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WEST DEVON RESOURCES COMMITTEE - TUESDAY, 2ND DECEMBER, 2014

Agenda, Reports and Minutes for the meeting

Agenda No Item

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

2. **Reports**

Reports to Resources:

- a) Item 5 - Revenue and Capital Budget Proposals for 2015/16 to 2018/19 (Pages 5 - 26)
- b) Item 6 - Revenue Budget Monitoring 2013/14 - Quarter 2 - 30th September 2014 (Pages 27 - 36)
- c) Item 7 - Capital Budget Monitoring 2014/15 - Spend to 31st October 2014 (Pages 37 - 42)
- d) Item 8 - Write-Off Report (Q2) (Pages 43 - 50)

3. **Minutes** (Pages 51 - 54)

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Agenda Item 1

A G E N D A – RESOURCES COMMITTEE – 2nd DECEMBER 2014

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).

	Page
4. Confirmation of Minutes Meeting held on 7 th October 2014	1
5. Revenue and Capital Budget Proposals for 2015/16 to 2018/19 Report of the Finance Community of Practice Lead	6
6. Revenue Budget Monitoring 2013/14 – Quarter 2 – 30th September 2014 Report of the Finance Business Partner	23
7. Capital Budget Monitoring 2014/15 – Spend to 31st October 2014 Report of the Capital Accountant	30
8. Write-Off Report (Q2) Joint report of the Finance Community of Practice Lead and Customer Service Manager	35

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						

WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Resources
DATE	2nd December 2014
REPORT TITLE	Revenue and Capital Budget Proposals for 2015/16 to 2018/19
Report of	Finance Community of Practice Lead
WARDS AFFECTED	All

Summary of report: To provide a forecast of the budget situation for the year 2015/16 and a forecast for the four years to 2018/2019. 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.

FINANCIAL IMPLICATIONS:

The estimated budget gaps are as follows: (As per Appendix B)

2015/16	£ 639,650
2016/17	£ (667,900)
2017/18	£ 400,099
2018/19	£ 202,099

This gives a cumulative 4 year budget gap of £573,948.

RECOMMENDATIONS:

To note the contents of the report.

Officer contact:

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1. BACKGROUND

- 1.1 The purpose of this report is to offer a way forward to address the 2015/16 budget gap of **£639,650** and to build an approach that guarantees West Devon Borough Council's longer term viability.

- 1.2 On 7 October 2014 the Resources Committee considered a report on the Medium Term Financial Strategy. Minute RC12 from the meeting is below:-

It was then **RESOLVED** that Council be **RECOMMENDED** to consider the following 'minded to' views in order to guide the 2015/16 budget process:

(i) The level of council tax increase should not be above 1.9%;
The use of New Homes Bonus to support the revenue budget be agreed (final amount to be agreed as part of the budget process);

The amount of Council Tax Support Grant to be passed on to Parish and Town Councils should be reduced by the same amount that the Borough Council's Government Grant is reduced by;

and other budget savings and income generation to be looked for and considered;

(ii) The Council's policy should remain as recommending a minimum level of unearmarked revenue reserves of £750,000.

1.3 The Senior Management Team (SMT) have been focusing on implementing the Transformation Programme (T18) to generate significant savings for the Council.

2. ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSE

2.1 There is predicted to be a 15% reduction in government funding from 2014/15 to 2015/16.

2.2 Salaries increase by around 1% on an annual basis (Appendix A).

2.3 Inflation will run at 2% over the period. The interest return for our investments will be 1% for 2015/16 rising to 2.75% in 2018/19. Below are the percentages advised by Sector (the Council's treasury management advisors) that Authorities should use in their financial planning for investment income assumptions:-

2015/16 – 1%
2016/17 – 1.6%
2017/18 – 2.25%
2018/19 – 2.75

2.4 No assumptions have been built into the financial modelling for council tax increases for 2015/16 onwards. The financial modelling in Appendix B assumes a Band D council tax of £204.50 (the current Band D council tax for 2014/15).

3. TRANSFORMATION PROGRAMME 2018 (T18)

3.1 In response to the unprecedented scale of financial challenges that this Council faces, Members have approved (Council Minute CM49, 4th November 2013) an innovative Transformation Programme (T18) which requires an investment budget of £1.9 million, to deliver annual recurring revenue savings of £1.3 million.

3.2 This builds on the success of our shared services partnership with South Hams District Council and will see both Councils pioneering a new operating model for local government. The shared services programme with South Hams has

generated shared services savings of £7.7million across both Councils since 2007 (with the West Devon share being £3.6 million).

- 3.3 The T18 Programme is viewed as the primary driver to achieve the savings required over the next few years. The programme is currently being designed to deliver a long term organisational vision which we anticipate will remove the need to deal with the budget gap through an annual service and financial planning process.
- 3.4 Our Councils' Expression of Interest for Transformation Funding was successful and the Councils submitted a full bid by 1st October. The funding bid is for £700,000 (between SHDC and WDBC) Government funding to help our transformation programme which will deliver our new operating model. We are hoping to hear the outcome of the Bid for funding by early December.
- 3.5 The Senior Management Team are currently re-profiling both expenditure and savings as the decision to create an earlier Phase (Phase 1a for Support Services) was taken after the initial Business Plan was agreed. The financial benefit of Phase 1a has been over half a million pounds in savings (shared between the two Councils).
- 3.6 An updated Business Plan for T18 and a monitoring report on expenditure and savings will be presented to the Council meeting on 9th December.

4. CHANGES FROM THE LAST BUDGET REPORT

- 4.1 The Financial Strategy for 2015/16 to 2018/19 was presented to the Resources Committee on 7 October. Since that report, there have been two changes affecting the Budget gap for 2015/16 as detailed below.
- 4.2 Detailed modelling has been undertaken on the Council's income from Business Rates under the new Localised scheme. Latest predictions have increased the income predicted from business rates for 2015/16 by £38,000.
- 4.3 **Recycling of garden and leaf collections**
The risk highlighted in our risk register around the withdrawal from the payment of recycling credits in respect of above materials should be viewed as a significant risk. There is a potential cost pressure of up to £80,000 to the council should all payments for this recycling stream be withdrawn. This cost pressure has been added into Appendix A. This issue is to be addressed by the County Council as part of their 'tough choices' budget agenda.

As the waste disposal authority the County Council may direct us to specific waste outlets and also take decisions around recycling credit payments in relation to certain recycle types. Officers are currently in negotiation with the County Council to agree the best practical way forward.

5. OPTIONS TO MEET THE BUDGET GAP FOR 2015/16

- 5.1 The budget gap based on the assumptions above, is predicted to be **£639,650** for 2015/16, Appendix A provides the details.
- 5.2 The budget gap of £639,650 is the position without taking into account any T18 savings in 2015/16 as these savings are primarily needed to pay for the investment costs in 2015/16.
- 5.3 **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 as excessive. The Minister announced that the council tax referendum threshold for 2014/15 remained unchanged from 2013/14 at 2% and did not apply to Towns and Parishes. No notification has been received on the limit for 2015/16.
- 5.4 **Income from Council Tax** - Council agreed to raise council tax by 1.9% from 1 April 2014 to £204.50 for a Band D property for West Devon Borough Council. This amounted to a £3.81 increase on an average Band D property over a year equivalent to 7p a week. A 1% increase in Council Tax generates an extra £39,000 in extra income per annum.
- 5.5 **Council Tax Freeze Grant** - On 15 January 2014 the Government issued the guidance for the Council Tax Freeze Grant Scheme for 2014-15. It is assumed that many of these key aspects which applied in 2014-15 will also apply in 2015-16. Namely that:-
- (i) It was voluntary and that any authority which freezes or reduces their basic amount of council tax will be eligible to receive the grant (equivalent to a 1% of the basic amount of council tax – this estimated to be £43,281 for West Devon).
 - (ii) Ministers have agreed that the funding for the 2015-16 freeze grant **should** be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available.
- 5.6 **Income Generation** – Over the past few months the Council has explored ways to generate new income for the Council. The Income Generation Working Group have met on a number of occasions to look at ways of generating additional income. A report was presented to Council on 7th October 2014 regarding the creation of a local authority trading company, which provides more detail.
- 5.7 In summary, the options open to Members to close the predicted **£639,650** Budget Gap in 2015/16 are:-
- i) To use New Homes Bonus in 2015/16 to close the budget gap, with a view to reversing the amount of New Homes Bonus that is used to support the Revenue Budget in 2016/17 when the savings from T18 materialise in full. There is an uncommitted New Homes Bonus balance of £581,652 in 2015/16 as per 6.2

- ii) Appendix E sets out some options for future additional savings totalling £31,025 which Members may wish to pursue.
- iii) Members of the Senior Management Team will continue to identify options for savings and income generation over the coming months.
- iv) Members have given an early “minded to” view that:-

The level of council tax increase should not be above 1.9%;

The amount of Council Tax Support Grant to be passed on to Parish and Town Councils should be reduced by the same amount that the Borough Council’s Government Grant is reduced by;

Note – If Members were minded to increase council tax by 1.9%, this would generate approximately £74,700. A Council Tax Freeze Grant of £43,281 has already been modelled for 15/16 therefore this option would reduce the £639,650 budget gap by £31,419.

6. NEW HOMES BONUS (NHB)

- 6.1 The table below shows an estimate of New Homes Bonus for the next five years. The Chancellor has confirmed in December that no top-slice will now apply from 2015/16 onwards, following responses to the Government consultation.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
2011/12	323,920	323,920	323,920	323,920		
2012/13	568,622	568,622	568,622	568,622	568,622	
2013/14	133,255	133,255	133,255	133,255	133,255	133,255
2014/15		222,997	222,997	222,997	222,997	222,997
2015/16 – estimated 184 properties			210,631	210,631	210,631	210,631
2016/17 – estimated 329 properties				376,617	376,617	376,617
2017/18 – estimated 374 properties					428,130	428,130
2018/19 – estimated 200 properties						230,000
New Homes Bonus returned	12,203					
Forecast NHB	1,038,000	1,248,794	1,459,425	1,836,042	1,940,252	1,601,630

6.2 NEW HOME BONUS (NHB) – PROPOSED USE OF NHB

The table below shows the proposed use of New Homes Bonus:

	2013/2014	2014/2015	2015/16	2016/17	2017/18	2018/19
Amount receivable	1,038,000	1,248,794	1,459,425	1,836,042	1,940,252	1,601,630
Less: T18 allocation (Council 4 th Nov)	(600,000)					
To fund current Revenue Budget *	(353,076)	(657,059)	(657,059)	(657,059)	(657,059)	(657,059)
To fund the Capital Programme (as per 8.1)		(555,000)	(212,000)	(412,000)	(412,000)	(412,000)
Dartmoor National Park contribution (Council Feb 14 – See Note below)	(18,688)	(20,362)	(8,714)	(26,981)	(111,227)	(92,870)
Balance remaining (not committed)	66,236 Plus 27,292 from 2012/13	16,373	581,652	740,002	759,966	439,701

***Currently assumes use of NHB to support the revenue budget at the 14/15 level**

Note - **Dartmoor National Park (DNP)** – DNP have requested a share of the New Homes Bonus to reflect new homes delivered within the park. DNP would like NHB money to be used to support a local community fund and, for example, joint work through the rural housing enabler. The New Homes Bonus legislation says that Councils are expected to negotiate with National Park Authorities to recognise their role as the sole local planning authority for their area in granting planning permissions and that the Councils should reach an agreement and split the funding from NHB at a locally determined rate.

Members considered this as part of the Budget process for 2014/15 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.

On this basis the share of NHB that could be due for DNP based on completed properties (estimated for future years) is summarised below:

	Payable for 12/13 and 13/14	Forecast for 14/15	Forecast for 15/16	Forecast for 16/17	Forecast for 17/18	Forecast for 18/19
Share of award	18,688	20,362	8,714	26,981	111,227	92,870

7. EARMARKED AND UNEARMARKED RESERVES

7.1 The Council's policy is to retain Unearmarked Revenue Reserves of £750,000.

The Unearmarked General Fund Revenue Reserve balance at 31st March 2014 was £953,000 and the Earmarked Reserves balance was £1,790,000. This gave total Revenue Reserves of £2,743,000. The predicted earmarked and unearmarked reserves for 2014/15 is shown below:-.

7.2

	£'000
General Reserves balance as at 31 st March 2014	953
Earmarked Reserves	1,790
Predicted movement in Earmarked Reserves (Appendix C)	(1,190)
Total Predicted Reserves as at 31st March 2015 (Unearmarked Reserves of £953,000 and Earmarked Reserves of £600,000 as shown in Appendix C)	1,553

7.3 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the uncommitted balance is adequate for its purpose. The Earmarked Reserves were reviewed as part of the year end close down and £13,000 was transferred in the general reserve of the Council. A schedule of predicted Earmarked Reserves for 14/15 are shown in Appendix C. Earmarked Reserves are predicted to be £600,000 at the end of March 2015).

8. CAPITAL PROGRAMME 2015/16 to 2018/19

8.1 The table below shows the proposed Capital Programme for 2015/16 and projected figures to 2018/19:

	2015/2016	2016/17	2017/18	2018/19
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000
Village Halls and Community Projects	36,000	36,000	36,000	36,000
Affordable Housing (see Note 1)	-	200,000	200,000	200,000
Disabled Facilities Grants (see Note 2)	400,000	400,000	400,000	400,000
TOTAL CAPITAL PROGRAMME	451,000	651,000	651,000	651,000
Suggested method of funding the Capital Programme:				
Government Grant funding towards Disabled Facilities Grants (see Note 2)	(239,000)	(239,000)	(239,000)	(239,000)
Potential funding from New Homes Bonus (Required to fund the Capital Programme)	212,000	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. In the circumstances it is proposed not to allocate additional capital funding to this budget in the next financial year 2015/16.

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. Following the recent Informal Council meeting, a briefing note on the Better Care Fund has been circulated to all Members.

8.2 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.

9. LEGAL IMPLICATIONS

9.1 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.

10. RISK MANAGEMENT

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

11. 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:	A 360 degree assessment of the equality implications has been carried out and is available on request.
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:	Council February 2014 – Medium Term Financial Strategy 2014/15 to 2017/18
Appendices attached:	Appendix A – Modelling of the Financial Strategy Appendix B – Budget Pressures and Savings Appendix C – Schedule of Reserves Appendix D – Council Tax Support Grant to Town and Parish Councils for 2015/16. Appendix E – Potential future additional savings

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			
Page 14	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.	S151 Officer
		External change to the national economic environment which may impact on our funding expectations. 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. Achieving anticipated income targets in the current financial climate.					Service commitment to business planning processes. Robust horizon scanning to monitor changes in Government policy. The Council 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) Monitoring of corporate income streams and revenue budgets.	Corporate Director (TW) Corporate Director (AR) S151 Officer
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). Predictions could vary by £50,000.	5	3	15	↔	The position will be monitored by the S151 Officer. The quarterly Revenue Budget Monitoring reports will monitor Business Rates income against projections. Any variances will be highlighted to Members at an early stage.	S151 Officer

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
		The figures are subject to volatility both from business rating appeals and the economic climate.					The Council is part of a Devonwide Pooling arrangement for business rates.	
3	Setting a lawful budget	Failure of the Council to set a lawful budget	5	1	5	↔	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. Resources Committee and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.	S151 Officer
4	Corporate Priorities	Failure to target budgets to service priorities	5	3	15	↔	Service priorities will be reviewed. Budget reductions include a section on their impact on council priorities and a risk assessment. Adequate levels of appropriately trained staff. Thorough planning and monthly monitoring of performance to management, quarterly to the Resources Committee.	S151 Officer

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BUDGET PRESSURES AND SAVINGS

APPENDIX A

WEST DEVON BOROUGH COUNCIL

	BASE	Yr1	Yr2	Yr3	Yr4
	2014/15	2015/16	2016/17	2017/18	2018/19
	£	£	£	£	£
BUDGET PRESSURES					
Triennial Pension revaluation	0	20,000	20,000	20,000	20,000
Inflation on the waste collection, recycling and cleansing contract (estimate)	80,000	80,000	80,000	80,000	80,000
Inflation on the street cleaning and public conveniences	20,000	0	0	0	0
Recycling of garden and leaf collections (see 4.3 of the report)	0	80,000	0	0	0
Parish contribution to Public Conveniences	25,000	0	0	0	0
Inflation on the swimming pool contract (profiled fee)	10,000	10,000	10,000	10,000	10,000
Investment Income	5,000	0	0	0	0
Inflation on goods and services	15,000	15,000	60,000	60,000	60,000
Reduction in Housing Benefit administration subsidy	40,000	40,000	40,000	40,000	40,000
Civil Parking Enforcement	30,000	0	0	0	0
Increase in salaries - increments and pay and grading	75,000	0	0	0	0
Increase in salaries - pay increase at 1%	50,000	50,000	50,000	50,000	50,000
Tamar Valley Legacy Plan (see 7.7 and Appendix F of October Resources Committee agenda)	0	28,000	3,000	0	0
Rural Development Programme for England	0	10,400	0	0	0
Workstation rental costs - payment to South Hams - this is offset by savings as shown below (T18 Council Minute CM49 - November 2013)	0	90,000	0	0	0
TOTAL IDENTIFIED BUDGET PRESSURES	350,000	423,400	263,000	260,000	260,000

BUDGET PRESSURES AND SAVINGS

APPENDIX A

WEST DEVON BOROUGH COUNCIL

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2014/15 £	Yr1 2015/16 £	Yr2 2016/17 £	Yr3 2017/18 £	Yr4 2018/19 £
Reduction on Members Allowances (Council 13 May 2014) * (see note below)	0	4,200	0	0	0
Reduction in the economy service	20,000	0	0	0	0
Grounds Maintenance saving	15,000	0	0	0	0
Savings on TIC	50,000	0	0	0	0
Actuarial revaluation savings	30,000	0	0	0	0
Savings on audit fees	0	12,000	0	0	0
New income generation from Street Name and Numbering	0	7,500	0	0	0
Savings on Ring and Ride Scheme	3,000	0	0	0	0
Reduction in provision for Tamar Valley Mining Heritage Project Legacy Plan	6,000	0	0	0	0
Discretionary Rate Relief	54,910	0	0	0	0
Business Rates pooling gain	0	30,000	10,000	10,000	10,000
Budget Scouring Savings	199,643	0	0	0	0
Bank Charges Reduction	0	5,000	0	0	0
Other savings identified	3,000	0	0	0	0
Reduced running costs at Kilworthy Park and additional leasing income	0	90,000	100,000	15,000	15,000
Transformation Programme savings from 2016/2017 (Council 4 November 2013)	0	0	1,076,000	18,000	37,000
TOTAL SAVINGS AND INCOME GENERATION	381,553	148,700	1,186,000	43,000	62,000

* Note - At Council on 13 May 2014, Members agreed the recommendation from the Independent Panel to apply a minimum size threshold to a Group (at least 8 Members) to enable a Group Leader the ability to claim a Special Responsibility Allowance (SRA). Members are considering changes to the Council's governance arrangements which may impact on allowances in the future.

FINANCIAL STRATEGY

APPENDIX B

Line No.	Base 2014/15 £	Yr1 2015/16 £	Yr2 2016/17 £	Yr3 2017/18 £	Yr4 2018/19 £
<u>Modelling for the financial years 2015/16 to 2018/19</u>					
1	7,830,178	7,798,625	7,433,675	7,178,574	6,995,474
2	350,000	423,400	263,000	260,000	260,000
3	(381,553)	(148,700)	(1,186,000)	(43,000)	(62,000)
4	7,798,625	8,073,325	6,510,675	7,395,574	7,193,474
5	1,517,673	1,596,335	1,638,000	1,690,000	1,752,000
6	3,923,435	3,964,335	4,005,235	4,046,135	4,087,035
7		43,281	43,281	43,281	43,281
8	1,700,458	1,172,665	835,000	559,000	452,000
9	657,059	657,059	657,059	657,059	657,059
10	7,798,625	7,433,675	7,178,575	6,995,475	6,991,375
Budget gap per year					
11	0	639,650	-667,900	400,099	202,099

Cumulative Budget Gap (if savings are made as predicted in the Transformation Programme)	0	639,650	-28,250	371,849	573,948
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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

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RESERVES - PROJECTED BALANCES				
	Opening balance 1 April 2014 £000	Predicted spend to 31.3.2015 £000	Projected balance 31.3.2015 £000	Comments
EARMARKED RESERVES				
Specific Reserves - General Fund				
Car Parking Repairs & Maintenance	(112)		(112)	
Waste Containers	(40)		(40)	
LABGI	(43)	43	0	
PDG (ICT) Earmarked Reserve	(11)	11	0	
Habitats Earmarked Reserve	(42)	9	(33)	Planned future use over 5 years
Landscape Maintenance	(20)		(20)	
Personal Search Fee S31 Grant	(34)		(34)	Ringfenced for Gov. Legislation
County Election	(24)	24	0	
Devon County Council - (Localism Support officer)	(4)	4	0	
RIEP - Localism Projects	(10)	10	0	
DCC - TAP funds	(4)	4	0	
DCC - TAP funds (North)	(7)	7	0	
Fifth Wave Neighbourhood Front Runners	(20)	20	0	
World Heritage Key Site	(5)	5	0	
Cannons Meadow	(24)	3	(21)	Written down to revenue annually
Millwood Homes	(15)	2	(13)	Written down to revenue annually
Young Persons Prevention officer	(10)	10	0	
Business Survey	(3)	3	0	
DCLG Business Support Scheme	(20)	7	(13)	
Inspire Anex 111	(7)	7	0	
DCC Public Health	(20)	20	0	
Rural Services Grant (RSG)	(82)		(82)	£56,969 RSG and £25,000 unused contingency budget from 13/14
T18 Investment Reserve	(800)	661	(139)	See table 3.8 of 7 October 2014 Resources Committee Budget Proposals report
Business Rates Retention Scheme	(321)	321	(0)	Will be used to offset the accounting deficit in the Collection Fund
New Homes Bonus 12/13 and 13/14	(112)	19	(93)	This is the uncommitted balance for 13/14. The recommended amount for the DNPA of £18,688 will be spent in the year.
TOTAL EARMARKED RESERVES	(1,790)	1,190	(600)	
TOTAL UNEARMARKED RESERVES	(953)		(953)	As per Final Accounts 2013/14
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)	(2,743)	1,190	(1,553)	

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Town and Parish - Council Tax Support Grant allocation

Parish/Town	<u>Council Tax Support Grant allocation for 2014/15</u>	<u>15.37% Percentage reduction</u>	<u>Council Tax Support Grant allocation for 2015/16</u>
Okehampton Town Council	24,017	3691	20,326
Hatherleigh Town Council	2,262	348	1,914
Bere Ferrers Parish Council	6,400	984	5,417
Lifton Parish Council	1,059	163	897
Dartmoor Forest Parish Council	1,657	255	1,402
Inwardleigh Parish Council	260	40	220
Tavistock Town Council	46,479	7144	39,335
Bridestowe Parish Council	519	80	439
North Tawton Town Council	6,207	954	5,253
South Tawton Parish Council	937	144	793
Horrabridge Parish Council	2,204	339	1,865
Sampford Courtenay Parish Council	436	67	369
Mary Tavy Parish Council	1,084	167	917
Sourton Parish Council	329	51	278
Lamerton Parish Council	364	56	308
Drewsteignton Parish Council	933	143	790
Northlew Parish Council	528	81	447
Kelly Parish Meeting	30	5	26
Spreyton Parish Council	117	18	99
Chagford Parish Council	2,032	312	1,719
Gulworthy Parish Council	231	35	195
Sticklepath Parish Council	198	30	167
Broadwoodkelly Parish Council	136	21	115
Milton Abbot Parish Council	218	33	184
Beaworthy Parish Council	62	10	53
Exbourne & Jacobstowe Grouped Parish Council	256	39	216
Meeth Parish Council	63	10	53
Highampton Parish Council	167	26	142
Bratton Clovelly Parish Council	216	33	183
Iddesleigh Parish Council	79	12	66
Sydenham Damerel Parish Council	21	3	18
Burrator Parish Council	186	29	158
Plasterdown Grouped Parish Council	111	17	94
Stowford Parish Council	80	12	68
Bondleigh Parish Council	9	1	8
Okehampton Hamlets Parish Council	385	59	326
Buckland Monachorum Parish Council	1,667	256	1,411
Monkokehampton Parish Council	67	10	57
Lydford Parish Council	241	37	204
Throwleigh Parish Council	117	18	99
Peter Tavy Parish Council	249	38	210
Belstone Parish Council	58	9	49
Lewdown Grouped Parish Council	137	21	116
Germansweek Parish Council	46	7	39
Brentor Parish Council	284	44	240
Gidleigh Parish Council	0	0	0
	103,137	15,852	87,285

This illustrative example will be sent to the Parish Clerks and the taxbase will be updated as soon as it has been set (normally December each year). This will enable Town and Parish Councils to model the effect of the grant reduction on their Precept calculation.

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Potential Additional Savings for 2015/16

	<u>Amount</u>
<u>Analysed by committee</u>	
Insurance	450
Car Allowance not used	200
Repairs (reduce to £40K)	7,475
Civica inport connector reduced contract	500
DCC Disposal cost	500
Advertising	750
Standby	1,000
Standby	3,500
 ENVIRONMENT & COMMUNITY COMMITTEE	 6,900
 Electoral Registration	 250
Community Delivery	800
	200
Media	600
	100
	750
	800
Corporate Management	6,600
Corporate Improvement	5,000
	500
	250
DIRECT SERVICES	15,850
 Personnel	 6,500
	800
	225
Landscape Maintenance	2,000
	5,250
SUPPORT SERVICES	8,275
 TOTAL POTENTIAL SAVINGS	 <u>31,025</u>

<u>Analysed by type of expenditure</u>	<u>Amount</u>
General office	1,900
Staff expenses	5,375
IT expenses	1,900
County Wide initiatives	6,600
Professional Services	5,000
Increased income opportunities	5,250
Supplies and Services	3,750
Other small savings	1,250
 TOTAL POTENTIAL SAVINGS	 <u>31,025</u>

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NAME OF COMMITTEE	Resources
DATE	2nd December 2014
REPORT TITLE	Revenue Budget Monitoring 2013/14 – Quarter 2 – 30th September 2014
Report of	Finance Business Partner
WARDS AFFECTED	All

Summary of report:

To give Members an indication of the potential year end financial position of West Devon Borough Council for the revenue budgets for 2014/15 and to bring to Members’ attention any significant variance from the revenue budgets set. This report enables Members to monitor income and expenditure variations against the approved budgets for 2014/15.

Financial implications:

This report details the latest financial position of the Council’s revenue budgets for 2014/15, as at the end of September 2014.

Currently the Council is predicted to be on target at the year end. This is comparing the predicted revenue outturn of £7,799,000 against the net budget set of £7,799,000.

RECOMMENDATION:

Members are asked to note the forecast income and expenditure variations for the 2014/15 financial year for the revenue budget.

Officer contact: Alex Walker, Finance Business Partner

Alexandra.Walker@swdevon.gov.uk

1. REVENUE BUDGET OVERVIEW

- 1.1 The gross service expenditure budget for 2014/15 was set at £27 million (£7.79 million net).

Actual revenue expenditure and income is expected to be on target when compared against the total budget set for 2014/15.

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

TABLE 1: 2014/15 BUDGET FORECAST

	Budget 2014/15	Budget variations increase/ (decrease)		Note
	£000	£000	£000	
APPROVED BUDGET			7,799	
Reduced expenditure/additional income				
Asset Management	40	(10)		A
Street Naming		(5)		B
Business Rates	1.5m	(25)		C
Other small underspends		(44)		D
<i>Sub total</i>			(84)	
Increased expenditure/reduced income				
Homelessness	75	30		E
Reserve Bids - Planning Officer	n/a	30		F
Reserve Bid T18 CIVICA Financial implementation	n/a	9		G
Investment income	40	15		H
<i>Sub total</i>			84	
PROJECTED OUTTURN			7,799	
PROJECTED UNDERSPEND			NIL	

Notes

- A. **Asset Management** – It is anticipated that a small under spend will occur on the Asset Management budget of £15,000.
- B. **Street Naming** – There is currently no budget set for street naming for 2014/15.
- C. **Business Rates** – The Government introduced the Business Rates Retention Scheme on 1 April 2013. This system enables the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities. Business rates now form a major element of the local government finance funding. Current indications are that the income from business rates may exceed the Government “baseline” grant figure. Although the system carries with it significant risk of volatility, it is considered appropriate to include an additional £25,000 in the forecast. These figures are constantly changing and regular monitoring of the position will be undertaken.
- D. **Small Underspends** – Through thorough budget monitoring at the end of September, it is anticipated that small under spends will occur on a few cost centres resulting in a £44,000 year end underspend.

E. **Homelessness** – The increase in temporary accommodation is as a result of a combination of factors. Namely that a local, cheaper supplier went into administration, meaning alternative, more expensive accommodation had to be sourced. More people are being accommodated under the Government’s No Second Night Out initiative to bring rough sleepers indoors and there has been a small decline in the numbers of social housing lets which has meant longer stays in temporary accommodation. There have also been staff shortages and issues with continuity of officers in the team which meant that the level of early intervention and prevention work was temporarily reduced.

F. **Reserve Bids in the year** – A bid to reserves in the year totals approximately £30,000. This is for work in Planning with respect to an additional planning officer. The actual income for planning applications to 30 September is £260,000 against a budget of £194,000. Therefore actual planning income is currently higher than budgeted at the six month position.

G. **Reserve Bids in the year** - The second reserve bid is for £9,000 and relates to the T18 CIVICA Financial implementation. This is for integration of the financial system onto one platform.

H. **Investment Income** – As with last year due to the low interest rates, investment income is expected to be under target. However the return on the investments is 0.45%, still higher than the benchmark of 0.36%.

2. Savings expected to be achieved to balance the budget for the financial year 2014/2015 totalled £381,553, (Report to Council February 2014). **Appendix B** shows if these will all be achieved by the end of the year.

3. **INCOME AND RESERVES**

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

Service	Budgeted Income for 6 months from April to Sept 2014 £'000	Actual Income for 6 months from April to Sept 2014 £'000	Budgeted Income For the year 2014/15 £'000	Projected income For the year 2014/15 £'000
Car Parks	483	462	889	889
Employment Estates	120	136	240	240
Land Charges	46	41	93	93
Planning	194	260	389	389
Investment Income – see note H in Table 1 above	13	11	40	25
TOTAL	856	910	1,651	1,636

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

4. LEGAL IMPLICATIONS

4.1 There are no legal implications 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:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Resources Committee 7 th October 2014
Appendices attached:	Appendix A - Reserves Appendix B – Budget Savings for 2014/15

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Resources Committee provides an opportunity for Members to identify and instigate remedial action where appropriate.	SMT
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Consideration of revenue budget variances provides a mechanism for the identification of cost pressures and income opportunities that can be reflected in the Council's Medium Term Financial Strategy.	S151 Officer

Page 31

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RESERVES - PROJECTED BALANCES				
	Opening balance 1 April 2014 £000	Predicted spend to 31.3.2015 £000	Projected balance 31.3.2015 £000	Comments
EARMARKED RESERVES				
Specific Reserves - General Fund				
Car Parking Repairs & Maintenance	(112)		(112)	
Waste Containers	(40)		(40)	
LABGI	(43)	43	0	
PDG (ICT) Earmarked Reserve	(11)	11	0	
Habitats Earmarked Reserve	(42)	9	(33)	Planned future use over 5 years
Landscape Maintenance	(20)		(20)	
Personal Search Fee S31 Grant	(34)		(34)	Ringfenced for Gov. Legislation
County Election	(24)	24	0	
Devon County Council - (Localism Support officer)	(4)	4	0	
RIEP - Localism Projects	(10)	10	0	
DCC - TAP funds	(4)	4	0	
DCC - TAP funds (North)	(7)	7	0	
Fifth Wave Neighbourhood Front Runners	(20)	20	0	
World Heritage Key Site	(5)	5	0	
Cannons Meadow	(24)	3	(21)	Written down to revenue annually
Millwood Homes	(15)	2	(13)	Written down to revenue annually
Young Persons Prevention officer	(10)	10	0	
Business Survey	(3)	3	0	
DCLG Business Support Scheme	(20)	7	(13)	
Inspire Anex 111	(7)	7	0	
DCC Public Health	(20)	20	0	
Rural Services Grant (RSG)	(82)		(82)	£56,969 RSG and £25,000 unused contingency budget from 13/14
T18 Investment Reserve	(800)	661	(139)	See table 3.8 of 7 October 2014 Resources Committee Budget Proposals report
Business Rates Retention Scheme	(321)	321	(0)	Will be used to offset the accounting deficit in the Collection Fund
New Homes Bonus 12/13 and 13/14	(112)	19	(93)	This is the uncommitted balance for 13/14. The recommended amount for the DNPA of £18,688 will be spent in the year.
TOTAL EARMARKED RESERVES	(1,790)	1,190	(600)	
TOTAL UNEARMARKED RESERVES	(953)		(953)	As per Final Accounts 2013/14
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)	(2,743)	1,190	(1,553)	

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SAVINGS AND INCOME GENERATION IDENTIFIED	Planned savings	Expected Savings
Reduction in the economy service	20,000	20,000
Grounds Maintenance saving	15,000	15,000
Savings on TIC (see Note 1 below)	50,000	35,000
Actuarial revaluation savings	30,000	30,000
Savings on Ring and Ride Scheme	3,000	3,000
Reduction in provision for Tamar Valley Mining Heritage Project Legacy Plan (see Note 2 below)	6,000	0
Discretionary Rate Relief	54,910	54,910
Budget Scouring Savings	199,643	199,643
Other savings identified	3,000	3,000
TOTAL SAVINGS AND INCOME GENERATION	381,553	360,553

Note 1

The Council has not yet benefited from the full saving as the Council is not able to surrender its lease with the Town Council. The TIC is forming part of ongoing discussions with Tavistock Town Council with regards to the Strategic Asset Review which the Assets team are leading on.

Note 2

An Appendix (Appendix F) on the Tamar Valley Legacy Plan was set out in the Budget Proposals report to the Resources Committee on 7 October 2014.

This detailed a cost pressure of £28,000 for 2015/16 and a further £3,000 for 2016/17 has been built into the Financial Strategy. Officers will continue to work to reduce this

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3.

WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Resources
DATE	2nd December 2014
REPORT TITLE	Capital Budget Monitoring 2014/15 – Spend to 31st October 2014
Report of	Capital Accountant
WARDS AFFECTED	All

Summary of report:

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

Financial implications:

The anticipated level of expenditure is within the existing approved budget for the approved programme (Appendix A). As at the end of October 2014, £266,209 had been spent on capital projects, against a budget of £1,484,852

RECOMMENDATIONS:

That the Resources Committee notes the report.

Officer contact:

Angela Endean, Capital Accountant
Angela.endean@swdevon.gov.uk
 (01803 861480)

1. CAPITAL BUDGET OVERVIEW

- 1.1 The Capital Accountant has consulted with officers and has used the financial position at 31st October 2014 for the purposes of budget monitoring. The Capital Programme was set at £1,484,852 as at 1st April 2014 and the spend to 31st October 2014 was £266,209 as shown in **Appendix A**.

PROJECT PROGRESS

- 1.2 **Leisure Contract (Indoor Sports and Recreation facilities)** - At Council on 16th April 2013, Members agreed to an extension of the Leisure Contract. In line with this report, it is felt prudent to retain the existing budget of £306,728. The Member Officer working group continue to meet on the Strategic Leisure Centre project. At the last Joint Member Working Group, Members received a presentation from the consultant undertaking soft market testing for both

Councils. A full report will go to both Councils with recommendations in early 2015.

- 1.3 **Affordable Housing** has a capital budget of £550,000 which has not yet been spent. This budget is to support the development of affordable housing schemes. 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. In the circumstances, the Council is proposing not to allocate additional capital funding to this budget in the next financial year 2015/16 (See 8.1 of the Revenue and Capital Budget Proposals for 2015/16 to 2018/19 report also on this Committee agenda). A review will be undertaken of the current budget provision as part of this process.
- 1.4 **Improvement Grants** - In the present financial year 36 Disabled Facilities Grants have been approved ranging from simple stair lifts and Level Access Showers through to full extensions. All grants are mandatory, means tested and enable people to remain living independently within their own home. Payments of approximately £240,000 have been made covering grants approved during this and previous financial years. An additional £80,000 is committed bringing the total to £320,000 against a budget of £450,000. With the addition of applications pending, and yet to be received, it is predicted that the budget will be fully committed by year end.
- 1.5 The Environmental Health service has secured an average saving of approximately 24% (£1,000) on each standard Level Access Shower, through the development, procurement and implementation of a framework agreement across Devon and Cornwall. Although it is impossible to predict demand for grants, it is proposed to reduce the budget from £450,000 to £400,000 for the next three years in view of the savings on unit cost.
- 1.6 **Community Project Grants** (previously Village Hall and Community Project grants). The budget for 14/15 is £46,489. £17,157 has been spent to date with £10,000 of applications expected to be received shortly. It is expected that the budget will be fully committed at the end of the financial year.

2 STRATEGIC ASSET REVIEW

- 2.1 **Strategic Asset Review** – As part of the review, the Assets team has just instructed Legal Services to progress a lease to a local business on the link corridor at Kilworthy. It amounts to c.1,100 sq ft of space which generates rent and service charge income of approximately £17,000 per annum.
- 2.2 Members of the Assets team are fully engaged in the ‘Delivering Differently Devon’ strategic initiative and attended the recent Asset Opportunity Workshop for Tavistock. This initiative is being coordinated by the LGA for the public and voluntary sectors to work more closely in respect to asset and accommodation issues.

2.3 Employment Estate occupancy figures have improved from 87.5% to 90.63% with only 6 units vacant of which 1 is currently under offer.

3. LEGAL IMPLICATIONS

3.1 Statutory powers are provided by the S1 Localism Act 2011 general power of competence.

3.2 The capital programme is implemented in line with the Council's legal requirements which are examined on a project-by-project basis. To date there are no undue legal concerns.

4. FINANCIAL IMPLICATIONS

4.1 The anticipated level of expenditure is within the existing approved budget for the approved programme (Appendix A). As at the end of October 2014, £266,209 had been spent on capital projects, against a budget of £1,484,852.

5. PRUDENTIAL INDICATORS

5.1 The prudential code indicators are included in the second Quarter Treasury Management Monitoring Report (this will be presented to members of the Audit Committee on 25th November). The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Resources Committee together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

6. RISK MANAGEMENT

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

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Council February 2014
Appendices attached:	Appendix A - Capital Programme – spend as at 31 st October 2014

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Resources Committee provides an opportunity for Members to identify and instigate remedial action where appropriate.	SMT
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Quarterly monitoring of the capital programme provides a mechanism for the early identification of variances.	S151 Officer
3	Capital Budget Variances	To update Members on the current progress with each Capital Project and allow funding to be carried forward into the new financial year.	3	1	3	↔	When projects are completed the remaining balances can be released back into the Council's capital programme for future projects.	S151 Officer
4	Capital Resource Planning	The main operational risk faced by the Council is the financial planning and control of the Council's capital resources.	4	1	4	↔	The accounts are drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the UK 2013/14 which is recognised by statute as representing proper accounting practice.	S151 Officer

Page 40

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CAPITAL PROGRAMME MONITORING - Expenditure to 31st October 2014

	Total Budget 1 April 2014	Expenditure to 31st October 2014	Budget remaining
Capital projects			
202004 Village Hall & Community Grant Scheme	46,489	17,157	29,332
203002 Indoor Sports and Recreation Facilities	306,728	0	306,728
203057 Affordable Housing	550,000	0	550,000
203067 Tenants Incentive Schemes	22,000	4,500	17,500
203092 Guildhall Public Toilets	17,703	0	17,703
203119 Waste containers	19,254	0	19,254
203182 Alder Road, Bishopsmead Flood Alleviation	2,000	0	2,000
209000 Improvement Grants	450,000	238,958	211,042
203125 Old Mill Site	25,000	0	25,000
203126 Contingency budget for unexpected items	45,678	5,594	40,084
Total	1,484,852	266,209	1,218,643
<u>To be funded by:-</u>			
Capital Receipts Reserve	743,633		
New Homes Bonus 2014/15 allocation	555,000		
Better Care Funding contribution for Disabled Facilities Grants	186,219		
	1,484,852		

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AGENDA ITEM 8

WEST DEVON BOROUGH COUNCIL

AGENDA ITEM 8

NAME OF COMMITTEE	Resources Committee
DATE	2 December 2014
REPORT TITLE	Write Off Report
REPORT OF	Section 151 Officer Customer Services Manager
WARDS AFFECTED	All

Summary of report:

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 2014 to 30th September 2014

Financial implications:

West Devon Borough Council debts totalling £71,359.91 to be written-off.

RECOMMENDATIONS:

The Committee notes that, in accordance with Financial Regulations, the Head of Finance has authorised the write-off of individual West Devon Borough Council debts totalling £62,643.96 as detailed in Tables 1 and 2.

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

Officer contact: Lisa Buckle: Tel ext no.3644 e-mail lisa.buckle@swdevon.gov.uk
 Kate Hamp: Tel ext no. 3578 e-mail kate.hamp@swdevon.gov.uk

1. BACKGROUND

- 1.1 The Council’s sound financial management arrangements underpin delivery of all the Councils 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 rates for 2013/14 were; Council Tax 97.7% & Business Rates 99.2%.

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 £1,116,512. 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 £32.7 million and for Business Rates is £10.9 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. 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.
- 2.3 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.
- 2.4 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 s151 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.
- 2.5 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.
- 2.6 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 £71,359.91 to be written-off.

5. OTHER CONSIDERATIONS

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

RISK MANAGEMENT

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Reputation	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.	3	2	6	↓	This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue	CSM
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.	S 151 Officer

Direction of travel symbols ↓ ↑ ↔

TABLE 1 SUMMARY OF WEST DEVON BOROUGH COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY THE s151 Officer

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	23	Overpaid Entitlement	17,407.57	35	25,649.56	28	14,162.44	79	38,752.41
COUNCIL TAX BENEFIT	2	Bankruptcy	1,714.24	4	4,781.60	-	-	4	3,048.66
COUNCIL TAX REDUCTION	-	Deceased	-	-	-	2	706.78	7	4,657.69
	-	Other	-	-	-	-	-	-	-
	7	Absconded	7,512.05	9	9,278.61	2	247.75	3	1,190.58
	18	Not Cost Effective to Pursue	1,756.74	19	1,757.74	-	-	2	14.72
	3	Uncollectable Old Debt	2,896.67	9	3,812.21	2	76.20	3	651.90
Total	53		31,287.27	76	45,279.72	34	15,193.17	98	48,315.96
COUNCIL TAX	17	Absconded	9,313.45	45	11,962.97	28	1,539.86	69	12,957.87
	9	Bankruptcy	11,424.44	26	27,110.61	6	6,516.98	12	13,044.53
	2	Deceased	992.58	4	1,085.34	3	372.71	9	2,279.01
	2	Other	210.00	7	1,898.08	1	424.00	9	3,748.14
	1	Small Balance	6.06	52	1,224.16	36	1,072.48	56	1,356.41
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	-	Administration	-	1	1,108.21	-	-	-	-
Total	31		21,946.53	135	44,389.37	74	9,926.03	155	33,385.96
SUNDRY DEBTS	2	Small Balance	0.08	2	0.08	-	-	1	0.30
		Bankrupt		-	-	-	-	-	-
	1	Not Cost Effective to Pursue	40.00	1	40.00	-	-	1	72.07
	1	Uncollectable Old Debt	435.00	1	435.00	-	-	-	-
		Absconded		-	-	-	-	4	436.72
	Other		-	-	-	-	1	309.00	
Total	4		475.08	4	475.08	-	-	7	818.09
Grand Total	88		53,708.88	215	90,144.17	108	25,119.20	260	82,520.01

**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	2004/05	Total
Value	81.11	362.73	460.23	4,823.85	2,847.86		737.67					9,313.45
Number	2	4	3	11	5		2					27

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 2014/15			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Bankruptcy	-	1	282.83	3	740.77	4	942.56
	-	Absconded	-	1	464.29	5	5,212.26	8	7,580.30
	1	Deceased	244.23	2	3,248.12	2	2,728.83	2	2,728.83
	2	Liquidation	5,283.32	5	6,472.58	8	7,450.36	14	15,382.97
	1	Other	661.20	2	1,163.20	3	512.30	4	1,171.37
	-	Small Balance	-	-	-	1	5.43	1	5.43
	-	Uncollectable Old Debt	-	-	-	-	-	1	1,031.14
	2	Administrative Receivership	2,746.33	4	3,914.33	-	-	2	6,252.88
Total	6		8,935.08	15	15,545.35	22	16,649.95	36	35,095.48

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 2014/15			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	Liquidation	-	1	18,128.27	-	-	2	20,312.20
	-	Administrative Receivership	-	-	-	-	-	1	18,570.21
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy/DRO/IVA/CVA etc	-	3	31,346.48	-	-	-	-
	-	Deceased	-	1	15,851.37				

	1	Other	8,715.95	1	8715.95				
Total	1		8,715.95	6	74,042.07	-	-	3	38,882.41
HOUSING BENEFIT	-		-	-	-	-	-	-	-
COUNCIL TAX BENEFIT	-		-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
COUNCIL TAX	-	Bankruptcy	-	-	-	-	-	1	15,940.10
	-	Absconded	-	1	5,265.60	-	-	-	-
Total	-		-	1	5,265.60	-	-	1	15,940.10
Grand Total	1		8,715.95	7	79,307.67	-	-	4	54,822.51

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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 2nd day of **DECEMBER 2014** at **2.00pm**

Present:
Cllr P R Sanders – Chairman
Cllr R E Baldwin – Vice-Chairman
Cllr S C Bailey
Cllr W G Cann OBE
Cllr A F Leech
Cllr C R Musgrave
Cllr T G Pearce

Substitute:
Cllr R F D Sampson for Cllr T J Hill
Cllr M J R Benson for Cllr J R McInnes
Cllr D E Moyse for Cllr P J Ridgers

In attendance:
Executive Director (Resources)
Head of Finance and Audit
Member Services Manager

***RC 18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr T J Hill for whom Cllr R F D Sampson substituted, Cllr J R McInnes for whom Cllr M J R Benson substituted, Cllr P J Ridgers for whom Cllr D E Moyse substituted and Cllr E H Sherrell.

***RC 19 DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be discussed but none were made.

***RC 20 CONFIRMATION OF MINUTES**

The Minutes of the Resources Committee Meeting held on 7 October 2014 were confirmed as a correct record.

***RC 21 REVENUE AND CAPITAL BUDGET PROPOSALS FOR 2015/16 TO 2018/19**

The Chairman introduced a report that provided a forecast for the year 2015/16 and a forecast for the four years to 2018/19. The forecast was intended to provide a framework within which decisions could be made regarding the future service provision and council tax levels whilst building an approach that guaranteed West Devon Borough Council's longer term viability.

The Finance Community of Practice (COP) Lead updated Members on the bid for Transformation Funding from central Government. She confirmed that the bid had been successful and a report would be presented to the Council meeting on 9 December 2014 which would set out more detail, but that she had recommended a percentage split of the monies received in line with the percentage split of investment costs. She went on to respond to specific queries, and during discussion the following points were raised:

- One Member noted the projected increase in payment of New Homes Bonus to Dartmoor National Park (DNP) for years 2017/18 and 2018/19. The Finance COP advised that the figures were based on predictions from DNP and that a new set of predictions had recently been received. The updated figures would be included in the next report to the Resources Committee on 3 February 2015 however it was made clear that payments to DNP were set one year at a time and were not determined by predictions (they were calculated on actual figures);
- A Member was disappointed that the budget for village halls and community projects was not increasing. In response, the Finance COP advised that there were funds in the budget and that the budget was not currently coming under pressure (demand was not exceeding the budget available). If it did, then the budget could be reviewed;
- The Finance COP advised that a report on options in relation to the strategic leisure review would be presented to the Community Services Committee in January 2015;
- One Member raised concerns in relation to the TAP Fund as he was aware that monies applied for some time ago had not been used for the purpose intended. A number of Members felt that an audit trail would be appropriate to monitor those applications which had been granted TAP Fund monies. Other Members reported that the TAP Fund worked perfectly well in their parishes. Members concluded that a report should be presented to the next Overview and Scrutiny Committee for its consideration. The Executive Director reminded Members that the intention with the TAP Fund was for it to be less restrictive than other funding streams.

It was then **RESOLVED** to note the contents of the report, and request a report be presented to the next Overview and Scrutiny Committee on 27 January 2015 setting out details of the TAP Fund process and how it was monitored.

***RC 22 REVENUE BUDGET MONITORING 2014-15 QUARTER 2 TO 30 SEPTEMBER 2014**

The Chairman presented a report of the Finance Business Partner that gave Members an indication of the potential year-end financial position of West Devon Borough Council for the revenue budgets for 2014/15 and to bring to Members' attention any significant variance from the revenue budgets set. The report enabled Members to monitor income and expenditure variations against the approved budgets for 2014/15.

One Member raised concerns over the paragraph in the presented agenda report relating to homelessness, particularly the reference to staff shortages impacting on delivery of the service. The Finance COP and Executive Director confirmed that this was an historic situation that had now been rectified.

It was then **RESOLVED** that the forecast income and expenditure variations for the 2014/15 financial year for the revenue budget be noted.

***RC 23 CAPITAL BUDGET MONITORING 2014-15 SPEND TO 31 OCTOBER 2014**

The Chairman presented a report of the Capital Accountant that advised Members of the progress on individual schemes within the approved capital programme, including an assessment of their financial positions.

He advised Members that he had raised concerns in relation to the budget for affordable housing. In his view, the amount of money in the budget could be better used by purchasing property that could help with affordable housing, or equally, could be used to address the issues over homelessness by providing temporary accommodation.

The Finance COP advised that whilst the money could be used, she urged caution until the outcome of Phase 1b of the T18 Programme was known. Members discussed this and shared their views, and it was **PROPOSED, SECONDED** and on being put to the vote **CARRIED**, that a report be presented to the next Resources Committee on 3 February 2015 which would detail options in relation to affordable housing, housing options and homelessness and best use of the affordable housing budget.

It was then **RESOLVED** that the report be noted, and that a report be presented to the next Resources Committee on 3 February 2015 in relation to affordable housing, housing options, homelessness and the affordable housing budget.

***RC 24 WRITE OFF REPORT**

The Chairman presented a report that outlined how the Council was responsible for the collection of Sundry Debts including housing benefits overpayments, Council Tax and National Non-Domestic Rates and informed Members of the debt written off for these revenue streams. The report reminded the Committee that debts up to the value of £5,000 were written off by the s151 Officer, under delegated authority. Permission was sought from the Committee to write off individual debts with a value of more than £5,000. The report covered the period 1 July 2014 to 30 September 2014.

The Finance COP responded to a number of queries, and the Chairman reminded Members that addressing overpayments and measures taken to avoid write offs would be the subject of a report to Overview and Scrutiny Committee on 27 January 2015.

It was then **RESOLVED** that:

- (i) In accordance with Financial Regulations, the s151 Officer had authorised the write-off of individual West Devon Borough Council debts totalling £62,643.96 as detailed in Table 1 and 2 of the presented report be noted; and
- (ii) Authority to write off individual debts in excess of £5,000 as detailed in Table 3 of the report be granted.

(The Meeting terminated at 3.15 pm)