Homes Bonus	1,224,769	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
11	Less: Contribution to Strategic Change Earmarked Reserve (T18)	-872,000	-192,000	-227,000	-187,000	-102,000	0
12	Total Projected Income	7,262,325	7,709,322	7,331,000	7,256,678	7,418,356	7,348,034
	Budget (surplus)/gap per year						
13	(Projected Expenditure line 4 - Projected Income line 12)	0	-531,797	166,525	359,321	148,321	395,321

Cumulative Budget (Surplus)/Budget Gap - There is a budget surplus in 2016/17 and budget gaps in the years thereafter.	0	-531,797	-365,272	-5,951	142,370	537,691
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An assumption of an additional 200 Band D equivalent properties per year has been included in the TaxBase and modelling above for 16/17 onwards

Memorandum Note - NHB remaining to fund the Revenue Budget, after funding the Capital Programme

This line shows the amount of New Homes Bonus (NHB) available to fund the Revenue Budget, after the funding for the Capital Programme has been deducted.	1,090,682	1,337,449	1,265,209	948,267	1,066,692	1,095,375
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RESERVES - PROJECTED BALANCES					
	Opening balance 1 April 2015 £000	Additions to the Reserve	Predicted spend to 31.3.2016 £000	Projected balance 31.3.2016 £000	Comments
EARMARKED RESERVES					
Specific Reserves - General Fund					
T18 Strategic Change Earmarked Reserve		(872)	872	0	A new reserve set up to fund T18 redundancy and pension costs.
Business Rates Retention Scheme	(321)		100	(221)	This reserve 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.
Car Parking Maintenance	(318)			(318)	
Local Authority Business Growth Incentive (LABGI)	(21)		21	0	
Habitats Earmarked Reserve	(24)		24	0	
Cannons Meadow	(21)		3	(18)	Written down to revenue annually
County Election	(24)			(24)	
Landscape Maintenance	(20)			(20)	
Fifth Wave Neighbourhood Front Runners	(50)		(5)	(55)	
DCLG Business Support Scheme	(13)		13	0	
DCC Public Health	(40)		40	0	
Devon County Council - TAP Funds	(49)		49	0	
Economic Grant Initiatives	(16)		16	0	
Flood Works	(20)		20	0	
Other Reserves below £15,000	(86)		40	(46)	
TOTAL EARMARKED RESERVES	(1,023)	(872)	1,193	(702)	
TOTAL UNEARMARKED RESERVES	(1,023)			(1,023)	As per Final Accounts 2014/15
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)	(2,046)	(872)	1,193	(1,725)	

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Town and Parish - Council Tax Support Grant allocation

Parish/Town	<u>Council Tax Support Grant allocation for 2015/16</u>	11.20% Percentage reduction	<u>Council Tax Support Grant allocation for 2016/17</u>
Okehampton Town Council	20,326	2276	18,049
Hatherleigh Town Council	1,914	214	1,700
Bere Ferrers Parish Council	5,417	607	4,810
Lifton Parish Council	897	100	796
Dartmoor Forest Parish Council	1,402	157	1,245
Inwardleigh Parish Council	220	25	195
Tavistock Town Council	39,335	4405	34,929
Bridestowe Parish Council	439	49	390
North Tawton Town Council	5,253	588	4,665
South Tawton Parish Council	793	89	704
Horrabridge Parish Council	1,865	209	1,657
Sampford Courtenay Parish Council	369	41	328
Mary Tavy Parish Council	917	103	814
Sourton Parish Council	278	31	247
Lamerton Parish Council	308	35	274
Drewsteignton Parish Council	790	88	701
Northlew Parish Council	447	50	397
Kelly Parish Meeting	26	3	23
Spreyton Parish Council	99	11	88
Chagford Parish Council	1,719	193	1,527
Gulworthy Parish Council	195	22	173
Sticklepath Parish Council	167	19	149
Broadwoodkelly Parish Council	115	13	102
Milton Abbot Parish Council	184	21	164
Beaworthy Parish Council	53	6	47
Exbourne & Jacobstowe Grouped Parish Council	216	24	192
Meeth Parish Council	53	6	47
Highampton Parish Council	142	16	126
Bratton Clovelly Parish Council	183	20	162
Iddesleigh Parish Council	66	7	59
Sydenham Damerel Parish Council	18	2	16
Burrator Parish Council	158	18	140
Plasterdown Grouped Parish Council	94	10	83
Stowford Parish Council	68	8	60
Bondleigh Parish Council	8	1	7
Okehampton Hamlets Parish Council	326	36	289
Buckland Monachorum Parish Council	1,411	158	1,253
Monkokehampton Parish Council	57	6	51
Lydford Parish Council	204	23	181
Throwleigh Parish Council	99	11	88
Peter Tavy Parish Council	210	24	187
Belstone Parish Council	49	5	43
Lewdown Grouped Parish Council	116	13	103
Germansweek Parish Council	39	4	34
Brentor Parish Council	240	27	213
Gidleigh Parish Council	0	0	0
	87,285	9,776	77,509

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

1. The predicted revenue support grant figure for 2016/17 is £892,000. This is a reduction of £323,000 or 27% on the current year. For 2017/18 and 2018/19 further reductions of £271,000(30%) and £250,000(40%) have been assumed based on forecasts. A variation of 10% on the 2016/17 predicted figure for Revenue Support Grant equates to £89,200.
2. Extra business rates retention income from rates growth above the baseline funding has been assumed for the five year plan. A growth averaging £43,200 (2.7%) annually over the next five years has been assumed.
3. A realistic provision of £380,000 (equating to 3.5%) has been made for business rates appeals (the gross amount payable for Business Rates is £10.6 million in 15/16). An extra 1% provision would equate to £109,000.
4. The budget assumes approximately £1.7 million of income from fees and charges, recycling and investments. Whilst this assumption is realistic, given the position of the economy there is a risk that income could fall or be less than anticipated. A 5% reduction in income would result in a loss of £85,000.
5. The MTFS relies on proposed savings in 2016/17 of £755,000. These savings have been agreed as part of the Business case for the T18 Transformation Programme and are mainly from a reduction in staffing numbers being fully realised in 2016/17. A 5% increase or reduction in the savings would equate to £37,750.
6. New Homes Bonus has been modelled based on an extra 200 properties per annum increase. Each extra property attracts £1,174 (80% of £1,468). If this figure were to actually be say 50 properties less, this would mean New Homes Bonus figures would be less than predictions by £58,700 per annum for the next 6 years of New Homes Bonus.
7. Council Tax has been assumed in the Medium Term Financial Strategy to increase by 1.99% per annum. A 1% increase in council tax equates to £40,000.

8. Income from investments (around £8 million) has been assumed to increase in line with the expected interest rate forecasts in Section 2.3 i.e. 0.75% in 2016/17 and rising to 1.5% by 2018/19. A 0.25% variation in interest rates on investment income equates to £20,000.
9. An allowance of 2% for inflation is included in the budget. Inflation costs are being managed through cost effective procurement.
10. The capital programme is funded by receipts, grants, and contributions. Realistic assumptions about these have been made for the future.
11. Known liabilities have been provided for and there are no significant outstanding claims.

Summary & conclusion

Sensitivity analysis and risks are identified above with a potential total adverse revenue effect for 2016/17 of £483,000. However, revenue reserves are recommended to be maintained at a minimum of £750,000. I therefore confirm the robustness of the Medium Term Financial Strategy and the adequacy of the reserves.

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

Report to: **Hub Committee**
Date: **27 October 2015**
Title: **Council Tax Reduction**
Portfolio Area: **Customer First**
Wards Affected: **All**

Relevant Scrutiny Committee: Overview & Scrutiny Internal

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

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision) **Recommendation to Council**

Author: **Allison Lewis** Role: **Case Manager**

Contact: **allison.lewis@swdevon.gov.uk**

Recommendations:

1. To agree to continue with the existing Council Tax Reduction scheme for 2016/17
 - **80% maximum liability restriction** meaning that working age claimants pay a minimum of 20% towards their Council Tax bill
 - **A property valuation band D restriction** meaning that working age claimants living in larger properties do not receive greater levels of support than those living in small properties
 - **An exceptional hardship fund** to help those claimants experiencing severe financial difficulties
2. For delegated authority to be given to the Finance Community of Practice Lead (S151 Officer) , in consultation with the Portfolio Holder, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

1. Hub Committee summary

The Council is responsible for administering the Council Tax Reduction Scheme and the scheme for 2016/17 requires member agreement by 31 January 2016.

If no local Council Tax Reduction scheme is agreed by 31st January 2016 the Council will be bound to continue with the scheme adopted in 2015/16

2. Background

As part of the wider Welfare Reform agenda Council Tax Benefit was abolished from April 2013. It is now the responsibility of the billing authorities to design and agree their own local schemes on an annual basis. The local scheme is called Council Tax Reduction (CTR) and is classed as a Council Tax discount rather than a state welfare benefit.

The current scheme was initially adopted by the Authority in 2014/15.

Pensioners continue to be protected from receiving any reduction to their current entitlement and will remain under a national scheme as prescribed by legislation for 2016/17. The scheme being adopted will continue to only affect working age customers.

35% of our working age customers receiving Council Tax Reduction are paying their bill by Direct Debit.

Over the last 12 months we have made in the region of 1500 outbound calls and have sent 250 letters providing advice. In addition 190 customers who were identified as requiring a face to face meeting had a personal visit to their home address. 533 of these calls have been made since April 2015 with 63 letters sent and 42 home visits.

400 summonses for non-payment of Council Tax have been issued to customers receiving CTR over the last 12 months. Of these 150 have set up a special payment arrangement to clear the debt and 63 have paid in full. 151 of these have been issued since April 2015 of these 34 have set up a special payment arrangement to clear the debt and 14 have paid in full.

Since 1st April 2015 we have received 43 new applications for support from the Exceptional Hardship Fund. Of these there have been 39 awards and 4 did not qualify. Total awards for that period currently stand at £3,905.43

Further information on the impact of the scheme can be found in the equality impact assessment (appendix A). The results of which do not identify any disproportionate impact on any groups. By retaining the key elements of the council tax benefit rules within

West Devon Borough Council - Council Tax Reduction 2016/17

the scheme and the introduction of the Exceptional Hardship Fund we have continued to ensure that vulnerable groups are identified and protected.

3. Outcomes/outputs

Since 2013/14 funding for Council Tax Reduction has been included within the overall local government funding grant. The Authority therefore decides how much funding is available to support the Council Tax Reduction scheme.

The aim of the local scheme was for it to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2016/17

The tables below sets out the cumulative expenditure at the end of each month for 2014/15 and 2015/16:

2014/15 As at end of:	Pensioner award cumulative total £	Working Age award cumulative total £	Annual award cumulative total £
April	£1,975,114.83	£1,386,749.20	£3,361,864.03
May	£1,970,851.52	£1,391,781.08	£3,362,632.60
June	£1,966,240.23	£1,396,037.99	£3,362,278.22
July	£1,958,474.88	£1,409,805.09	£3,368,279.97
August	£1,962,835.78	£1,418,868.21	£3,381,703.99

2015/16 As at end of:	Pensioner award cumulative total £	Working Age award cumulative total £	Annual award cumulative total £
April	£1,919,417.60	£1,338,540.04	£3,257,957.64
May	£1,909,577.89	£1,347,638.59	£3,257,216.48
June	£1,901,370.36	£1,360,564.41	£3,261,934.77
July	£1,887,131.58	£1,351,600.23	£3,238,731.81
August	£1,878,669.66	£1,342,369.52	£3,221,039.18

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

It is normal that expenditure will fluctuate slightly throughout the year. Claim numbers for pensioners and working age claimants has decreased throughout the year and is consistent with the reduced expenditure detailed on the above tables; however seasonal fluctuations could well see an increase in claim numbers towards the end of the year.

The modelling carried out in 2014/15 which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.

West Devon Borough Council - Council Tax Reduction 2016/17

The Exceptional Hardship Fund forms part of the scheme and provide a safety net for those customers most in need. The fund is financed through the collection fund so it is paid for proportionately by all major preceptors.

4. Options available and consideration of risk

Any risk associated with the local schemes is shared by all the major precepting authorities through the impact on the Council Tax Base.

Share of the Council Tax bill for 2015/16	% 2015/16
West Devon Borough Council	12.4
Devon County Council	69.2
Police and Crime Commissioner	10.1
Devon & Somerset Fire & Rescue	4.7
Town & Parishes	3.6

A Devon wide fraud and data sharing project has been agreed in principle by the Chief and Leader's meeting, which if progressed, will lead to income maximisation by checks and compliance on discounts and exemptions, not just Council Tax Reduction.

There has been a reduction in the Council Tax collection rate for working age claimants affected by the Council Tax reduction scheme compared to those not affected.

Below are the figures for the collection rate comparison between pensioner, non-pensioner, and the whole Borough.

Collection Rate on CTR cases at end of September

%age of in year debt collected

	Pensioner	Non Pensioner	All
Sept 15	60.68	39.93	58.38
Sept 14	61.35	41.17	58.51

Below is the actual amount of collectable debt we are talking about within those figures.

West Devon Borough Council - Council Tax Reduction 2016/17

Amount of in year collectable debt

£ of in year debt collected

	Pensioner	Non Pensioner	All
Sept 15	276,238.07	654,965.40	33,990,106.70
Sept 14	304,079.31	688,798.37	32,753,407.35

We have a dedicated member of staff, funded by all the preceptors, who actively engages with customers struggling to pay by contacting them by telephone, letter or by visit. Referrals where appropriate are made to the Hardship Fund and payment arrangements are made to clear any debts.

In addition to that we are engaging with recovery action as follows:

Issuing reminders to those who are behind with instalments

Issuing summonses to those who don't pay in accordance with the reminders

Taking further action against those who do not make arrangement at the summons stage – in the main this involves contacting them once we have obtained the liability order and making a payment arrangement, or setting up an attachment of benefit or attachment of their earning.

The practicalities of changing our scheme for 2016/17 would mean having to go out to public consultation.

5. Proposed Way Forward

That Hub Committee agree:

To continue with the existing Council Tax Reduction scheme for 2016/17, and,

For delegated authority to be given to the Finance Community of Practice Lead (S151 Officer) , in consultation with the Portfolio Holder, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The relevant powers for this report are contained within the following legislation;

West Devon Borough Council - Council Tax Reduction 2016/17

		<p>Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31st March 2013 and introduces the Local Council Tax Support Schemes to be administered by Local Authorities.</p>
Financial		<p>The Government funding (Settlement funding assessment, SFA) received from Central Government will be reduced by 11.2% for 2016/17. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of approximately £509,000. Based on current calculations (see 3) officers are confident that the difference between actual and forecasted figures as the end of the financial year will be minimal. The modelling carried out last year which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.</p>
Risk	<p>Agreement on scheme</p> <p>Financial</p> <p>Financial</p> <p>Financial</p>	<p>Failure to agree a scheme by 31st January 2016.</p> <p>Failure to agree will mean the Council is bound to continue with scheme adopted for 2015/16.</p> <p>Detrimental impact on collection rates</p> <p>Business case in place with all preceptors agreeing financial support to fund extra resource to undertake early intervention and money advice.</p> <p>Future funding reductions could mean that the proposed scheme will not remain fit for purpose</p> <p>Annual review and close monitoring of announcements and national forums</p> <p>Impact on wider economy and most vulnerable</p> <p>Business case in place with all preceptors agreeing financial support to provide Exceptional Hardship Fund to assist those in extreme financial need.</p>
Comprehensive Impact Assessment Implications		

West Devon Borough Council - Council Tax Reduction 2016/17

Equality and Diversity		In deciding to retain the Council Tax Reduction Scheme for 2016, the Council will maintain a fund for those taxpayers who experience exceptional hardship. An Equality Impact Assessment has been undertaken for the proposed scheme. See Appendix 1.
Safeguarding		You need to set out what the Safeguarding implications are.
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices:

Appendix 1 – Equality Impact Assessment

Background Papers:

Welfare Reform Act 2012

Approval and clearance of report

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

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Equality Impact Assessment (Appendix A) – West Devon Borough Council Council Tax Reduction Scheme 2016/17

Lead Officer	Isabel Blake – Housing, Revenue & Benefits Community of Practice
Service	ICT and Customer Services
Proposed change to service	Council Tax Reduction scheme for April 2016
Reason for the service change	<p>The Council Tax Benefit scheme was abolished by the Welfare Reform Bill from April 2013. This was replaced with a local Council Tax Reduction scheme. The Council implemented a Council Tax Reduction scheme which was very similar to the previous Council Tax Benefit system. From April 2013 the only change applied was to abolish Second Adult Rebate claims for working age claimants. The shortfall in funding was covered by council tax technical reform changes rather than reducing the level of support provided in Council Tax Reduction.</p> <p>From April 2014 and after public consultation the following scheme was agreed:</p> <p>80% maximum liability restriction meaning that working age claimants paid a minimum of 20% towards their Council Tax bill.</p> <p>A property valuation band D restriction meaning that working age claimants living in larger properties did not receive greater levels of support than those living in small properties</p> <p>An exceptional hardship fund to help those claimants experiencing severe financial difficulties</p> <p>The Council’s overall budget has continued to be cut by Central Government. It is for local councils to determine how to manage the funding gap and whether any further cuts should be made to the current Council Tax Reduction scheme for working age customers.</p> <p>There are strict guidelines from the Government to ensure support for pensioners will remain at the same level as now and will be delivered through a national framework of criteria and allowances. West Devon Borough Council will need to agree the scheme which will be affective from April 2016 by 31st January 2016. If no scheme is approved the Council will continue with the scheme as agreed for April 2015.</p>
Information about users , research or other evidence	<p>West Devon Borough Council has the option of developing a new scheme, continuing with the current scheme. By default if no scheme is agreed for 2016/17 then the current scheme will continue.</p> <ol style="list-style-type: none"> 1. Continue 2015/16 scheme for 2016/17. The preferred option would be for The Council to agree to continue with the current scheme for 2016/17 which still includes a means tested element aimed at helping those with greatest need.

	<ul style="list-style-type: none"> a) The Council to adopt and agree to continue the scheme for 2016/17 with benefit uprating applied b) Funding gap will continue to be met by implementing the same scheme. <p>2. Develop a new Local Council Tax Reduction scheme for 2016/17</p> <ul style="list-style-type: none"> a) Full public consultation would be required b) Customers have already incurred many central government benefit changes over the last few years. Customers have adapted well to the revised scheme initially implemented in 2014/15 c) Devon Authorities are largely making no scheme changes for 2016/17 <p>3. Do Nothing/no agreement</p> <ul style="list-style-type: none"> a) The current scheme for 2015/16 would be applied. 									
Stakeholder consultation and involvement	<p>As the preferred proposal is for no scheme amendments there is no requirement for a full consultation. Impacts of the current scheme have been monitored through any impacts on the collection rate and Exceptional Hardship Fund. Regular updates on customer impacts have been reported and discussed across the Devon wide group including all preceptors.</p> <p>Current Council Tax Reduction Claimants</p> <table border="1" data-bbox="504 1032 1505 1153"> <thead> <tr> <th></th> <th>Pensioners (exempt)</th> <th>Working age</th> </tr> </thead> <tbody> <tr> <td>Number of claimants</td> <td>1847</td> <td>1735</td> </tr> <tr> <td>%</td> <td>52%</td> <td>48%</td> </tr> </tbody> </table>		Pensioners (exempt)	Working age	Number of claimants	1847	1735	%	52%	48%
	Pensioners (exempt)	Working age								
Number of claimants	1847	1735								
%	52%	48%								

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

As caseload data is continually changing analysis and effects will continue

As at September 2015 there were a total of 25,213 properties liable for Council Tax in the West Devon area.

14(%) are receiving Council Tax Reduction of these 1735 working age households would continue to receive the same level of entitlement towards their Council Tax Bill.

Further analysis of Equality strands are;

AGE	Positive	Negative																
<p>Profile data available from current CTR claims. This covers all people in the CTR household</p> <table border="0"> <tr> <td>0-15 yr old</td> <td>1699</td> </tr> <tr> <td>16-17</td> <td>184</td> </tr> <tr> <td>18- 24</td> <td>501</td> </tr> <tr> <td>25-34</td> <td>732</td> </tr> <tr> <td>35-49</td> <td>1200</td> </tr> <tr> <td>50-64</td> <td>1184</td> </tr> <tr> <td>65 and over</td> <td>2195</td> </tr> <tr> <td>Total</td> <td>7,692</td> </tr> </table>	0-15 yr old	1699	16-17	184	18- 24	501	25-34	732	35-49	1200	50-64	1184	65 and over	2195	Total	7,692	<ul style="list-style-type: none"> • People of pension age remain protected and will not be subject to the scheme. • Could incentivise customers back into work. • Earnings disregards will be applied when calculating income. • Customers moving into work extended periods will exist to help transition into work • Support will continue to be provided by a dedicated advisor in money management and maximising customer's income. Ensure customer has claimed all available council tax discounts, exemptions and disabled band reductions. Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances • Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	<ul style="list-style-type: none"> • The scheme will discriminate on the grounds of age because of Central Government requirement to protect pensioners. The national pensioner scheme treats them more favourably because allowances are more generous.
0-15 yr old	1699																	
16-17	184																	
18- 24	501																	
25-34	732																	
35-49	1200																	
50-64	1184																	
65 and over	2195																	
Total	7,692																	

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

<p>disabled if they are in receipt of Disability Living allowance</p> <p>Members of CTR household</p> <p>Under 18 = 62</p> <p>Over 18 = 957</p>	<p>disregarded when calculating entitlement.</p> <ul style="list-style-type: none"> Higher allowances will be awarded in the calculation of support for those receiving disability benefits Support will be provided by a dedicated advisor in money management and maximising customer's income. Ensure customer has claimed all available council tax discounts, exemptions and disabled band reductions. Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	
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MARITAL STATUS, family circumstances or caring responsibilities	Positive	Negative
<p>Single person Household.</p> <p>Couple with no children</p> <p>Families with children</p> <p>Household with Carer</p>	<ul style="list-style-type: none"> Higher allowances will be awarded in the calculation of support for carers The scheme builds in additional premiums for households with children as Child Benefit and child maintenance is disregarded Support will be provided by a dedicated advisor in money management and maximising customer's 	<ul style="list-style-type: none"> Families in large properties may have the difference between their larger property banding and a Band D to pay as well as an extra 20% contribution to their council tax payments

	<p>income. Ensure customer has claimed all available council tax discounts, exemptions and disabled band reductions.</p> <ul style="list-style-type: none"> • Proactive monitoring of council tax payments through our recovery procedures to identify cases where additional support may be required. This may include setting up payment arrangements which are tailored to customer's individual circumstances • Our scheme has an Exceptional Hardship fund that provides a safety net so that additional support can be provided for those in exceptional need 	
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SEX(gender)	Positive	Negative
<p>Sex (gender) for Household</p> <p>4501 are female 3612 are male</p>	<ul style="list-style-type: none"> • The scheme will not treat people of either sex any differently • No changes have been made to the treatment of Income and savings of women expecting children 	

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

General	Positive	Negative
Change 1a. Reduce maximum Liability to 80%	<ul style="list-style-type: none"> • Encourage some households to move to smaller, more affordable accommodation • Incentivise customers to try and locate work or extra hours. 	<ul style="list-style-type: none"> • All working age customers will continue to pay at least 20% towards council tax.

Change 1b. Band D Property Band Restriction	<ul style="list-style-type: none"> • The scheme will not be contributing to the cost for those who choose to live in larger properties. • The scheme is consistent with benefit welfare changes such as size criteria, benefit cap and local housing allowance. 	<ul style="list-style-type: none"> • Could impact households with a large number of family members
Change 1c. The creation of an exceptional hardship fund to help those in financial need	<ul style="list-style-type: none"> • Will ensure there is funding available for those experiencing temporary hardship. 	

Submissions from Interested parties ;

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

Issues and Recommendations

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

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

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

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

Action Plan & Review.

December 2015 Options for final scheme will be considered by Members

April 2016 onwards. Monitoring on customer impact will continue through the year

Scheme and funding will need to be fully reviewed and agreed for 2017/18

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Report to: **Hub Committee**
Date: **27th October 2015**
Title: **Write Off Report**
Portfolio Area: **Health & Wellbeing**
Wards Affected: **All**
Relevant Scrutiny Committee: Internal O&S

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

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

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

Recommendations:

The Committee notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual West Devon Borough Council debts totalling £20,949.61 as detailed in Tables 1 and 2.

The Committee approves the write off of individual debts in excess of £5,000 totalling £19,658.78, as detailed in Table 3.

1. Executive summary

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

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

This report covers the period 1st July 2015 to 30th September 2015.

2. Background

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

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

West Devon Borough Council's collection rates for 2014/15 were; Council Tax 97.6% & Business Rates 98.3%.

In the first two quarters of 2015/16 the Council has collected £19,405,970 in Council Tax and £6,538,699 in Business Rates. The total collectable debt for 2015/16 (as at 30th September) for Council Tax is £33.99 million and for Business Rates is £10.89 million.

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

3. Outcomes/outputs

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £1,591,449. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

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

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

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

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

Supporting Information

Appendices:

Table 1 – Council debt under £5,000 written off by the Section 151 Officer

Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer

Table 3 – Summary of items over £5,000 where permission to write off is requested

Table 4 – National & Local Collection Statistics re 2014 / 15 Collection Rates

Table 5 – Quarterly income in 2014 / 15 relating to all years

Table 6 – Previous Year Write Off Totals

Background Papers:

Section 151 Local Government Act 1972

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

Section 14 Local Government Finance Act 1992 (Council Tax)

Recovery Policy

Approval and clearance of report

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

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

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2014/15		Grand Total 2014/15	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	8	Overpaid Entitlement	6,278.95	42	20,608.44	23	17,407.57	107	47,706.29
COUNCIL TAX BENEFIT	1	Bankruptcy/DRO/IVA/CVA etc	137.40	1	137.40	2	1,714.24	5	6,617.23
	-	Deceased	-	-	-	-	-	1	755.04
	-	Other	-	-	-	-	-	-	-
	2	Absconded	674.11	6	4,134.02	7	7,512.05	14	15,213.17
	7	Not Cost Effective to Pursue	229.69	12	237.96	18	1,756.74	27	2,263.49
	3	Uncollectable Old Debt	544.11	9	5,754.73	3	2,896.67	10	4,922.65
Total	21		7,864.26	70	30,872.55	53	31,287.27	164	77,477.87
COUNCIL TAX	7	Absconded	5,604.79	33	23,811.78	17	9,313.45	70	19,555.90
	6	Bankruptcy/DRO/IVA/CVA etc	3,730.69	18	20,532.62	9	11,424.44	36	33,436.79
	1	Deceased	159.42	3	3,188.73	2	992.58	11	2,725.90
	-	Other	-	2	1,943.44	2	210.00	11	3,414.68
	2	Small Balance	47.24	6	190.30	1	6.06	198	7,030.35
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	-	Administration	-	-	-	-	-	1	1,108.21
Total	16		9,542.14	46	49,666.87	31	21,946.53	327	67,271.83
SUNDRY DEBTS	-	Small Balance	-	1	0.15	2	0.08	5	80.49
	-	Bankrupt/DRO/IVA/CVA etc	-	-	-	-	-	-	-
	-	Not Cost Effective to Pursue	-	1	60.00	1	40.00	2	191.98
	1	Uncollectable Old Debt	480.00	1	480.00	1	435.00	1	435.00
	-	Absconded	-	-	-	-	-	1	180.00
	2	Other	790.00	2	790.00	-	-	-	-
Total	3		1,270.00	5	1330.15	4	475.08	9	887.47
Grand Total	40		18,676.40	97	81,869.57	88	53,708.88	500	145,637.17

**Breakdown of Absconded Council Tax Debt
(Some cases have debts over more than one year)**

Year	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	Pre 2005/06	Total
Value	2	1	2	2	3	1	-	-	-	-	-	11
Number	131.26	469.09	187.93	1,982.36	2,267.09	567.06	-	-	-	-	-	5,604.79

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

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
			Quarter 2		Cumulative Total	Equivalent Quarter 2014/15		Grand Total 2014/15	
			Amount (£)	Cases		Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Bankruptcy/DRO/IVA/CVA etc	-	1	1,582.78	-	-	1	282.83
	-	Absconded	-	-	-	-	-	1	464.29
	-	Deceased	-	-	-	1	244.23	3	3,629.93
	2	Liquidation	2,273.21	2	2,273.21	2	5,283.32	5	6,472.58
	-	Other	-	1	756.54	1	661.20	4	1,925.76
	-	Small Balance	-	-	-	-	-	-	-
	-	Uncollectable Old Debt	-	-	-	-	-	2	1,009.40
	-	Administrative Receivership	-	-	-	2	2,746.33	4	3,914.33
Total	2		2,273.21	4	4,612.53	6	8,935.08	20	17,699.12

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

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2015/16			Totals for Comparison purposes			
			Quarter 2		Cumulative Total	Equivalent Quarter 2014/15		Grand Total 2014/15	
			Amount (£)	Cases		Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	2	Liquidation	19,658.78	3	29,217.16	-	-	1	18,128.27
	-	Administrative Receivership	-	-	-	-	-	-	-
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy/DRO/IVA/CVA etc	-	-	-	-	-	4	46,810.48
	-	Deceased	-	-	-	-	-	1	15,851.37
	-	Other	-	-	-	1	8,715.95	1	8,715.95
Total	2		19,658.78	3	29,217.16	1	8,715.95	7	89,506.07
HOUSING BENEFIT	-	Bankruptcy/DRO/IVA/CVA etc	-	1	5,898.04	-	-	-	19,443.12
	-	Overpaid Entitlement	-	1	9,787.06	-	-	-	6,045.46
Total	-		-	2	15,685.10	-	-	-	25,488.58
COUNCIL TAX	-	Bankruptcy/DRO/IVA etc.	-	-	-	-	-	-	-
	-	Absconded	-	-	-	-	-	1	5,265.60
Total	-		-	-	-	-	-	1	5,265.60
Grand Total	2		19,658.78	3	25,244.26	1	8,715.95	10	120,260.25

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

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

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

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

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

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

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between April 2014 - June 2014	9,788	3,591
Quarter 2 - Receipts collected between July 2014 - September 2014	9,102	2,772
Quarter 3 - Receipts collected between October 2014 - December 2014	9,232	2,710
Quarter 4 - Receipts collected between January 2015 - March 2015	4,272	1,331

* Net Cash Collected is total receipts in 2014-15 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS

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

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Agenda Item 12

At a Meeting of the **OVERVIEW & SCRUTINY (INTERNAL) COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **6th** day of **OCTOBER 2015** at **2.00 pm**.

Present:

Cllr C R Musgrave – Chairman
Cllr J Yelland – Vice-Chairman
Cllr C Edmonds Cllr J Evans
Cllr L J G Hockridge Cllr P Kimber
Cllr J R McInnes Cllr C Mott
Cllr D E Moyse Cllr D K A Sellis

Head of Paid Service
Executive Director (Service Delivery and Commercial Development)
Group Manager – Support Services
S151 Officer
Specialist Manager
Community Of Practice Lead – Development Management
Monitoring Officer
Senior Specialist – Democratic Services
Contact Centre Manager

Also in Attendance:

Cllrs M J R Benson, W G Cann OBE, D W Cloke, A F Leech, J B Moody, G Parker, T G Pearce and P R Sanders

***O&S(I) 21 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr M Davies and Cllr K Ball, who had been invited to attend in his capacity as Chairman of the Member Development Steering Group.

***O&S(I) 22 CONFIRMATION OF MINUTES**

The minutes of the Meeting held on 21 July 2015 were confirmed and signed by the Chairman as a correct record.

***O&S(I) 23 DECLARATIONS OF INTEREST**

Members and officers were asked to declare any interests in the items of business to be considered during the course of this meeting. These were recorded as follows:-

Cllrs J Yelland, C Edmonds, C Mott, J Evans and L J G Hockridge each declared a personal interest in Item 7: 'Medium Term Financial Strategy for the Five Year Period 2016/17 to 2020/21' (Minute O&S(I) 26 below refers) and specifically the part of the item that related to the amount of Council Tax Support Grant proposed to be passed on to Town and Parish Councils for 2016/17.

Each Member declared their interest by virtue of being serving Members of local Town and Parish Councils and each remained in the meeting and took part in the debate and vote thereon.

***O&S(I) 24 PUBLIC FORUM**

It was noted that no issues were raised in accordance with the Public Forum.

***O&S(I) 25 HUB COMMITTEE FORWARD PLAN**

The most recent (published 29 September 2015) Hub Committee Forward Plan was presented for consideration. Since no issues were raised by Members, the Committee proceeded to note the contents of the Plan without any further comment.

O&S(I) 26 MEDIUM TERM FINANCIAL STRATEGY FOR THE FIVE YEAR PERIOD 2016/17 TO 2020/21

The Committee considered a report that presented the annual review of the Council's Medium Term Financial Strategy (MTFS). The MTFS was based on a financial forecast over a rolling five-year timeframe to 2020/21, which would help to ensure that resources were aligned to the outcomes in Our Plan.

In the ensuing debate, particular reference was made to:-

- (a) the Government announcement in relation to Councils being able to keep all of the Business Rates generated in their local areas. Officers informed that the implications of the announcement made earlier that week were as yet unknown and it was anticipated that further information would be forthcoming at the Autumn Spending Review on 25 November 2015;
- (b) the complexities of understanding local government finance. In the event of any Members not fully understanding any of the issues relating to local government finance, the Chairman invited them to request a meeting with the Section 151 Officer;
- (c) Disabled Facilities Grants (DFGs). Members noted that, whilst the Council had a statutory responsibility to fund and administer DFGs, it did not have any control over factors such as the number of referrals. As a consequence, the Government only partially grant funded DFGs and the Council therefore had to fund the shortfall. In an attempt to recognise the benefits that DFGs had on other public sector bodies (e.g. the health sector), officers informed that discussions were ongoing with local MPs in an attempt to establish a more joined up and co-ordinated approach towards the funding of DFGs;

- (d) Income Generation streams related to renewable energy. In reply to Members' questioning whether it was now a realistic aspiration to raise income through renewable energy methods, it was noted that the MTFs did not make any provision or specific reference to this being a potential income source. However, at this stage, all income streams were being fully explored by the Business Development Group Manager;
- (e) the upcoming Budget Principles Workshop for Members on 20 October 2015. Members were encouraged to attend this interactive Workshop, which would partly focus on the MTFs;
- (f) the proposed level of Council Tax for 2016/17. Whilst regrettable, such was the extent of the continual budget reductions in central government grant funding, that Members felt it essential to continue to increase the Council's base budget through modest increases in Council Tax. The following motion was then **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED**:
- 'That the level of Council Tax increase for 2016/17 be set at 1.99%';*
- (g) New Homes Bonus monies being used to support the revenue budget. Some Members expressed their concerns at the level of reliance which the Council had placed on the New Homes Bonus monies underpinning the Revenue Budget. However, the Members also acknowledged that the Council had little choice at present, but there was a general acceptance of a need to plan ahead for life after the New Homes Bonus;
- (h) the amount of Council Tax Support Grant to be passed on to Town and Parish Councils for 2016/17. In light of the anticipated 11.2% decrease in Settlement Funding Assessment from central government, the majority felt it to be appropriate that the Council pass this on to town and parish councils. Whilst unfortunate, Members recognised that if this reduction was not passed on to town and parish councils, then the Council would have to absorb it. In addition, since town and parish councils were not subject to capping, then they maintained the ability to increase their precepts without any restrictions. Should the Council ultimately endorse this proposal, Members emphasised the importance of this decision being appropriately communicated with town and parish councils;
- (i) establishing the minimum level of unearmarked reserves at £750,000. In endorsing this principle, Members recognised that previous audit guidance recommended that it was prudent for unearmarked reserves to be set at least 10% of the Council's net budget;

- (j) the anticipated 2016/17 budget surplus of £571,177. The Committee was of the view that the anticipated surplus for 2016/17 should be ringfenced for future income generation opportunities and held in an earmarked reserve for that specific purpose.

It was then:

RECOMMENDED

That the Committee has considered the five-year Medium Term Financial Strategy and has provided an indication to the Hub Committee of the budget principles that the Committee would like to see adopted, with particular reference to:-

1. the level of Council Tax increase for 2016/17 being set at 1.99%;
2. New Homes Bonus monies being used to support the revenue budget;
3. the amount of Council Tax Support Grant to be passed on to Town and Parish Councils for 2016/17 be reduced by 11.2% (in line with the reduction incurred by the Council in its Settlement Funding Assessment);
4. maintaining the current Council policy on the minimum level of unearmarked reserves being set at £750,000 (paragraph 9.2 of the presented agenda report refers); and
5. the anticipated 2016/17 budget surplus (£571,177) being ringfenced for future income generation opportunities and held in an earmarked reserve for that purpose.

***O&S(I) 27 UPDATE ON THE TRANSFORMATION PROGRAMME T18**

The Group Manager (Support Services) presented an update on the Transformation Programme. In so doing, the latest version of the Phase 1b Software roll-out (as attached at Appendix A) was tabled to the meeting.

In the ensuing discussion, specific reference was made to:-

- the planning portal. Whilst the problems with the old portal were well rehearsed, the Committee was informed that it would take four weeks to fully repair it. As a consequence, and in light of the close proximity to the launch of the new portal, it was not considered to be an effective use of time to permanently fix the old portal;
- prioritising the processes. It was noted that officers were currently working on prioritising those processes that were considered to have the greatest impact on customer services;
- the programme still being within the financial parameters that had been agreed by the Council.

***O&S(I) 28 DEVELOPMENT MANAGEMENT – SERVICE UPDATE AND PRESENTATION**

The Specialist Manager conducted a PowerPoint presentation which provided an update on the Development Management service.

In discussion, the following points were raised:-

- (a) When questioned, officers advised that the backlog of planning applications currently stood at 90, with each of these being defined as 'non-majors'. In reply, Members stressed the impact that this was having on local businesses and residents alike and queried how they should be responding to upset applicants. In such instances, officers urged Members to encourage applicants to either contact the Specialist Manager or the Community Of Practice Lead – Development Management. At the very least, the Council wanted to discourage any more appeals or complaints from being lodged;
- (b) With regard to planning enforcement cases, the Committee was informed that there were around 209 live enforcement investigations currently in the system. Enforcement Officers were currently working through the list with local Members and town and parish council clerks and a monthly progress report was being sent out to Members and clerks;
- (c) A lengthy debate took place with regard to the most appropriate methods of keeping Members informed of service updates. A number of options were considered, with the following conclusions reached:-
 - a monthly update via the Members' Bulletin. Members concluded that a monthly service update could be included in the Bulletin;
 - an update presented to the next Overview and Scrutiny (Internal) Committee meeting on 8 March 2016. The Committee endorsed this suggestion;
 - consideration at future Hub Committee meetings. Such was the significance of the issue, that some Members felt that a service update should be a standing agenda item for the Hub Committee. However, the majority view was that it should be at the discretion of the lead Hub Committee Member to determine as and when it was appropriate to schedule a service update on to a Hub Committee meeting agenda.

***O&S(I) 29 CUSTOMER SERVICES STATS UPDATE**

Having presented the Panel with the latest Customer Services performance comparisons, the Contact Centre Manager advised that the capacity issues were recognised. To address this issue, the service was in the process of recruiting 8 full-time equivalent (fte) members of staff. Of these 8, it was confirmed that 2.5 fte were to be based at West Devon, with the remaining 5.5 based at South Hams.

In the general discussion, particular reference was made to:-

- (a) the West Devon area, A Member requested that members of staff who were based at South Hams be given additional training on the villages, parishes and geography of the West Devon area;
- (b) the role of the Locality Officers. Officers advised that the locality model of working had yet to have a big impact for customer services;
- (c) the volume of calls being taken on behalf of other agencies and authorities. Whilst the Council did not currently have a breakdown of calls in this regard, officers advised that a new telephony system was being evaluated. One of the positive factors of this new system was that it included provision for an increased number of automated messages to be recorded and this would enable greater signposting opportunities;
- (d) footfall into the Council offices. To ascertain any trends in footfall, Members noted that the service was now starting to log footfall.

***O&S(I) 30 OMBUDSMAN UPDATE AND ANNUAL REVIEW LETTER**

The Committee considered a report that presented the Local Government Ombudsman's Annual Review Letter 2015 regarding Ombudsman complaints received against the Council for the period 1 April 2014 to 31 March 2015.

In discussion, the following points were raised:-

- (a) Officers highlighted that the Senior Leadership Team (SLT) was giving great emphasis to the importance of dealing with (and reducing) the number of complaints received by the Council. SLT was in the process of rolling out a cultural shift across the organisation whereby a complaint should be considered as a project that needed to be solved. Furthermore, since the overwhelming majority of complaints received were associated with poor communication, SLT was having more pro-active dialogue with the Ombudsman and actively promoting officers to say sorry (where appropriate) to complainants. The majority of staff would also be attending a mandatory Ombudsman course during October 2015;
- (b) Some Members made reference to a particularly high profile case and felt that the lack of communication with both local Ward Members and the Planning and Licensing Committee in this instance had been regrettable. Furthermore, these Members highlighted the reputational damage that had been caused by this longstanding case and felt that it would be helpful for the Monitoring Officer to produce and provide Members with a 'lessons learned' paper in this regard.

It was then:

RESOLVED

That the Committee has reviewed the Ombudsman's Annual Letter and has considered what corporate lessons may be learnt and whether further service improvements are required.

***O&S(I) 31 NOTES ARISING FROM THE MEMBER DEVELOPMENT STEERING GROUP MEETING HELD ON 24 AUGUST 2015**

Members were presented with the notes arising from the Member Development Steering Group meeting held on 24 August 2015. In presenting the notes, the Committee Vice-Chairman stressed the benefits of Members completing the Learning Needs Questionnaire and taking advantage of the One-to-One interview opportunity with the Devon Member Development Officer.

It was then:

RESOLVED

That the notes arising from the recent Member Development Steering Group meeting be received and noted.

***O&S(I) 32 TASK AND FINISH GROUP UPDATES**

(a) Performance Management

The Panel was informed that a draft report had been prepared and the Task and Finish Group had made a number of comments that were currently being reviewed.

***O&S(I) 33 DRAFT WORK PROGRAMME 2015/16**

The Committee considered its draft 2015/16 Work Programme (as circulated with the published agenda) and made reference to a further Development Management service update being presented to the next Committee meeting on 8 March 2016.

(The meeting terminated at 4.35 pm)

Chairman

Appendix A

