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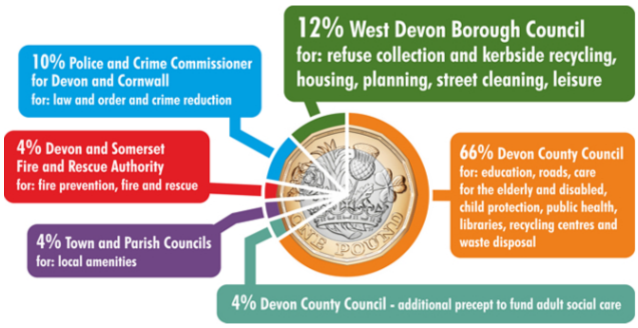
Council Tax

- Average Band D total bill was £1,896 for 2018-19 (WDBC Band D of £224.91 equates to a 12% share of the council tax bill)



- 2018/19 increase of £6.52 to £224.91 (2.99%) – a 1% increase raises £47,000

- Government Council Tax referendum threshold higher of £5 or 2.99% for 2018-19 (2.99% was set to track CPI inflation) – The Government are currently consulting on applying the same thresholds for 2019-20. Latest CIP July 18 – CPI 2.5%, RPI 3.2%

- The Government has not announced any plans to change the council tax system or to carry out a council tax revaluation within the near future. In 2017/18 the Council had 25,426 properties on the Valuation List, the make of up of which was 3,440 (Band A), 6,381 (Band B), 5,294 (Band C), 4,121 (Band D), 3,334 (Band E), 1,761 (Band F), 1,013 (Band G) and 82 properties in Band H. There are more Band B properties in the Borough than any other Band (representing 25%). Council Tax Reduction Scheme for claimants will be a separate report on the September Hub Committee agenda.

Council Tax Strategy Options: Members have options to either freeze council tax or to raise council tax anywhere between zero and 2.99%. Anything above 2.99% currently requires a council tax referendum, which is a costly exercise. Recent funding settlements from the Government are based on the assumption that Councils increase council tax by the maximum allowed.

Recommendation 1: To set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable the continued delivery of services.

If this recommendation were to be agreed, it would have the following impact on council tax:

Council Tax	**2018/19 CURRENT YEAR**	**2019/20 Year 1**	**2020/21 Year 2**	**2021/22 Year 3**	**2022/23 Year 4**	**2023/24 Year 5**
Band D	£224.91	£231.63	£238.55	£245.68	£253.02	£260.59
£ Increase		£6.72	£6.92	£7.13	£7.34	£7.57
% Increase		2.99%	2.99%	2.99%	2.99%	2.99%

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Business Rates

- Self-sufficient local government: Business Rates Retention (BRR) of **growth above the business rates baseline.** The Government introduced the BRR system in April 2013 with the aim of providing a direct link between business rates growth (economic growth) and the money councils have to spend on local services.

- The title of the scheme (Business Rates Retention) has caused public confusion – as it implies that Councils are able to keep 40% of **all of** the business rates that they collect. This is not the case. Councils are only able to keep a share of any business rates growth above a baseline set by the Government.

- The baseline is the amount of money that the Government has assessed that the Council needs to keep to fund its services, based on a needs formula. The Baseline is around £1.5 million for West Devon (rising to £1.6 million in 2019/20). Out of the business rates collected of £10 million, the Council keeps approximately 16 pence in every £1 to run its services. The rest is paid back to the Government and a proportion goes to Upper Tier Councils e.g. the County Council, to pay for their services.

- There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. The Council retains a Business Rates Volatility Earmarked Reserve to cope with any fluctuations in business rates and at 31.3.18 the balance on this Reserve was £0.5m. The Council's appeals provision was £1.03m.

- Since 2013/14 (when Business Rates Retention was introduced with a 50% scheme), the Council has been part of a Devonwide Business Rates Pool which has included all of the Devon District Councils (except South Hams for some of the latter years), Plymouth City Council (Lead Authority), Devon County Council and Torbay Unitary Council. The Pool has made Pooling gains every year and West Devon receives a share of the gains. The table below shows the business rates position from the 2017/18 Accounts.

Business Rates Income receivable 2017/18 (collected)		£10,032,307
Add on Section 31 Grants and Small Business Rates Relief		£1,780,809
TOTAL		£11,813,116
WDBC share (40% - see next page)		**£4,725,247**
Less Tariff (amount deducted and paid to Government)		£(3,017,068)
Total Business rates remaining after the Tariff	(A)	£1,708,179
Funding Baseline 17/18 (money retained by WDBC)	(B)	**£1,538,973**
Growth (Business Rates achieved over the Baseline) (A-B)		£169,206
Levy paid of (50%)		£(84,603)

The Council received £82,000 from the 2017-18 Devon Pooling Gain (which was £4.47 million across Devon Councils). **Therefore the income from Business Rates which West Devon Borough Council retained in 2017-18 was the funding baseline of £1,538,973 plus the pooling gain of £82,000.**

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Business Rates Pilot 18/19

- In 2018/19 the Devon Authorities applied to the Government to be a business rates Pilot area and Devon was chosen by the Government to be one of ten Pilot areas nationally.
- Financial modelling showed that the Devon business rates area could benefit by somewhere in the region of up to £19 million by becoming a pilot in 2018/19. This is Councils' share of the level of growth above the business rates baseline which is estimated for Devon. The modelling showed that West Devon could benefit by approximately £460,000. This is one-off additional revenue money for the year of the pilot only (2018-19). Some of this funding has been used to fund the revenue base budget in 2018-19 and the remainder of £316,484 has been put into a future financial stability earmarked reserve.
- West Devon is a low growth area as shown overleaf (growth above baseline in 2017/18 was £169,000). West Devon is a beneficiary of the pooling and pilot arrangements as the growth across the whole of Devon is divided up amongst all Devon Councils. In order to share financial rewards more evenly across the Pilot area, the 2018/19 Devon Pilot includes minimum funding levels for Districts (£0.5m) and the Unitaries/DCC (£1.5m). WDBC benefits from the minimum funding levels.
- In the future as Council funding is more reliant on business rates income, it puts West Devon in a more precarious position than most Councils due to its low growth and it is extremely important that the Council remains within the Devon pooling and pilot arrangements.
- The bid set out how pilot status for Devon would meet the principles of assisting financial sustainability for the District Councils, higher levels of investment in economic regeneration in Devon and support for Upper Tier Councils with the growing financial cost pressures of areas such as adult social care and children's services.
- The diagram below compares the split of business rates income under the 50% scheme (from 2013/14 to 2017/18) to the 100% scheme (Pilot status in 2018/19) to the 75% scheme (recommendation to apply for Pilot status for 2019/20). The 75% scheme will be rolled out nationally from 2020/21 onwards.

Split of business rates income	**50% scheme (Devon Pool)** From 2013/14 to 2017/18	**100% scheme (Devon Pilot status)** 2018/19 only	**75% scheme (Application for Pilot status)** For 2019/20
WDBC (see note)	40%	40%	40%
Central Government	50%	Nil	25%
DCC	9%	59%	34%
Fire	1%	1%	1%
Total	100%	100%	100%
NOTE: Even though West Devon starts off with a 40% share, a tariff is then deducted and paid over to Central Government, and therefore the amount of money West Devon ends up keeping is its business rates baseline funding amount plus any Pooling or Pilot Gain each year.			

APPENDIX C

ENTERPRISE

Creating places for enterprise to thrive and business to grow

Business Rates Pilot 19/20

- The Government has invited applications for Business Rates Pilots for 2019/20 for Councils to pilot 75% Business Rates Retention. The deadline is 25th September 2018. There will be less Pilots allowed for 2019/20 than 2018/19 and less funding available. There will be lots of competition from other areas around the country.

- As shown overleaf, this does not mean that West Devon would be able to retain 75% of its business rates income. West Devon Borough Council would retain its business rates baseline income (of £1.62 million for 19/20) plus the Pilot gain.

- Modelling which has been carried out on the application for 19/20 Pilot status shows that **West Devon could gain approximately £250,000** of the projected £10 million 19/20 Devon Pilot gain. This is approximately half of the 18/19 predicted WDBC gain of £460,000. This additional funding of £250,000 would be a one-off amount for 2019/20 only.

- The 2019/20 Pilots will not have a 'no detriment' clause applied. However the safety net has also been increased to 95% (it is 92.5% currently), to reflect the additional risk locally that the 75% retention introduces and this will apply pilot wide and not to individual authorities. The modelling undertaken on the 19/20 Pilot position shows that the Devon Councils would receive a higher level of minimum resources under a Pilot (£224m) than under Pooling arrangements (£220m). Therefore the risks of the no detriment clause have been considered and are assessed as low risk.

- The Government will make available safety net payments if a Council's business rates income falls by a certain amount. This will provide support if, for example a major local employer closes. The safety net payments will be funded by a levy paid by those Councils whose business rates revenue increases by a disproportionate amount compared to their needs.

- Business Rates reliefs will be kept under review and the Council will actively pursue a strategy to ensure that all businesses that should be paying are paying.

Recommendation 2: To submit an application for Pilot status for 2019/20 and to agree a 40% District/34% Devon County Council/1% Fire split for the 75% scheme, with the agreement to remain part of the Devon Business Rates Pool for 2019/20 if the Pilot bid is not successful.

Recommendation 3: To actively lobby Central Government and Devon MPs to support a 2019/20 Devon Pilot bid

Business Rates Baseline Re-set for 2020-21 onwards

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The future for Business Rates in 2020 onwards

- One of the largest financial risks that the Council is facing is around how the Government will re-set the Business Rates Baseline for the Council in 2020 onwards when the 75% scheme is rolled out nationally. Many factors will influence this, including the Government's Fairer Funding Review.

Recommendation 4: To actively lobby and engage with the Government, Devon MPs and other sector bodies such as the District Councils Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2020 onwards.

Rural Services Delivery Grant

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- Rural Services Delivery Grant – The 2018/19 funding was increased from £65m to £81m. This has meant extra RSDG funding of £91,726 for 2018/19 -the Council's allocation increased to £464,365. The £464,365 has been built into the Council's business rates baseline due to the Council's Pilot status. The amount of RSDG for 2019/20 is anticipated to be £372,638 as per Appendices B and C. The Government has not indicated what RSDG allocations will be post 2019/20 (£350K assumed post 2020).

- The Strategy for Rural Services Delivery Grant (RSDG) is that the Council will continue to provide local evidence of the cost of delivering services in rural areas, in order to lobby for higher allocations of RSDG as has happened in previous years.

APPENDIX C

Negative Revenue Support Grant

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Business Rates Tariff Adjustment in 2019/20 (Negative Revenue Support Grant)

- The Business Rates Tariff Adjustment is an amount in 2019/20 which increases an authority's tariff. It is applied where cuts to a Council's Settlement Funding Assessment (SFA) cannot be achieved through further cuts to the Revenue Support Grant (RSG), as the RSG is already zero. In effect the Tariff Adjustment is negative Revenue Support Grant which the Government chose to reflect through a change to the tariff, although this change has nothing to do with the business rates system and has caused confusion.

- In a technical consultation issued on 24 July 2018, the Government has set out its preferred option to eliminate Negative Revenue Support Grant in 2019/20. This would cost the Government £153m as negative RSG affects 168 Councils (with both West Devon and South Hams being affected).

- The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £293,377. **If the Government eliminates this, as an outcome of the consultation process, the Council's budget position is bettered by £300K for 2019/20.** The Council is hopeful the Government will reverse it, as this is the Government's preferred option in the consultation.

- **The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20** and this reduced funding pressure has been built into the latest modelling set out in this report. If the position changes, the MTFS will be updated to reflect this.

- It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.

Recommendation 5: That WDBC responds to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

APPENDIX C

COMMUNITIES
Council and residents working together to create strong and empowered communities

New Homes Bonus

- The New Homes Bonus was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local Councils for additional homes added to the council tax base, as well as long term empty properties brought back into use. The Council receives £1,272 per property over the baseline plus £280 per affordable home. The Council has modelled an extra 160 properties per annum in its Taxbase (estimate of housing growth).

- Following consultation, the Government has implemented reforms to the scheme to sharpen the incentive for housing growth. The length of New Homes Bonus payments was reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19.

- From 2017-18 the Government has introduced a national baseline for housing growth of 0.4% below which New Homes Bonus will not be paid, which the Government has said reflects a percentage of housing that would have been built anyway. The baseline equated to 98 Band D Equivalent properties for West Devon. **So for the first 98 extra properties per annum the Council receives no NHB**.

- **The Government released a consultation in July which stated their intention to increase the 0.4% baseline. They have also stated that 2019-20 represents the final year of NHB funding** and from 2020 onwards they will explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. The Government will consult widely on any changes prior to implementation.

- The table below shows possible levels of NHB (or an alternative introduced post 2020) and how this could be used.

	2018-19	2019-20	2020-21	2021-22
Amount of NHB	642,946	433,971	130,000?	80,000?
To fund Capital (affordable housing)	(65,000)	(50,000)	TBA	TBA
To fund the Revenue Base Budget	(560,000)	(375,000)	(100,000)	(50,000)
Funding remaining/shortfall	17,946 remaining	8,971	TBA	TBA

Recommendation 6: To use £375,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then reduce to £100,000 by 2020-21 and £50,000 by 2021-22 for modelling purposes.

APPENDIX C

COUNCIL

Delivering efficient and effective services

Reserves Policy

- Current Levels of Reserves: £1.2 million Unearmarked Reserves and Earmarked Reserves of £4 million
- The Council's Net Budget is £7.3 million for 2018/19. Therefore Unearmarked Reserves equate to 16% of the Council's Net Budget.
- The Council currently makes an annual contribution to Earmarked Reserves of £25,000 to the IT Development Reserve and £25,000 to the Planning Reserve.
- It is recommended that the annual level of contribution to Earmarked Reserves (£50,000) and the adequacy of the existing level of Earmarked Reserves (£4 million) is delegated to the Cross Party Member Working Group (Financial Stability Review Group - FSRG) to review and make recommendations by the end of October. This will assess their adequacy in light of future plans and pressures.
- Recommendations from the FSRG can be built into the next iteration of the MTFS (20th November 18)
- £316,484 from the 2018/19 Budget (pilot gain) was put into a Future Financial Stability Earmarked Reserve and there is £0.4m uncommitted in the Invest to Earn Earmarked Reserve and £0.2m uncommitted in the 2016/17 Budget Surplus Contingency Earmarked Reserve.

Minimum level of Reserves to be held

- As part of the Medium Term Financial Plan report to Members in July 2018, it was approved to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £750,000. The Unearmarked Reserves (General Fund) balance of £1.197 million stands above the minimum balance of £750,000 and acts as a safeguard against unforeseen financial pressures. Given the increase in financial risks which the Council faces, the Council should consider increasing this level through a stepped increase over the next five years, to reflect the new level of risks. The increased financial risks are in part from the Council's commercial property acquisition strategy where prudential borrowing of up to £37.45 million has been approved.

- Further detail on the Council's Unearmarked and Earmarked Reserves is set out in Appendix D of the Medium Term Financial Strategy.

Recommendation 7: That the annual level of contribution to Earmarked Reserves (£50,000) and the adequacy of the existing level of Unearmarked Reserves (£1.2 million) and Earmarked Reserves (£4 million) is delegated to the Cross Party Member Working Group (Financial Stability Review Group - FSRG) to review and make recommendations by the end of October. This will assess the adequacy of Reserves levels, in light of future plans and pressures.

COUNCIL

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Pension Strategy

- WDBC currently pays a 13.3% employer pension contribution for staff in the Local Government Pension Scheme. This is called the future service contribution rate. This is the anticipated cost to the Council of the pension rights that staff will accrue in the future and is expressed as a percentage (%) of pensionable payroll. Employees pay a separate amount out of their salary into the Pension Fund (the employee contribution).

- In addition to the 13.3%, the Council pays an annual sum of £500,000 into the Pension Fund as a past service deficit annual contribution. This cost arises where the cost of pension rights that have already been accrued turn out to be higher than expected. This happens where the Fund experience differs from previous assumptions, and so the contributions paid do not match the cost of the pension rights accrued during a previous period. The Council has been paying this sum annually for a long period of time.

- The Pension Fund has an Actuarial Valuation every 3 years which re-calculates the employer contributions that need to be paid for the next three years and the deficit contributions. Below are the results of the 2016 Actuarial Valuation. The Council is currently paying the Deficit off over a 17 years recovery period. An option could be to extend the 17 years deficit recovery period to align with the period of other employers within the Devon Pension Fund (which is longer e.g. 20 to 25 years) and to increase the affordability of these payments in the next Actuarial Revaluation or to pay a lump sum. The Council has currently included a £75,000 cost pressure for 2020/21 for the Triennial Pension Valuation and the Council will take specialist advice on this.

WDBC Pension Fund	2016 Actuarial Valuation
Assets	£22.2 million
Liabilities	£(29.4) million
Deficit	£(7.2) million
Funding Level	76%
Deficit Recovery Period	17 years

Recommendation 8 - That the Council takes specialist pension advice on the options for the Council's Pension position, with the aim of reducing the current contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with DCC and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. Options will be taken back to the Council's Audit Committee on 22nd January to consider.

Treasury Management /Borrowing Strategy

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The Council's Treasury Management Strategy details its borrowing limits and specifies approved institutes for investment, (with maximum limits), based on credit ratings and other pertinent factors. It also publishes Prudential Indicators which set investment and borrowing performance indicators to ensure that the Council stays within these guidelines.

- Borrowing Limits – The current Treasury Management Strategy (approved March 2018) shows the approved level of Operational Borrowing Limits:
  2018/19 – Operational Boundary of £47.5 million
  2019/20 onwards – Operational Boundary of £47.5 million (the operational boundary includes some headroom for unforeseen circumstances)

  This reflects the current level of the Council's Commercial Property Acquisition Strategy of up to £37.45 million. In addition the Council has also approved to borrow £2.65 million for waste vehicles and £1.5 million for Leisure Investment (in addition to the £2.1 million borrowing for Kilworthy Park). This totals £43.7 million. Note the Council may also wish to undertake borrowing for community housing schemes.

- The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels and this advice is attached in Exempt Appendix G. Their recommendation is that the Council limits its overall borrowing envelope for its whole operations and services to £50 million. This advice is based on a range of benchmarking of indices that they have undertaken. Borrowing needs to be proportionate and affordable and with always having regard to the risks involved in the repayment of the debt. The next Treasury Management Strategy for 2019/20 would look to increase the Operational Boundary Limit to £50 million if Recommendation 9 below is approved. Members are able to set a higher borrowing limit if they wish to do so. The S151 Officer's advice is to keep borrowing levels within the £50 million limit advised. Sensitivity analysis is shown in Appendix F.

- The Council will have to publish new indicators for Investments in 2018-19 and these include indicators such as the following:
  Level of debt compared to Net Service Expenditure (proportionality)
  (This indicator would be £50 million/ £8.9 million = a factor of 5.6)
  Gross and Net income from investment portfolios
  Vacancy levels and tenant exposures
  Net income from property investments, compared to interest costs on debt

Recommendation 9 – That the Council sets an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £50 million as per Exempt Appendix G.

Treasury Management /Borrowing Strategy (continued)

- The Council maintains regular engagement with our Treasury Management advisors and constantly seeks their advice on our strategic direction and key operational decisions. The Council's Borrowing Strategy will be to borrow appropriately to meet the Council's objectives as a form of financing. The key is affordability criteria and the Council being able to service that borrowing.

- The Council will set a framework around the borrowing through its annual Treasury Management Strategy. There will be regular (at least annual) reviews of the Council's borrowing levels and the Council will weigh up opportunities against that borrowing limit. The key borrowing mechanism is through the PWLB. However the Council will continue to explore other sources e.g. Municipal Bonds Agency

Minimum Revenue Provision

(repaying the Principal element of debt repayments)

- The Council has currently approved the following Minimum Revenue Provision Policy through its Treasury Management Strategy for 2018/19. No changes are currently proposed to the Council's MRP Policy but this will be kept under regular review. If there are projects which officers feel would warrant a different approach, this will be brought back to Members on a business case basis for approval to vary the current MRP Policy.

Borrowing	**MRP Methodology**
Commercial Property acquisition (Borrowing of up to £37.45 million)	***Annuity Method (over the 50 years)*** Under this calculation, the revenue budget bears an equal annual charge (for principal and interest) over the life of the asset by taking into account the time value of money. Under this example, the MRP charge in Year 1 on a £37.45 million borrowing would be £367,000, this rises to £377,000 in Year 2 etc.
Waste Fleet, Leisure Investment and Kilworthy Park	**Asset Life Method** MRP is charged using the Asset Life method – based on the estimated life of the asset. This option provides for a reduction in the borrowing need over approximately the assets' life.

Investments

The Council has widened its use of approved counterparties from countries with a minimum sovereign credit rating of AA-. The criteria, time limits and monetary limits applying to institutions are set out within the Council's treasury management strategy approved at Council on 27th March 2018.

APPENDIX C

COUNCIL

Delivering efficient and effective services

Future Cost Pressures

- The Council's Strategy is to identify cost pressures as early as possible. Cost pressures can be annual or one-off and can arise for a variety of reasons e.g. legislative changes, increase in demand, factors beyond the Council's control e.g. market conditions such as recycling rates, economic conditions or natural events.
- Appendix A of the Medium Term Financial Strategy (MTFS) sets out the cost pressures which have been identified for the next five years and these total £470,000 for 2019/20.
- The Medium Term Financial Position has included a cost pressure of £70,000 for Inflation and increases on Goods and Services. The main items are £20,000 for Business Rates increases, £2,500 for the Apprenticeship Levy, £7,500 Utilities inflation and an amount of £40,000 is to fund a 2.5% uplift on other expenditure budgets.
- The strategy takes account of a 1% rise in pay, however, the Council needs to respond to national pay bargaining. The Council has built the 2% pay award for 2019/20 which has already been agreed into the MTFS and this equates to £95,000. Thereafter 1% has been profiled each year for years 2 to 5 of the MTFS.
- Consideration should be given during any review of the MTFS as to whether to continue with the Local Government terms and conditions of employment Green Book. It is recommended to continue with this for at least 2019/20. It is also recommended to review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/2019.
- A cost pressure of £95,000 has been included in 19/20 for ICT Support contracts, to better align the budget to actual expenditure. The ICT budget was set assuming that the Civica solutions introduced by the T18 Transformation Programme would perform as required. In practice, additional solutions were procured in order to maintain services where using the Civica solution was not practical. This was explained in detail in the Medium Term Financial Position report to the Hub Committee on 17th July 2018.
- A further cost pressure for £150,000 has been shown in 2020/21 for ICT future service provision. A separate report for IT procurement is also on the agenda for the September Hub Committee for consideration.
- The strategy will be to state cost pressures as they come onto the horizon and to put mitigation in place through the budget setting process on an annual basis.
- **Recommendation 10: To continue with the Local Government terms and conditions of employment Green Book for at least 2019/20. To review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/2019.**

Income Generation / Savings

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Fees and Charges

- The Council's Extended Leadership Team will present further budget options to Members for income generation/savings/reduced expenditure, as part of the Budget Setting Workshop being planned for Monday 8th October.

- The Extended Leadership Team will bring forward business cases to Members to invest in technology to make savings or reduce costs in the base budget. This could also be through working with Partners e.g. Town and Parish Councils.

- During 2019/20, there will be a report to Members on options on the restructure of the Senior Leadership Team which will be reviewed. This will be for a decision within the first six months of the new Council.

- Income from Fees and Charges will be annually reviewed and set. Some fees and charges are set by statute (e.g. planning fees) and others are set on a cost recovery basis e.g. licensing.

- The Council's strategy is that COP Leads will work with Hub Lead Members to review fees and charges on a regular (at least annual) basis and these will be presented to the relevant Committee or Council for approval as part of the budget setting process.

- For those not prescribed, fees will be set at a realistic rate following appropriate consultation e.g. car parking tariffs or charging for public conveniences (20p).

- Some income will be incidental e.g. recycling and will be market led in terms of income received. The strategy will be to share that risk with the contractor.

- The Council will continue to carry out paid consultancy work for other Local Authorities for example business transformation (T18), Human Resources (carrying out assessments using the behavioural framework) – to generate income for WDBC.

- Assets and Estate Management – the strategy is that rental income will be at market rates and rents are reviewed in a timely manner with active debt recovery. The Council has target occupancy levels, though rent free periods can also be allowed in limited circumstances where there is a business need.

ENVIRONMENT
Protecting, conserving and enhancing our built and natural environment

Procurement

- The Council's strategy is to market test its services through a pragmatic and rational approach and to look at the whole value for money case in terms of whether or not to procure. This would include soft market testing and taking procurement advice around the legislative framework.
- Where the Council does go out to procurement, there will be a balance between cost and quality. The Council's strategy is to build flexibility and risk sharing into the Council's contracts, whilst retaining value for money and having the ability to make potential changes on the contract.
- The Council will look to procure externally, where appropriate, keeping risk in mind. Where the Council doesn't have the necessary in-house expertise, the cost of using external advisers will be included within the cost of the project.
- The Council will also future proof its services. For example ICT contracts are much more dynamic and ever-changing and more suited to shorter contracts. Other services such as waste are more suited to longer term contracts.
- The Council is currently procuring its waste collection, recycling and cleansing services through a competitive dialogue process. The latest report was to Council on 24th July. Council Minute CM25 refers. The procurement process will now continue to the 'Final Solutions' stage, with a further final report being brought to the Council meeting of 4th December 2018.

COMMUNITIES
Council and residents working together to create strong and empowered communities

Partnership Funding/Grants

WELLBEING
Supporting positive, safe and healthy lifestyles and helping those most in need

- Following reports to both the Overview and Scrutiny Committee (26th June) and the Hub Committee, it has been approved by Council (Minute CM24 – Council 24th July 2018) to reduce funding to Partnerships by £14,000 for 2019/20.
- The Council's SeaMoor Lotto (Community Lottery) and the Crowdfunder will help certain projects / groups. Partners will be able to join the Lottery facilitated by the Council in order to raise funding.

Review of Assets

- The Council's Asset Base is £22.3 million at 31 March 2018. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

- On 5th June 2018, the Hub Committee considered a report on Council Owned Asset Investment and Development opportunities. The Council will prepare detailed business cases on the opportunities in the report and report back to Members within three months.

- **Commercial Property Acquisition Strategy** – The Council has agreed a commercial property acquisition strategy of up to £37.45 million. To date, three investment properties have been purchased after 31st March 2018 with a value of just over £20 million in aggregate (54% of the portfolio of £37.4m). A further income projection of £100,000 from investments in commercial property has been built into the 2019/20 Base Budget.

- The Council's commercial property acquisition strategy has multiple objectives as stated below:
  i) To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
  ii) To support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order)
  iii) To enhance economic benefit/business rates growth
  iv) To assist with the financial sustainability of the Council through yield being an ancillary benefit.

  West Devon Borough Council is a business rates pilot area for 2018/19, which sets out the economic objectives of the pilot area.

- New property acquisitions are assessed against the Council's multiple objectives and the criteria which are set out in the Strategy. It is envisaged that the gross yield (an ancillary benefit) will average 5.85%.