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WEST DEVON RESOURCES COMMITTEE - TUESDAY, 23RD JULY, 2013

Agenda, Reports and Minutes for the meeting

Agenda No Item

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

2. **Reports**
 Reports to Resources:
 - a) Item 5 - Meeting the Financial Challenge (Pages 5 - 18)
 - b) Item 6 - Write Off Report (Pages 19 - 24)
 - c) Item 7 - Section 106 Community Facilities Fund criteria amendment (Pages 25 - 28)

3. **Minutes** (Pages 29 - 32)

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Agenda Item 1

A G E N D A – RESOURCES COMMITTEE – 23rd JULY 2013

PART ONE – OPEN COMMITTEE

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).

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4. **Confirmation of Minutes**

Meeting held on 26th March 2013 (previously circulated)

5. **Meeting the Financial Challenge**

Report of the Chief Executive and Head of Finance & Audit 1

6. **Write Off Report**

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7. **Section 106 Community Facilities Fund criteria amendment**

Report of the Countryside and Community Projects Officer 20

PART TWO ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION IS LIKELY TO BE DISCLOSED (if any).

If any, the Committee is recommended to pass the following resolution:

“**RESOLVED** that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraphs given in Part I of Schedule 12A to the Act”.

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STRATEGIC RISK ASSESSMENT

Reports to Members

Members will be aware of the requirement to take account of strategic risk in decision making. This note is designed to support Members consider strategic risks as part of the assessment of reports from officers.

There are an increasing number of issues that we have a statutory requirement to take into account which affect all aspects of the Council's policies and service delivery (e.g. Human Rights Act). There are also discretionary issues we choose to highlight in our reports (e.g. Financial Implications, and Impact on Council Priorities and Targets). Common Law duty requires Local Authorities to take into account all things they need to take into account! The Courts hearing Judicial Review applications make this their starting point in deciding whether any decision is reasonable.

Officers have a responsibility to assess the implications of recommendations to Members. Members should ensure that before making a decision they have undertaken a similar consideration relating to the risks associated with the report.

Examples of risk to be considered:-

Statutory Requirement :

- Equalities and Discrimination, particularly Race Equality. (Consider the impact on each of the following equality areas: Race, Religion and Belief, Gender, Sexual Orientation, Disability, Age)
- Human Rights
- Crime and Disorder
- Health and Safety
- Employment Legislation
- Data Protection
- Freedom of Information
- Corporate activity with an impact on Areas of Outstanding Natural Beauty, National Parks, Sites of Special Scientific Interest, and biodiversity

Corporate Requirement :

- Impact on Council's Reputation
- Impact on Priorities, Cross-Cutting themes, Targets and / or Commitments
- Impact on Standing Orders / Financial Regulations
- Impact on Council's Assets
- Financial Risks
- Compliance with National Policies and Guidance
- Impact on Sustainability

Members' attention is drawn to the Risk Assessment section within each report. Members are encouraged to consider whether the report has satisfactorily identified all likely negative impacts and mitigating action that will be taken. Members also need to consider the opportunities presented by actions, noting that any change entails an element of risk. The challenge is to effectively manage that risk.

RISK SCORING MATRIX

Impact/Severity		Target impact	Stakeholder impact	Finance impact
1	Insignificant	Low impact on outcome & target achievement & service delivery	Low stakeholder concern	Low financial risk
2	Minor	Minor impact on outcome & target achievement & service delivery	Minor stakeholder concern	Minor financial risk
3	Moderate	Moderate outcome & target achievement & service delivery	Moderate stakeholder concern	Moderate financial risk
4	Serious	High impact on outcome & target achievement & service delivery	High stakeholder concern	High financial risk
5	Very serious	Very high impact on outcome & target achievement & service delivery	Very high stakeholder concern	Very high financial risk
Likelihood/Probability		Risk	Opportunity	
1	Very low	Negligible chance of occurrence; has not occurred	Possible opportunity yet to be investigated with low likelihood of success	
2	Low	Low chance of occurrence; has occurred infrequently but within internal control	Opportunity being investigated with low likelihood of success	
3	Medium	Equal chance of occurrence or non occurrence; could occur more than once and be difficult to control due to external influences	Opportunity may be achievable with careful management	
4	High	More likely to occur than not occur; has occurred more than once and difficult to control due to external influences	Good opportunity which may be realised	
5	Very high	Very high chance of occurrence but not a certainty; has occurred recently	Clear reliable opportunity with reasonable certainty of achievement	

Risk score = Impact/Severity x Likelihood/Probability

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	0	1	2	3	4	5
Impact						

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WEST DEVON BOROUGH COUNCIL

AGENDA
ITEM
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NAME OF COMMITTEE	Resources
DATE	23 July 2013
REPORT TITLE	Meeting the Financial Challenge
Joint Report of	Chief Executive and the Acting Head Of Finance & Audit
WARDS AFFECTED	All

Summary of report: The purpose of this report is to offer a way forward to overcome the 2014/15 budget gap of £728,000 and to build an approach that guarantees West Devon Borough Council's longer term viability.

RECOMMENDATIONS:

It is recommended that the Committee:

1. agrees £199,643 of savings identified for 2014/5 by the budget scouring exercise as outlined in paragraph 2.5; and,
2. notes the contents of the report which set out the outcomes from the Comprehensive Spending Review and the consequent additional financial difficulties arising from greater than anticipated funding cuts and the significant loss of New Homes Bonus from 2015/16 onwards.

Officer contact:

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 Dan Bates, Acting Head of Finance & Audit, 01822 813644 – dan.bates@swdevon.gov.uk

1. BACKGROUND

- 1.1 At the Resources Committee on 29 January 2013, Members acknowledged a £2.1m budget gap over the four financial years 2013/14 to 2016/17. Council subsequently approved a budget for 2013/14 reducing the gap by £355,000. The 2014/15 gap of £728,000 was described as particularly challenging and we agreed that work would start immediately to develop a strategy that would close the 2014/15 gap.
- 1.2 At the subsequent Resources Committee on 26 March 2013, a first edition of this 'Meeting the Financial Challenge' report was considered in which we undertook

to refine our approach in working towards a balanced budget, seeking Members' approval to specific measures in the year. This will enable us to:

- provide maximum warning of any service reductions to partners and stakeholders
- explore alternative ways of delivering services at a reduced cost
- potentially drive out greater efficiencies; particularly if we revise our approach to holding contingencies in corporate pots rather than in individual service areas

1.3 Since the initial report in March, a number of events and announcements have taken place which impact upon the financial position of the authority and the budget gap going forward. These are summarised below and developed in more detail in this report:

- Completion of the final accounts provides a clearer view of the Council's outturn position and reserves position
- The budget scouring exercise has been completed and this has identified savings which will close the budget gap. Member approval for these savings is sought (see recommendation)
- The Comprehensive Spending Review announcement was made by the Chancellor of the Exchequer on 26 June 2013 which has a significant impact on funding over next few years

2. THE MEDIUM TERM CHALLENGE

Comprehensive Spending Review

2.1 The Comprehensive Spending Review included a number of announcements which impact upon the Council's budget over the next five years. These are summarised below:

- As anticipated, Local Government funding is to reduce by 10% in 2015/16. Equivalent real terms cuts in funding were also announced for each year of the next parliament
- Council Tax Freeze Grant was announced for the next two years equivalent to a 1% increase. The percentage increase in Council Tax that will trigger a referendum remains at 2%
- In 2015/16, a £400m top slice of New Homes Bonus will part fund a £2bn economic growth pot for Local Enterprise Partnerships (LEPs) – this will significantly reduce the Council's New Homes Bonus grant from 2015/16 onwards
- An additional £100m Transformation Programme is to be made available to all Councils – this is an eleven fold increase on the £9.2 million programme to which West Devon and South Hams have made a joint bid

2.2 The impact of the Comprehensive Spending Review announcement on the budget gap analysis, originally considered at the February Resources Committee, is shown below:

	2014/15	2015/16	2016/17	Cumulative gap	2017/18
Budget Gap (reported at Committee in February 2013)	728,626	454,329	423,671	1,606,624	
Further reductions in Government Grant	31,452	108,015	116,533	256,000	
New Budget Gap	760,078	562,344	540,204	1,862,626	512,183
<i>Reduction in Budget Gap if Council Tax Freeze Grant is accepted</i>					
Council Tax Freeze Grant	(38,072)	(38,173)	76,245	0	0
Budget Gap	722,006	524,171	616,449	1,862,626	512,183
<i>Reduction in Budget Gap if Council Tax is increased by 1.9% each year</i>					
Increased Council Tax income	(72,338)	(73,903)	(75,498)	(221,739)	(77,146)
Budget Gap	687,740	488,441	464,706	1,640,887	435,037
New Homes Bonus forecast	1,124,945	796,214	940,711		792,738

2.3 The table shows an additional £256,000 of funding reductions over the three years. This is based on 10% reductions in each of those years. It also shows two scenarios for Council Tax. If the Freeze Grant is taken, savings of £1.863m will be required over the three years. A Council tax increase of 1.9% in each of the next three years would reduce this gap to £1,641m. The figures in bold show that the cumulative gap for the three years actually exceeds the predicted level of New Homes Bonus for 2016/17 which means that New Homes Bonus by itself can not be the solution to a balanced budget in the medium term.

2.4 The above table also shows a reduction in New Homes Bonus from a high point in 2014/15. This reduction is due to the Government's intention to top slice £400m nationally from allocations in order to fund a £2bn Economic Growth fund. The impact of this top slice is a reduction of New Homes Bonus equal to 35% in 2015/16, 29% in 2016/17 and 28% in the years 2017/18 and 2018/19. An estimate of New Homes Bonus for the next five years is shown below:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Year 1 - 2011/12	323,920	323,920	323,920	323,920	323,920	323,920		
Year 2 - 2012/13		568,622	568,622	568,622	568,622	568,622	568,622	
Year 3 - 2013/14			132,403	132,403	132,403	132,403	132,403	132,403
Year 4 - 2014/15				100,000	100,000	100,000	100,000	100,000
Year 5 - 2015/16					100,000	100,000	100,000	100,000
Year 6 - 2016/17						100,000	100,000	100,000
Year 7 - 2017/18							100,000	100,000
Year 8 - 2018/19								100,000
	323,920	892,542	1,024,945	1,124,945	1,224,945	1,324,945	1,101,025	532,403
Top Slice Loss	0%	0%	0%	0%	-35%	-29%	-28%	-28%
Forecast NHB	323,920	892,542	1,024,945	1,124,945	796,214	940,711	792,738	383,330
Annual change		568,622	132,403	100,000	-328,731	144,497	-147,973	-409,408

Budget Scouring Exercise

2.5 In March 2013, SMT undertook a budget scouring event. This involved a very focussed and systematic review of all cost centres on a line by line basis; looking at expenditure history over three years and aggregating spend at a corporate level to see whether any further savings could be identified. This exercise identified £199,643 of savings which, with very careful budgetary control, could be made during 2013/14 and count towards the budget gap in 2014/15 and beyond.

2.6 A schedule outlining the savings is included as Appendix A and Members are asked to approve these savings in the recommendations section.

3. CLOSING THE 2014/15 BUDGET GAP

3.1 The budget gap for 2014/15 reported to Resources Committee on 29 January 2013 was £728,000. In the table on the previous page, we set out a further widening of the gap by £31,452 as a consequence of additional funding reductions announced in the budget.

3.2 The gap outlined above takes consideration of known cost pressures netting to £279,000; this takes account of known contractual inflationary increases (eg. Waste contracts), salaries increases and pension liability increases. There are other, as yet uncoded, potential cost pressures in the pipeline such as the leisure contract renewal. As the year progresses, any such pressures will be coded and added to the gap analysis.

3.3 A number of potential savings were deferred from the 2013/14 budget for further consideration. Work is taking place through the year on these areas of savings and a brief summary on each area is considered in appendix B.

3.4 The table opposite sets out some cautious assumptions about how the gap might be bridged. Members will want to express views at this stage.

3.5 As set out in 2.5, the budget scouring exercise which took place during March has now been finalised and just under £200,000 of savings were identified. Although these savings will make a significant contribution to reducing the budget gap, it should be noted that the further reduction in resource has effectively

removed all contingency from the budget and will therefore necessitate rigorous budget monitoring throughout the year.

- 3.6 In order to take account of the budget gap, the SMT has agreed a vacancy management process. There will be a 'presumption against filling' unless a clear case for recruiting exists based on specific criteria including impacts on performance, service provision, income generation etc. Although this process has identified savings in the first quarter of about £50,000, we do not feel that it is appropriate, until further information is available, to assume any future budget savings over and above the £125,000 already built into the budget. A further position up date will be available at the half year position.

DESCRIPTION	14/15 £000s	COMMENTS
Budget Gap	759	As set out in Appendix B of the Resources Committee report of 20 January 2013 and amended in the table at 2.2 for additional 14/15 funding reductions.
Measures to bridge the gap		
Council Tax from additional properties	10	Based on an increase of 50 band D equivalent properties.
Council Tax Increase	72	The Government has announced in June that it intends to retain the Council Tax 'referendum' limit at 2%. We have increased the assumed Council Tax increase to 1.9% (from 1.5% reported in March).
Lower Collection Fund redistribution	(15)	A lower year end balance on the Collection Fund due to reduced council tax collection will result in a lower Collection Fund surplus redistribution than in previous years. Improvements in collection will minimise any such loss in the future.
Council Tax Support – charging claimants proportion of Council Tax	40	By charging previous Council Tax Benefits to cover the reduction in funding to the Council associated with Council Tax Support. We have commenced some financial modelling work to understand the impacts of the Council Tax Support and technical changes in 2013/14 and will use this to outline costed options for Council Tax Support in 2014/15.
Rates Growth	25	Estimates remain unchanged from previous report and are based upon external consultant's information. We are now modelling early 2013/14 business rates data in order to establish reliable predictions going forward. However, uncertainty about rates appeals means that it is difficult to establish definitive estimates of additional income from localised rates.
Rates Pooling	30	
Scouring Budgets for Savings	200	We have now finalised this exercise and savings of £200,000 can be factored into reducing the budget gap for 2014/15 – see 3.6.
Vacancies Control	0	See paragraph 3.6. Careful vacancy management might result in budget savings over and above the £125,000 vacancy allowance. Further consideration of this will be made with the benefit of half year financial information.

Potential Deferred Savings	87	As set out in 3.4.3, a number of savings were identified as part of the 2013/14 budget setting process but were deferred for consideration over the next year
Total of Measures to Bridge the Gap	449	
Further resource required to close the budget gap	310	

Reducing reliance on New Homes Bonus via the Transformation Programme

- 3.7 The table shows potential estimated savings of £449,000 which leaves a further £310,000 to find in order to balance the budget for 2014/15. If further savings are not found then, as in past years, an increased use of New Homes Bonus (NHB) will be needed as a balancing figure. The Council received £1.025m in NHB in 13/14 and a further £100,000 is anticipated for 2014/15. However, Members have signalled an intention to become less reliant on NHB to balance the budget going forward and the Transformation Programme (T18) is viewed as the primary driver to achieve the savings required over the next few years.
- 3.8 The table above does not include any savings from the Transformation programme. Key decisions on accommodation and organisation over the next year should deliver savings and reduce the Council's reliance on NHB in order to balance the budget. The Council's Financial Strategy, which will be considered at the September Resources Committee, will provide details of anticipated savings from the Transformation Programme over the next four years.

The Reserves Position

- 3.9 Since the previous report, the Council's final accounts process has been completed. Subject to audit, the accounts show an increase in the General Fund Reserve to £1,030m. This is significantly higher than the £750k agreed as the minimum level to cover unforeseen circumstances.
- 3.10 Additionally, there is an earmarked reserve of £52,000 for New Homes Bonus which Members have agreed will be designated as an Invest to Save reserve aimed at providing 'up front' resource in order to deliver future savings via the Transformation Programme. Additionally, a review of the year end position of the capital programme suggests that up to £250,000 of New Homes Bonus could be released from the programme and redirected to the 'Invest to Save' reserve.
- 3.11 A full reserves strategy will be incorporated into the Financial Strategy to be considered by this Committee at its September meeting.

4. CONCLUSION

- 4.1 As previously concluded, the Council can remain financially viable through careful financial management and a focus on the Transformation Programme. This is not to understate the considerable financial pressures that the Council will face through the relentless reductions in Government Funding.

4.2 The Council's well above average performance in terms of New Homes Bonus provides an essential 'stop gap' in funding which allows the Council to deliver significant transformation savings via a well managed programme of change which aims to minimise any reductions to services.

5. LEGAL IMPLICATIONS

5.1 In accordance with the Council's Delegation Scheme, the Resources Committee is responsible for recommending to Council the budgetary framework. The Council is required to adopt the revenue budget.

6. RISK MANAGEMENT

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

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	A balanced budget underpins the Council's capacity to delivers its corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151
Considerations of equality and human rights:	
Biodiversity considerations:	None directly related to this report.
Sustainability considerations:	None directly related to this report.
Crime and disorder implications:	None directly related to this report.
Background papers:	Report to Resources Committee on 26 th March 2013 Meeting the Financial Challenge
Appendices attached:	Appendix A – Summary of budget scouring savings Appendix B – Update on Deferred Savings from 2013/14 budget

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Robustness of medium term financial strategy and service blue-prints	Not achieving financial savings as anticipated	5+	3	15	↔	Corporate engagement in the development of the medium term financial strategy.	H of Finance & Audit
		External change to the national economic environment which may impact on our funding expectations.					Service commitment to business planning processes.	Corporate Director (TW)
		Implications of changes to the funding of local government through locally collected business rates and revenue support grant. Effect of the localisation of council tax.					Robust horizon scanning to monitor changes in Government policy.	Corporate Director (AR)
		Achieving anticipated income targets in the current financial climate.					The Council responded to the consultation on the localisation of business rates and will carry out regular monitoring during the financial year to ascertain the effect of the new scheme on the Council's finances. (see Risk No. 2 below)	H of F&A
							Monitoring of corporate income streams and revenue budgets.	H of F&A
2	Income from Business Rates	The figures for income from Business Rates are best estimates at this date (the NNDR1 return forecasts Business Rates for the forthcoming year).	5	3	15	↔	The position will be monitored by the Head of Finance and Audit.	H of F&A
							The quarterly Revenue Budget Monitoring reports will monitor Business Rates income against	

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
Page 13		<p>Predictions could vary by £100,000. The figures are subject to volatility both from business rating appeals and from the economic climate.</p> <p>It is understood that a number of city based local authorities have threatened a Judicial Review in respect of the appeals allowance built into the localised business rates system. A successful Judicial Review might impact unfavourably on West Devon's localised rates position and the amount that is retained locally.</p>					<p>projections. Any variances will be highlighted to Members at an early stage.</p> <p>The Council is part of a Devonwide Pooling arrangement for business rates and the anticipated gains from pooling of £29,000 have not been built in the base budget funding as this income is not guaranteed.</p>	
	3	Setting a lawful budget	Failure of the Council to set a lawful budget	5	1	5	↔	<p>The Budget is compiled in accordance with best practice guidelines issued by CIPFA and the Government. The final budget report includes an assessment from the Section 151 Officer on the adequacy of the Council's reserves and the robustness of the estimates made. The budget process is laid down in the Council's Constitution.</p>

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
							Resources Committee and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.	
4	Corporate Priorities	Failure to target budgets to service priorities	5	3	15	↔	<p>Service priorities will be reviewed and reduced.</p> <p>Budget reductions include a section on their impact on council priorities and a risk assessment. The budget is subjected to extensive consultation with all Members, the public and the business community. Adequate levels of appropriately trained staff. Thorough planning and monthly monitoring of performance to management, quarterly to the Resources Committee.</p>	Head of Finance and Audit

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Direction of travel symbols ↓ ↑ ↔

APPENDIX A – Schedule of Budget Scouring Savings

Environmental Health and Housing	
Rationalisation of Vacant Posts	£22,670
Reduction in Home Improvement Agency Specialist Advice	£21,500
Reduction in Civil Contingencies Act budget	£12,000
Finance	
Rationalisation of Vacant Post	£15,800
Reduction in Cost of Finance Ledger System	£5,500
Assets	
Reduction in Swimming Pool Subsidy	£12,600
ICT & Customer Services	
ICT Infrastructure Savings	£22,000
Environmental Services	
Waste Collection Operating Costs	£12,100
Waste Collection Depot Costs	£35,000
Street Cleaning Operating Costs	£4,000
Landscape Maintenance Savings	£13,300
Corporate Services	
Committee Administration	£5,000
Reduction in Media Costs	£5,000
Planning, Economy & Community	
Rationalisation of Vacant Posts	£29,000
Sub Total	<u>£215,470</u>
Additional Net Additions to Budget	<u>(£15,827)</u>
Budget Scouring Net Total	<u>£199,643</u>

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APPENDIX B – Progress on deferred savings

Area of Potential Saving	Potential Saving Identified	Current recommended saving	
Closure of TICs	£50,000	£50,000	Consultation with interested parties in Tavistock and Okehampton has commenced and is ongoing. Further report to September Resources Committee.
Economy service reduction	£20,000	£20,000	Active consideration underway. Further report to September Resources Committee.
Ending Giro Payments	£18,000	£3,000 per year over next three years	A separate report is attached below this table.
CVS Grant Reduction	£8,500	£8,500	Consultation process underway. Further report to September Resources Committee.
Discretionary Rate Relief Reduction	£5,500	£5,500	It is felt that this saving could be achieved with changes to the criteria for considering discretionary relief. With further work around the localisation of business rates, it is possible that more substantial savings might be available to this budget. Modelling work is ongoing and an update will be available at the September Resources Committee.
Total Potential Savings	£102,000	£87,000	

Giro Payment Card Changes

The Council receives approximately £43 million in income each year in a variety of ways:

- £280k in cash
- £3.2 million in cheques
- £167k in credit card payments
- £1.8 million in debit card payments
- £28 million in direct debits
- **£3.1 million in Giro card payments**
- £7 million in standing order payments

All of these payment methods have a cost associated with them and these range from 2 pence (direct debits) to 0.5% of the transaction cost (credit card payments).

We process £3.1 million through the Santander card scheme (Giro) at a cost of 64p per transaction and last year we processed 26,000 transactions at an annual cost of £16k. The income received by this method is reducing each year and our charges have reduced by £4k per annum since 2010 -11.

We could take the decision to remove this payment facility altogether, but it is important to understand that this method may be the only option for some of our customers where they do not have a bank account and cannot get into the council offices. This might have an adverse impact to our Council Tax collection rate particularly next year if Council Tax Support increases the number of households liable for Council Tax.

We are looking to replace the existing card payment scheme with a bar coded bill system. This will reduce the card replacement and administration costs. We are also looking at the possibility of increasing the number of outlets where our customers can make payments. The Paypoint scheme allows payment in the Post Office or village/local shop. This may be of particular use to customers in rural locations where there is no longer a post office, but there is a Paypoint terminal.

It will be important for the Council to have a payment facility which is flexible for these residents. They may struggle to pay their bills and the introduction of bar coded bills through the Paypoint facility would provide a convenient, as well as cost effective, solution for customers as they may already be paying some of their other bills via this method.

In terms of the budget, as already outlined, the administration cost of Giro payments has already reduced. We would recommend a reduction in the budget in 2014/15 of £3,000 with subsequent reductions in the following two years of £3,000 as other alternatives are promoted. We do not recommend the complete removal of this service on the grounds of a potential 'false economy' arising from the risk of increased non-payment from those customers who rely on this method of payment and have fewer ready alternatives.

WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Resources Committee
DATE	23 July 2013
REPORT TITLE	Write Off Report
Joint Report of	Acting Head of Finance & Audit Head of ICT & Customer Services
WARDS AFFECTED	All

Summary of report:

The Council is responsible for the collection of: Sundry Debts including Housing Benefit Overpayments and Council Tax. It also collects National Non - Domestic (Business) Rates on behalf of the Government.

The report informs Members of the debt written off for these revenue streams. Debts up to the value of £5,000 are written off by the Head of Finance and Audit under delegated authority. These debts are listed in this report for information. Permission needs to be sought from the Committee to write off individual debts with a value of more than £5,000.

This report covers the period: 1st January 2013 to 31st March 2013.

Financial implications:

West Devon Borough Council Debts totalling £41,795.37 to be written-off together with £8,031.40 of Non Domestic Rate debt which is collected on behalf of the Government.

RECOMMENDATIONS:

- 1) The Committee notes that, in accordance with Financial Regulations, the Acting Head of Finance and Audit has authorised the write-off of individual West Devon Borough Council debts totalling £41,795.37 together with £477.57 of Non Domestic (Business) Rate Debt which is collected on behalf of the Government as detailed in Tables 1 and 2.

- 2) The Resources Committee is requested to write off individual debts in excess of £5,000 as detailed in Table 3, totalling £7,553.83 for Non Domestic (Business) Rates.

Officer contact:

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 Darren Cole Telephone ext no. 3626 e-mail Darren.Cole@swdevon.gov.uk

1. BACKGROUND

- 1.1 The Council's sound financial management arrangements underpin delivery of all the Council's priorities, including the commitment to providing value for money services.
- 1.2 This report forms part of the formal debt write-off procedures included in these financial arrangements.
- 1.3 West Devon Borough Council's collection rate for Council Tax for 2011/12 was 97.5% and for Non Domestic (Business) Rates was 97.4%.

2. ISSUES FOR CONSIDERATION

- 2.1 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 £485,000. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered. The total collectable debt for Council Tax is £30.2 million and for Business Rates is £10.7 million.
- 2.2 All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. Sometimes, however, special arrangements are needed to effect recovery, and this may mean extending the period of time to collect the debt or ultimately instigating enforcement proceedings and then using Civil Enforcement Agents to secure payment.
- 2.3 In some cases further pursuit of the debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £5,000 are written off by the Head of Finance and Audit under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by Committee prior to the debt being written off.
- 2.4 A record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.
- 2.5 The Service has access to Experian's Citizenvue database which is currently the most reliable means of tracing absconded debtors. Each case is checked against this system before a decision is taken to write off the debt. A periodic review of write offs against this system may also be carried out to resurrect debts where appropriate.

3. LEGAL IMPLICATIONS

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

Section 151 Local Government Act 1972

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

Section 14 Local Government Finance Act 1992 (Council Tax)

4. FINANCIAL IMPLICATIONS

- 4.1 West Devon Borough Council debts totalling £41,795.37 to be written-off together with £8,031.40 Non Domestic (Business) Rate debt which is collected on behalf of the Government.

5. OTHER INFORMATION

Corporate priorities engaged:	Economy; Homes; Community Life
Statutory powers:	Section 151 Local Government Act 1972 Section 44 Local Government Finance Act 1988 (Non Domestic Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
Considerations of equality and human rights:	All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place
Biodiversity considerations:	None
Sustainability considerations:	A bad debt provision is built into the financial management of the Authority
Crime and disorder implications:	None
Background papers:	None
Appendices attached:	Tables 1, 2 & 3

RISK MANAGEMENT

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

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Direction of travel symbols ↓ ↑ ↔

TABLE 1 - SUMMARY OF WEST DEVON BOROUGH COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY THE HEAD OF FINANCE

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
HOUSING BENEFIT	16	Overpaid Entitlement	12,832.63	14	4,390.20	22	5,453.58
	-	Bankruptcy	-	-	-	-	-
	-	Deceased	-	1	552.20	6	1,414.36
	-	Other	-	4	569.11	2	632.94
	-	Absconded	-	1	71.34	8	2,040.08
	-	Not Cost Effective to Pursue	-	-	-	10	337.78
	6	Uncollectable Old Debt	763.49	-	-	-	-
Total	22		13,596.12	20	5,582.85	48	9,878.74
COUNCIL TAX	35	Absconded	13,481.30	102	68,635.10	56	27,249.89
	4	Bankruptcy	6,503.23	6	5,941.58	9	8,752.25
	7	Deceased	861.87	2	1,654.22	3	1,038.15
	18	Other	1,535.54	19	17,865.49	9	5,814.56
	79	Small Balance	2,322.32	11	316.95	27	1,507.60
	-	Uncollectable Old Debt	-	-	-	-	-
	-	Administration	-	6	1,918.64	-	-
Total	143		24,704.26	146	96,331.98	104	44,362.45
Sundry Debts	7	Small Balance	95.24	-	-	-	-
	3	Bankrupt	940.00	-	-	-	-
	7	Not Cost Effective to Pursue	562.75	-	-	2	360.00
	3	Uncollectable Old Debt	1,375.00	-	-	5	525.00
	2	Absconded	270.00	-	-	1	70.00
	1	Other	252.00	-	-	-	-
Total	23		3,494.99	-	-	8	955.00
Grand Total	188		41,795.37	166	101,914.83	160	55,196.19

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

Year	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	Total
Value	£0.00	£3221.68	£3694.02	£3990.55	£1263.76	£528.97	£0.00	£212.04	£527.58	£42.70	£13481.30
Number	0	15	15	9	3	1	0	2	1	1	47

TABLE 2 - SUMMARY OF NON-DOMESTIC RATE DEBT COLLECTED ON BEHALF OF GOVERNMENT UNDER £5,000 WRITTEN OFF BY THE HEAD OF FINANCE

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
NON-DOMESTIC RATE	1	Bankruptcy	172.57	5	636.48	-	-
	-	Absconded	-	15	9,620.37	-	-
	-	Deceased	-	1	128.58	-	-
	-	Liquidation	-	2	2,498.79	2	1,648.36
	1	Other	305.00	-	-	1	310.19
	-	Small Balance	-	11	425.49	-	-
	-	Uncollectable Old Debt	-	-	-	-	-
	-	Administrative Receivership	-	-	-	-	-
Grand Total-	2		477.57	34	13,309.71	3	1,994.55

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

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
NON-DOMESTIC RATE	-	Liquidation	-	-	-	-	-
	-	Administrative Receivership	-	-	-	-	-
	-	Absconded	-	-	-	-	-
	1	Bankruptcy	7,553.83	1	6,770.00	1	5,134.62
Total	1		7,553.83	1	6,770.00	1	5,134.62
COUNCIL TAX	-	Bankruptcy	-	1	6,285.83	1	6,285.83
	-	Absconded	-	1	6,781.09	-	-
Total	-		-	2	13,066.92	1	6,285.83
Grand Total	1		7,553.83	3	19,836.92	2	11,420.45

NAME OF COMMITTEE	Resources
DATE	23 July 2013
REPORT TITLE	Section 106 Community Facilities Fund criteria amendment
Report of	Countryside and Community Projects Officer
WARDS AFFECTED	All

Summary of report:

There is currently a match funding requirement for applications to the Section 106 (s106) Community Facilities Fund. This report seeks to waive the match funding requirement within the 24 months prior to a s106 agreement deadline to avoid reclaim of unspent funds by developers.

Financial implications:

The report seeks approval for amending the requirements of the s106 Community Facilities Fund, therefore there is no direct financial implication to the Council.

RECOMMENDATIONS:

It is recommended that where an application to the s106 Community Facilities Fund falls within the 24 months prior to a s106 agreement deadline, that authority be delegated to the Head of Finance and Audit and the Countryside and Community Projects Officer in consultation with the Ward Member, to authorise grants of above 50% of project costs in exceptional circumstances.

Officer contact:

Rob Sekula, Countryside & Community Projects Officer - rsekula@westdevon.gov.uk or 01822 813701

1. BACKGROUND

1.1 The Financial Procedure Rules recommended by the Audit Committee and approved by the Council in April 2013 changed the authorisation limits for approval of expenditure from S.106 funds as follows:

- i) For amounts up to £30,000, authorisation of expenditure must be sought from the Head of Finance & Audit by the appropriate Head of Service, following consultation with the relevant Ward Member as a minimum.

- ii) For amounts of greater than £30,000, authorisation requires the prior approval of the Resources Committee upon receipt of a report from the Head of Service and Head of Finance & Audit, following consultation with the relevant Ward Member.

2. ISSUES FOR CONSIDERATION

- 2.1 Each Community Facilities s106 agreement has a specified deadline for spend. Typically this is 5 years from the Council receipt of funds from the developer. Any funds unspent after this deadline can be reclaimed by the developer.
- 2.2 One of the criteria imposed on applicants to the s106 Community Facilities Fund by the Council is a requirement to match fund any s106 grant. Effectively, the maximum award under the Fund is for 50% of project costs. The requirement for match funding was intended to maximise the benefit of these funds to local communities by effectively doubling the value of the s106 funds.
- 2.3 In practice, despite the best efforts of some applicants and signposting by this Officer, some projects have struggled to secure the necessary match funding to enable their projects to proceed. As such funds may need to be withdrawn and re-committed to projects with lower project costs or match funding requirements.
- 2.4 In the situation where funds have not been successfully committed to match-funded projects before the last 24 months of a s106 agreement, it is proposed that the requirement for match funding is waived in exceptional circumstances.
- 2.5 Such an approach will ensure funds reach communities, and ensure that the Council does not face the prospect of returning funds unspent to the developer. Applications will continue to be subject to the same level of scrutiny by officers and Members as currently occurs against the criteria for the Fund.

3. LEGAL IMPLICATIONS

- 3.1 The necessary powers are given under the General Powers of Competence in the Localism Act 2011.
- 3.2 Member approval is required to amend the formerly adopted criteria for the S106 Community Facilities Fund.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications directly arising from this report.

5. RISK MANAGEMENT

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

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Community Life
Statutory powers:	Local Government Act 2000
Considerations of equality and human rights:	All constituted groups will be eligible to apply regardless of age, socio-economic status, disability, sex, race or sexual orientation. Projects that seek to promote religious beliefs or improve assets owned by religious organisations are not eligible for funding.
Biodiversity considerations:	Biodiversity is a consideration on the Sustainability Checklist (which is submitted to support applications) and would be scrutinised if necessary.
Sustainability considerations:	A Sustainability Checklist is submitted in support of applications, and the applicant must address the elements of sustainability within their project application.
Crime and disorder implications:	None relevant, however implications would be considered with each application
Background papers:	Strategy and Resource Committee, November 2010 Full Council, April 2012
Appendices attached:	N/A

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership	
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
	Unspent s106 funds	Reduce the likelihood/risk of returning unspent funds to developers	Unspent funds returned to developer	2	1	↓	Amending the s106 Fund criteria as proposed will enable funds to be fully committed to well scrutinised projects, reducing the likelihood of returning unspent funds to developers	R Sekula
Page 28	Realised community projects	Opportunity to support more community projects by waiving match funding requirements in specified circumstances	Community projects not realised due to lack of match funding	2	2	↓	Waiving match funding within 24 months of s106 agreement deadline will enable funds to be committed to projects that have struggled (or would struggle) to secure match funding. Worthwhile community projects will be realised as a result.	R Sekula

Agenda Item 3

At a Meeting of the **RESOURCES COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **23rd** day of **JULY 2013** at **2.00pm**

Present:

Cllr P R Sanders – Chairman	
Cllr S C Bailey	Cllr W G Cann OBE
Cllr T J Hill	Cllr J R McInnes
Cllr T G Pearce	Cllr P J Ridgers
Cllr E H Sherrell	

Substitute:

Cllr M E Benson for Cllr C M Marsh
Cllr A Clish-Green for Cllr C R Musgrave
Cllr R J Oxborough for Cllr R E Baldwin

In attendance: Cllrs D W Cloke and D M Horn

Chief Executive
Acting Head of Finance & Audit
Chief Accountant
Member Services Manager
Countryside and Community Projects Officer

***RC 01 APOLOGIES FOR ABSENCE**
Apologies for absence were received from Cllrs R E Baldwin, C M Marsh and C R Musgrave.

***RC 02 DECLARATIONS OF INTEREST**
Members were invited to declare any interests in the items of business to be discussed, but none were made.

***RC 03 CONFIRMATION OF MINUTES**
The Minutes of the Resources Committee Meeting held on 26 March 2013 were confirmed as a correct record.

***RC 04 MEETING THE FINANCIAL CHALLENGE**
The Leader presented a report of the Chief Executive and Acting Head of Finance and Audit (page 1 to the agenda) that offered a way forward to overcome the 2014/15 budget gap of £728,000 and to build an approach that guaranteed West Devon Borough Council's longer term viability.

The Acting Head of Finance and Audit gave a presentation to Members, that clearly explained the forecast budget gap taking a number of elements into consideration such as council tax increase, scoured savings, deferred savings and new homes bonus. He confirmed that the new homes bonus would be top sliced from 2015/16 resulting in a significant funding reduction for West Devon Borough Council. He concluded that the projected budget gap could only be closed by genuine transformational change.

During discussion, the following points were raised:

- The Head of ICT and Customer Services confirmed that, in advance of Members making a decision relating to council tax for the following year, a consultation exercise would begin in August in relation to various options for council tax. Whilst the consultation exercise last year only received a 5% response, phone calls to the Council were encouraged and road shows took place. Members were concerned about the low response rate but accepted that little more could be done. The Head of ICT and Customer Services also advised that other authorities were being monitored to see the effects of different schemes that were put in place last year. When making a decision, Members would need to take collection rates into account as they might be adversely affected depending on the scheme chosen;
- The Chairman drew Members' attention to the appendices to the presented report that outlined the elements of the budget scouring exercise whereby unspent monies were taken out of budgets, as well as the progress being made on deferred savings;
- Members discussed the loss of the new homes bonus to top slicing, but also discussed the impact of new homes in both Tavistock and Okehampton on the projected figures. One Member also raised the additional cost to the Council attached to those homes, such as refuse collection;
- A Member raised the importance of all Members attending the T18 sessions to ensure that there would be an understanding of the direction that the Council would have to take. It was clear from the projected figures that without the Transformation Programme, the Council would not be viable after the next couple of years;
- Members discussed the impact on staff and how the employment of agency staff would be a better option in the long term if the Council was looking to reduce the overall numbers of staff;
- The Acting Head of Finance and Audit advised that for the purpose of modelling, inflation was assumed at 3%. Some Members felt that this figure could be low. The Acting Head of Finance and Audit responded that work was being undertaken on all component parts and further modelling would take place;
- A Member stated that shared services with other authorities should be considered. The Leader added that not all authorities were in the same financial position;

- Members discussed Discretionary Rate Relief. The Acting Head of Finance and Audit outlined how the system would change as a result of localised rates. Whilst it was difficult to predict the exact affect on the Council, the Government had put in a safety net which would limiy any business rates loss to £108,000.

It was then **RESOLVED**:

- (i) That £199,643 of savings identified for 2014/15 by the budget scouring exercise as outlined in paragraph 2.5 of the presented report, be agreed; and
- (ii) That the contents of the report which set out the outcomes from the Comprehensive Spending Review and the consequent additional financial difficulties arising from greater than anticipated funding cuts, and the significant loss of New Homes Bonus from 2015/16 onwards, be noted.

***RC 05**

WRITE OFF REPORT

The Head of ICT and Customer Services presented a report (page 14 of the agenda) 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 are written off by the Head of Finance and Audit under delegated authority. These debts were listed in the presented report for information. The report sought authority to write off individual debts with a value of more than £5,000, details of which were outlined in Table 3 of the report. In introducing the report, he advised Members that a rigorous process was followed to do everything possible to recover a debt before it is written off.

It was **RESOLVED** that:

1. In accordance with Financial Regulations, the Acting Head of Finance and Audit had authorised the write-off of individual West Devon Borough Council debts totalling £41,795.37 together with £477.57 of Non Domestic Rate Debt which was collected on behalf of the Government, as detailed in Table 1 and 2 of the presented report be noted; and
2. Authority to write off individual debts in excess of £5,000 as detailed in Table 3 of the report, which totalled £7,553.83 for Non Domestic (Business) Rates, be granted.

***RC 06 SECTION 106 COMMUNITY FACILITIES FUND CRITERIA AMENDMENT**

The Countryside and Community Projects Officer presented a report (page 20 of the presented agenda) that sought to waive the match funding requirement within 24 months prior to a s106 agreement deadline to avoid reclaim of unspent funds by developers, in exceptional circumstances.

Following questions of clarity, it was then **RESOLVED** that where an application to the s106 Community Facilities Fund fell within the 24 months prior to a s106 agreement deadline, then authority be delegated to the Head of Finance and Audit and the Countryside and Community Projects Officer, in consultation with the Ward Member, to authorise grants of above 50% of project costs in exceptional circumstances.

(The Meeting terminated at 3.50 pm)