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MID DEVON DISTRICT COUNCIL

A MEETING of the **MID DEVON DISTRICT COUNCIL** will be held in the Phoenix Chambers, Phoenix House, Tiverton on Wednesday, 27 February 2019 at 6.00 pm

ALL MEMBERS of the **COUNCIL** are summoned to attend for the purposes of transacting the business specified in the Agenda which is set out below:

[The next meeting is scheduled to be held in Tiverton on Wednesday, 24 April 2019 at 6.00 pm]

STEPHEN WALFORD

Chief Executive

19 February 2019

Members are reminded of the need to make declarations of interest prior to any discussion which may take place

Reverend David Beazley, Saint Hill Baptist Church will lead the Council in prayer.

AGENDA

1 Apologies

To receive any apologies for absence.

2 Public Question Time

To receive any questions relating to items on the agenda from members of the public and replies thereto.

3 Declaration of Interests under the Code of Conduct

Councillors are reminded of the requirement to declare any interest, including the type of interest, and the reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.

4 Minutes (Pages 7 - 16)

Members to consider whether to approve the minutes as a correct record of the meeting held on 19 December 2018.

The Council is reminded that only those Members present at the previous meeting should vote and, in doing so, should be influenced only by seeking to ensure that the minutes are an accurate record.

5 **Chairman's Announcements**

To receive any announcements which the Chairman of the Council may wish to make.

6 **Petitions**

To receive any petitions from members of the public.

7 **Notices of Motions**

(1) Motion 533 (Councillor R B Evans – 13 February 2019)

The Council has before it a **MOTION** submitted for the first time:

Background

Members are aware that a number of planning applications need to go to Planning Committee for consideration; these applications have an array of detail and associated information for members to consider along with an officer recommendation and report.

Within this suite of reports there is often a detail on affordable housing and the section 106 agreement outlining jointly agreed contributions that will be applied to the build should the application be successful, these agreements are evidently part of the detail members are asked to consider and naturally will assist members in making their informed decision .

It has become apparent that after approval has been received, it is not uncommon for developers/ applicants to seek to alter such agreements retrospectively via negotiations with officers, common reasons sited are funding/ budget related.

This motion is sought to be applied to any planning application that has been considered by the planning committee and evidently agreed where a retrospective application to alter the affordable housing or the section 106 agreement is then received.

Proposed motion

Any planning application that is approved by Committee giving specific affordable housing provision and or a detailed section 106 agreement as part of the information for members to consider that subsequently receives any application to alter all or part of these agreements must be referred to the relevant ward member/s for their consideration and input.

Should both the officer dealing and the ward member/s agree to the changes these can be allowed to form the new affordable housing agreement and or section 106 agreements.

Should the ward member/s and officer dealing fail to agree on the

proposed changes or cannot negotiate agreeable alternatives then the application to change the affordable housing and or section 106 agreement should be referred back to the committee for their consideration and agreement / disagreement .

In accordance with Procedure Rule 14.4, the Chairman of the Council has decided that this Motion (if moved and seconded) will be referred without discussion to the Planning Committee.

8 Reports (a) (Pages 17 - 272)

To receive and consider reports, minutes and recommendations of the meetings held as follows:

(1) Cabinet

- 3 January 2019
- 31 January 2019
- 7 February 2019

9 Council Tax Resolution 2019/2020 (Pages 273 - 284)

To consider a report of the Deputy Chief Executive (S151) setting out the formal Council Tax Resolution for 2019/20.

10 Reports (b) (Pages 285 - 498)

To receive and consider the reports, minutes and recommendations of the meetings as follows:

2) Scrutiny Committee

- 14 January 2019
- 18 February 2019 – to follow

3) Audit Committee

- 22 January 2019

4) Environment Policy Development Group

- 8 January 2019

5) Homes Policy Development Group

- 15 January 2019

6) Economy Policy Development Group

- 10 January 2019
- 29 January 2019

7) Community Policy Development Group

- 22 January 2019

8) Planning Committee

- 9 January 2019
- 6 February 2018

11 **Special Urgency Decisions** (*Pages 499 - 502*)

To consider a report of the Leader (and Monitoring Officer) regarding decisions taken under Rule 16 (of the Constitution) Special Urgency – October to December 2018.

12 **Questions in accordance with Procedure Rule 13**

To deal with any questions raised pursuant to Procedure Rule 13 not already dealt with during the relevant Committee reports.

13 **Independent Remuneration Panel Report** (*Pages 503 - 522*)

To receive a report of the Group Manager for Legal Services and Monitoring Officer informing Members of recommendations from the review undertaken by the Independent Remuneration Panel to set a Scheme of Allowances from 1 April 2019 until 31 March 2020.

14 **Questions to Cabinet Members**

Cabinet Members will answer questions from Members on their portfolios.

15 **Access to Information - Exclusion of the Press and Public**

During discussion of the following item(s) it may be necessary to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Council will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

To consider passing the following resolution so that information may be discussed.

Recommended that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 6 respectively of Part 1 of Schedule 12A of the Act,

namely – information which reveals that the authority proposes –

- a) To give under any enactment a notice under or by virtue of which requirement are imposed on a person; or
- b) To make an order or direction under any enactment.

16 **Potential Dissolution of a Parish Council** (*Pages 523 - 526*)

To consider a report of the Monitoring Officer regarding a Parish Council.

17 **Members Business**

To receive any statements made and notice of future questions by Members.

Note: the time allowed for this item is limited to 15 minutes.

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **COUNCIL** held on 19 December 2018 at 6.00 pm

Present

Councillors

P J Heal (Chairman)
Mrs A R Berry, Mrs J B Binks, A Bush,
R J Chesterton, Mrs C Collis,
Mrs F J Colthorpe, D R Coren, N V Davey,
W J Daw, Mrs C P Daw, R M Deed,
Mrs G Doe, R J Dolley, J M Downes,
C J Eginton, S G Flaws, Mrs S Griggs,
P H D Hare-Scott, T G Hughes,
Mrs B M Hull, D J Knowles, F W Letch,
B A Moore, R F Radford, F J Rosamond,
Mrs E J Slade, C R Slade, T W Snow,
J D Squire, Mrs M E Squires, R L Stanley,
N A Way, Mrs N Woollatt and R Wright

Apologies

Councillors

Mrs E M Andrews, Mrs H Bainbridge,
K Busch, R Evans, L G J Kennedy and
L D Taylor

87 Councillor Mrs Jenny Roach

Those in attendance observed a minute silence in memory of Councillor Mrs Jenny Roach.

88 Apologies (00-05-52)

Apologies were received from Councillors: Mrs E M Andrews, Mrs H Bainbridge, K I Busch, R B Evans, L Kennedy and L Taylor.

89 Public Question Time (00-06-21)

Mr Wilce stated that following attendance at the previous meeting he had asked 2 questions:

Relating to question 1, that application for information was refused, can the Council please tell me how they think that a reply providing that simple information will harm the prospects of the relief road.

For question 2, I was promised a written response and I have not received one.

The Head of Planning, Economy and Regeneration in response stated: the first part of the question was referring to a response of the Council which was treated as a request under the Freedom of Information Act, she had not personally been responsible for the receipt of a reply, however, she would look into the issue.

Referring to the second part of Mr Wilce's question with regard to the written response, she explained that she had responded to his questions regarding the relief road and provided a date and time of her response.

Mr Wilce stated that his question referred to Councillor Busch and he reiterated his question: Referring to the report of the Licensing Committee, I note from the minutes that Councillor Busch has attended a meeting at last; does the Council agree with me that electors have the right to expect their elected representative to attend more than two meetings in six months? He stated that he was promised a written response and as far as he could recall, he had not had one.

The Chairman indicated that he would look into the matter.

Councillor Mrs Woollatt requested that she be copied into any response.

90 **Declaration of Interest under the Code of Conduct (00-11-39)**

Members were reminded of the need to declare any interests when appropriate:

The following Members declared interests:

C J Eginton	Personal As he received a pension from Lloyds Banking Group	Minute 108 Cabinet Minutes 22 November 2018
Mrs N Woollatt	Personal She lived in the vicinity of part of 2 of the proposed routes and nearby to Station Road, which the proposed routes would remove traffic from.	Matters to do with Cullompton Relief Road

91 **Minutes (00-12-26)**

Subject to the following amendments:

Page 57 - Minute 67 – Councillors Mrs Roach's supplementary question, penultimate paragraph replace 'derive' with 'deprive'.

Page 62 – Minute 86 – second paragraph, include 'not' before 'part of the ruling party'

the minutes of the meeting held on 24 October were agreed as a correct record and signed by the Chairman.

92 **Chairman's Announcements (00-16-09)**

The Chairman had the following announcements to make:

- He had visited several Parish Councils in his role as Chairman
- He had attended the Civic Services at East Devon and South Hams
- That morning he had attended the service of remembrance for Councillor Mrs Roach.

93 **Petitions (00-16-38)**

There were no petitions from members of the public.

94 **Notices of Motions (00-16-38)**

(1) Motion 550 (Councillor Mrs N Woollatt – 5 December 2018)

The Council has before it a **MOTION** submitted for the first time:

As despite enquiries, I have been unable to ascertain whether this will happen anyway, to ensure that it does I propose ...

That once the Cullompton Relief Road Route Options consultation responses have been reviewed by the project team along with the completed flood modelling and environmental survey work and potentially a preferred route arrived at, that the results and information regarding that are presented to the Planning Policy Advisory Group for comment prior to the report to Cabinet.

In accordance with Procedure Rule 14.3, Councillor Mrs N Woollatt chose to **WITHDRAW** the **MOTION** as she had been advised that officers were proposing to call a meeting of the Planning Policy Advisory Group.

(2) Motion 551 (Councillor Mrs N Woollatt – 5 December 2018)

The Council has before it a **MOTION** submitted for the first time:

The payment in advance to a company contracted to deliver leaflets on behalf of the Council on the Cullompton Relief Road consultation who subsequently did NOT deliver to large parts of the town does not appear to have been effective use of tax payers money.

In the absence of any response as at 5th December to my supplementary question at Council of 24th October enquiring as to whether a refund would be sought for work not carried out by the delivery company, I propose ...

That this Council seeks to hold the company contracted to deliver leaflets informing residents about the Cullompton Relief Road to account for the non delivery of a large proportion of said leaflets and seeks to recover a refund for the element of work which was not carried out.

The **MOTION** was **MOVED** by Councillor Mrs N Woollatt and seconded by Councillor R M Deed

In accordance with Procedure Rule 14.4, the Chairman of the Council had ruled that this Motion be dealt with at this meeting.

Following discussion and upon a vote being taken, the Motion was declared to have been **CARRIED**

(3) Motion 552 (Councillor Mrs N Woollatt – 5 December 2018)

The Council has before it a **MOTION** submitted for the first time:

I believe that the Council has a duty to inform residents directly when an issue which will have a major impact on them is being consulted on by the Council. That is also the view of many residents. Given the failings, as detailed in the previous motion, to communicate directly with a large number of residents on the recent Cullompton Relief Road Route Options consultation, and the complaints that elements of the community (e.g. older people) were disadvantaged, again, in the absence of a response as at 5th December to my supplementary question on this at Council of 24th October I propose ...

That this Council carries out a second stage of consultation on the Relief Road once a preferred route has been identified to feed into and comment on the further more detailed work which will take place on development of junction strategies, engineering, environmental assessments and so on, prior to submission of a formal planning application.

Further to that, that this Council ensures that residents and businesses within Cullompton are informed in advance of the consultation commencing by direct contact via a letter or leaflet delivery.

Also, that hard copies of information regarding the consultation and means of responding be left in public buildings in the town in order that people who are not online or comfortable using computers can easily access and contribute to the consultation.

The **MOTION** was **MOVED** by Councillor Mrs N Woollatt and seconded by Councillor R M Deed.

In accordance with Procedure Rule 14.4, the Chairman of the Council had ruled that this Motion be dealt with at this meeting.

In accordance with Procedure Rule 15.1 (i), Councillor Mrs N Woollatt requested that the **MOTION** be amended to read:

That this Council **would like** a second stage of consultation on the Relief Road once a preferred route has been identified to feed into and comment on the further more detailed work which will take place on development of junction strategies, engineering, environmental assessments and so on, prior to submission of a formal planning application.

Further to that, that this Council ensures that residents and businesses within Cullompton are informed in advance of the consultation commencing by direct contact via a letter or leaflet delivery.

Also, that hard copies of information regarding the consultation and means of responding be left in public buildings in the town in order that people who are not online or comfortable using computers can easily access and contribute to the consultation.

Following discussion and upon a vote being taken, the Motion (as amended) was declared to have been **CARRIED**.

Note: Councillor Mrs F J Colthorpe requested that her abstention from voting be recorded.

95 Reports - Cabinet - Report of the meeting held on 25 October 2018 (00-39-05)

The Leader presented the report of the meeting of the Cabinet held on 25 October 2018.

1) Schedule of Meetings (Minute 96)

The Leader **MOVED**, seconded by Councillor C R Slade

THAT the recommendation of the Cabinet as set out in Minute 96 be **ADOPTED**

Councillor R J Chesterton **MOVED** an **AMENDMENT** seconded by Councillor R L Stanley that a correction be made to the Schedule of Meetings – Cycle 5 2020 by changing the date of the Environment Policy Development Group to 14 January and the Homes Policy Development Group to 21 January.

Upon a vote being taken, the **AMENDMENT** was declared to have been carried.

96 Cabinet - Report of the meeting held on 22 November 2018 (00-40-46)

The Leader presented the report of the meeting of the Cabinet held on 22 November 2018.

1) Heart of the South West Joint Committee – Work Programme (Minute 106)

The Leader **MOVED**, seconded by Councillor P H D Hare-Scott:

THAT the recommendation of the Cabinet as set out in Minute 106 be **NOTED**

Upon a vote being taken, the **MOTION** was declared to have been carried.

2) Treasury Management Strategy and Mid-Year Review Report Committee – Work Programme (Minute 108)

The Leader **MOVED**, seconded by Councillor C R Slade:

THAT the recommendation of the Cabinet as set out in Minute 108 be **ADOPTED**

Upon a vote being taken, the **MOTION** was declared to have been carried.

97 **Scrutiny Committee - Report of the meeting held on 5 November 2018 (00-42-06)**

The Chairman of the Scrutiny Committee presented the report of the meeting of the Committee held on 5 November 2018.

98 **Scrutiny Committee - Report of the meeting held on 22 November 2018 (00-42-50)**

The Chairman of the Scrutiny Committee presented the report of the meeting of the Committee held on 22 November 2018.

99 **Audit Committee - Report of the meeting held on 20 November 2018 (00-45-51)**

The Vice Chairman of the Audit Committee presented the report of the meeting of the Committee held on 20 November 2018.

100 **Environment Policy Development Group - Report of the meeting held on 6 November 2018 (00-46-35)**

The Chairman of the Environment Policy Development Group presented the report of the meeting of the Group held on 6 November 2018.

101 **Homes Policy Development Group - Report of the meeting held on 15 October 2018 (00-47-15)**

The Chairman of the Homes Policy Development Group presented the report of the special meeting of the Group held on 15 October 2018.

102 **Homes Policy Development Group - Report of the meeting held on 13 November 2018 (00-47-55)**

The Chairman of the Homes Policy Development Group presented the report of the meeting of the Group held on 13 November 2018.

103 **Economy Policy Development Group - Report of the meeting held on 8 November 2018 (00-48-20)**

The Chairman of the Economy Policy Development Group presented the report of the meeting of the Group held on 8 November 2018.

104 **Community Policy Development Group - Report of the meeting held on 20 November 2018 (00-49-06)**

The Chairman of the Community Policy Development Group presented the report of the meeting of the Group held on 20 November 2018.

105 **Planning Committee - Report of the meeting held on 31 October 2018 (00-50-00)**

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 31 October 2018.

106 **Planning Committee - Report of the meeting held on 5 December 2018 (00-51-02)**

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 5 December 2018.

107 **Regulatory Committee - Report of the meeting held on 27 November 2018 (00-52-15)**

The Chairman of the Regulatory Committee presented the report of the meeting of the Committee held on 27 November 2018.

108 **Standards Committee - Report of the meeting held on 12 December 2018 (00-52-22)**

The Chairman of the Standards Committee presented the report of the meeting of the Committee held on 12 December 2018.

1) Procedure for Monitoring and Assisting the Delivery of Housing and Employment Developments (Minute 19)

The Chairman of the Standards Committee **MOVED**, seconded by Councillor R J Dolley:

THAT the recommendation of the Standards Committee as set out in Minute 19 be **ADOPTED**

Upon a vote being taken, the **MOTION** was declared to have been carried.

2) Terms of Reference of the Audit Committee (Minute 20)

The Chairman of the Standards Committee **MOVED**, seconded by Councillor C R Slade:

THAT the recommendation of the Standards Committee as set out in Minute 20 be **ADOPTED**

Upon a vote being taken, the **MOTION** was declared to have been carried.

3) Councillors – Leave of Absence from Council Meetings (Minute 21)

The Chairman of the Standards Committee **MOVED**, seconded by Councillor Mrs E J Slade:

THAT the recommendation of the Standards Committee as set out in Minute 21 be **ADOPTED**

Upon a vote being taken, the **MOTION** was declared to have been carried.

109 **Questions in accordance with Procedure Rule 13 (00-57-27)**

There were no questions submitted under Procedure Rule 13.2.

110 **Ungrouped - Committee Membership**

Following the recent death of Councillor Mrs J Roach it was necessary to appoint a Member of the Ungrouped to the following: the Scrutiny Committee, the GESP Member Reference Forum and also as a substitute for the Planning Committee.

1. Councillor D J Knowles **MOVED**, seconded by the Chairman:

THAT Councillor R M Deed fill the vacancy on the Scrutiny Committee.

Upon a vote being taken, the **MOTION** was declared to have been **CARRIED**.

2. Councillor D J Knowles **MOVED**, seconded by the Chairman:

THAT Councillor R M Deed fill the vacancy on the GESP Member Reference Forum.

Upon a vote being taken, the **MOTION** was declared to have been **CARRIED**.

3. Councillor D J Knowles **MOVED**, seconded by the Chairman:

THAT Councillor R J Dolley fill the vacancy on the list of Planning Committee substitutes.

Upon a vote being taken, the **MOTION** was declared to have been **CARRIED**.

111 **Six Monthly Briefing from the Leader (00-57-32)**

The Leader addressed the Council highlighting the Government's publication of the Resources and Waste Strategy for consultation which would have an impact on all local authorities and provided the following headlines:

- The Government would be looking for a standardised waste and recycling collection across the country, which could pose problems for certain Councils that were locked into external contracts.
- The Government recognised financial pressures on local authorities and would therefore be giving additional resource for policies set out in the strategy which included net upfront transition costs and operational costs.
- A core set of materials to be collected by all authorities
- To support high levels of recycling, there would be consultation on whether to introduce non-binding performance indicators for the quantity of materials collected for recycling and minimum service standards for recycling
- The possible introduction of legal powers to introduce mandatory targets for food waste prevention would also be consulted upon
- The confidence to invest in infrastructure to deal with waste and promote UK based recycling.

112 Questions to Cabinet Members (1-00-37)

Councillor F W Letch addressing the Leader asked if it was possible to look at the 3 hats worn by Councillor Stanley and whether there was a conflict of interest as he was director of a building company, the Cabinet Member for Housing and a Member of the Planning Committee.

Councillor Stanley responded stating that he recognised the position and that if re-elected in May he intended to relinquish his seat on the Planning Committee.

Councillor N A Way addressing the Leader stated that he had had complaints regarding waste collection and litter in Crediton and wondered whether there was a problem in the area.

The Leader stated that the issue of missed waste collections should be reported in the normal way, if there was a problem with litter then the litter busters team would be able to deal with this.

Councillor F J Rosamond addressing the Cabinet Member for Housing asked for feedback from his visit to the Housing Minister.

The Cabinet Member stated that his visit had been cancelled but that he hoped to be able to meet with the Minister in the New Year.

Councillor J M Downes addressing the Cabinet Member for Community Well-Being congratulated him for the work taking place at Lords Meadow Leisure Centre, however he felt that there was an issue with the on-line and telephone booking systems; he felt that there was a need to be able to access classes in a better way.

The Cabinet Member thanked the councillor for bringing this to his attention and he agreed to look into the matter.

Councillor T W Snow asked whether there was a supply of smartphones within the Council and if so how many staff had one.

The Chief Executive stated that he had a smartphone and would find out the number of officers who also had one and provide members with an answer to this question.

113 Members Business (1-09-19)

Councillor Mrs N Woollatt was pleased to see paper cups in the chamber.

She also referred to the last words of Councillor Mrs Roach in the minutes of the previous meeting regarding a complaint that her questions had not been answered adequately and that her supplementary questions were not given the courtesy of answers within the 10 working day protocol as set out in the Constitution. She informed the meeting of her visit to Councillor Mrs Roach in hospital and that their last conversation about the Council was that neither Councillor Mrs Roach nor Councillor Mrs Woollatt had had answers to their supplementary questions from the Council meeting in October. Councillor Mrs Roach had felt that it demonstrated a lack of respect. Councillor Mrs Woollatt reported that it had taken 32 working days to receive answers to her supplementary questions, of which there were 7 and some

only required a simple yes or no answer. She felt that she could have had a quicker answer by using the FOI system. She felt that if officers could not abide by the Constitution, did Members have to use the FOI legislation to be answered in a timely manner. She did not want to be hindered in carrying out her role as a councillor and having to submit motions without having been given the information and answers to questions she had asked. She added that Councillor Mrs Roach's last words to the Council were about seeking to ensure that back bench members rights to ask questions were upheld.

(The meeting ended at 7.11 pm)

CHAIRMAN

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 3 January 2019 at 2.15 pm

Present

Councillors

C J Eginton (Leader)
R J Chesterton, P H D Hare-Scott,
C R Slade, Mrs M E Squires and
R L Stanley

Also Present

Councillor(s)

Mrs H Bainbridge, R Evans, Mrs B M Hull, F W Letch,
F J Rosamond and Mrs N Woollatt

Also Present

Officer(s):

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Andrew Pritchard (Director of Operations), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer), Jenny Clifford (Head of Planning, Economy and Regeneration), Lisa Lewis (Group Manager for Business Transformation and Customer Engagement), Tina Maryan (Area Planning Officer), Nick Sanderson (Acting Manager Director of 3 Rivers Development Ltd), Paul Brockway (Culm Garden Village Project Manager) and Sally Gabriel (Member Services Manager)

111. **APOLOGIES**

There were no apologies.

112. **PUBLIC QUESTION TIME**

Councillor Nick Allan representing Kentisbeare Parish Council and referring to items 11 and 12 on the agenda (Culm Garden Village) stated: We want to stress that we are not opposed to the Garden Village or development in East Cullompton per se and have tried to engage constructively with the process, despite not having been consulted before the bid was submitted.

We believe that our feedback has been consistent and clearly spelled out, both in the Stakeholder forum and in letters to Councillor Chesterton and Jenny Clifford, copied to others in the Council.

We have been encouraged by the guiding direction from central government that Garden Villages should have support from the community and MDDC's emphasis that meaningful consultation is a key part of the process.

We are concerned about the proposed scale of the Garden Village; we feel that there has been no justification for a number of 5,000 homes. This would make it significantly larger than the existing town of Cullompton. It is clear that population growth in the first 5 years of the Local Plan is coming in at less than half that forecast

and that the housing projections out to 2033 look unrealistically high, as confirmed by the most recent data from the Office of National Statistics.

In respect of the Garden Village, we are particularly concerned to preserve the rural character of Kentisbeare, which has a population of 1,000 or so. Our residents clearly feel the same way. You will know that of the order of 1,000 letters of concern were submitted in respect of the proposed development east of Cullompton in the Local Plan. This compares to only 155 who expressed support for development in Mid Devon to be centred on Cullompton in the broad 2013 consultation.

At the key Stakeholder Forum in July to discuss possible physical outlines of the Garden Village, we felt that there was a clear understanding that there would be considerable discomfort at development encroaching into the parish. The western parish boundary is relatively close to the village proper. One enthusiastic Cullompton resident drew a line well into Kentisbeare Parish, but in the various discussions it was very clear that the Kentisbeare representatives did not feel this was acceptable and we thought that the point had been taken on board and accepted by the majority of those present. We reinforced the point in our correspondence with Mid Devon referred to before.

We were surprised and upset at the December Stakeholder Forum to find that development has been earmarked well into Kentisbeare in the plans for general public consultation. The village is about 3 miles from the M5 and 2.5 miles from the current limit of the existing town extension along the A373. The proposed development in the current outline plan would bring the new town to within half a mile of our village. Despite the commitment to consultation in Mrs Clifford's letter to the Parish Council in late October, this makes it feel to us as though consultation is in name only.

We urge you to reconsider the boundaries if you want to be able to claim real community support. We would strongly urge that there is a green buffer between the easterly limit of the Garden Village and the Kentisbeare parish boundary, in other words west of Horn Road not between Horn Road and Dead Lane. The parish boundary runs one field to the west of Horn Road for those who may not have detailed knowledge of our parish.

While I am here, please can I also express our concern about flood risk. There was flooding in Kentisbeare in 2012 and while we are delighted that a full catchment-based study is now promised in respect of the proposed Garden Village, we are alarmed that 4,000 houses can be proposed to the north west and east of Cullompton in the Local Plan with no overall flood strategy. The Arcadis report in respect of the Relief Road is only concerned with incremental risk and we feel strongly that the flooding issue needs to be looked at as a whole.

We would also like to highlight our concern that at the Stakeholder Forum, it seemed to be confirmed that any meaningful road upgrades other than the Relief Road would be at least 10 years away. The Relief Road to the SW of junction 28 won't solve the existing access issues from the east and north west to the M5 and with further developments of such scale proposed, the road situation is likely to be dire. Even otherwise ardent Cullompton supporters of the Garden Village at the December Stakeholder Forum were aghast that general infrastructure delivery (not just roads) would be delivered so far into the overall plan.

Mr Berry also referring to items 11 and 12 on the agenda (Culm Garden Village) referred to the necessity for a greenbelt between the proposed development in the Garden Village and Kentisbeare. There was also a need to address infrastructure issues early on in the development programme; he urged the authority to have urgent discussions with the Highway Authority with regard to the motorway junction and issues on Honiton Road. He stated that there must be a cycleway and pedestrian walkway from the new development across the railway, river and motorway to link the 2 towns and he feared that this would not be done until an issue arose with someone trying to walk to Tesco. He added that if the Government wanted housing then the Highway Authority must put in the necessary improvements to the M5 junction.

The Chairman indicated that the issues raised would be addressed when the items were discussed.

113. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-10-33)**

The following interests were declared:

Councillor	Interest	Reason
C J Eginton	Personal Items 11 and 12	Through his position in the Council, he sat on the Governance Board for the Culm Garden Village
R J Chesterton	Personal Items 11 and 12	Through his position in the Council, he sat on the Governance Board for the Culm Garden Village

114. **MINUTES OF THE PREVIOUS MEETING (00-11-17)**

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

115. **COMMUNITY ENGAGEMENT STRATEGY**

Arising from a report of the Director of Corporate Affairs and Business Transformation, the Community Policy Development Group had recommended that the Community Engagement Strategy and Action Plan 2018-2019 be approved subject to an amended review timeframe from 4 to 2 years.

The Cabinet Member for Community Well-Being outlined the contents of the report stating that this merged document brought together a number of previous policies which now provided an effective overarching strategic approach to the Council's communication and engagement activity. He drew members attention to the Social Media Policy and highlighted the work of the Communications Team

Consideration was given to:

- The Town Centre Manager role and whether such a role could be district wide.
- The Council's mission, operating framework and understanding what the Council was trying to achieve
- Translation services
- The suggested stakeholder map and that as a live document it could be added to

RESOLVED that the recommendation of the Policy Development Group be approved subject to the removal of the word "opposition" from paragraph 3.4 (Appendix 1 – Media and Social Media Policy).

(Proposed by Cllr C R Slade and seconded by Cllr Mrs M E Squires)

Note: *Report previously circulated, copy attached to minutes.

116. **COMMUNITY SAFETY PARTNERSHIP PLAN (00-24-26)**

Arising from a report of the Group Manager for Public Health and Regulatory Services, the Community Policy Development Group had recommended that the priorities of the Community Safety Partnership (CSP) and planned activities within the partnerships priorities and action plan for 2018-21 and the proposed new structure of the CSP be noted.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report informing the meeting of the annual grant from the Office of the Police and Crime Commissioner, the priorities of the Community Safety Partnership, the high level of threat across the county and the link to the Corporate Plan

Discussion took place regarding:

- The priorities of the Community Safety Partnership and the action plan
- Funding for the Devon Youth Games

RESOLVED that the contents of the report be noted.

(Proposed by Cllr Mrs M E Squires and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

117. **HEALTH AND SAFETY POLICY**

Arising from a report of the Director of Corporate Affairs and Business Transformation, the Community Policy Development Group had recommended that the Health & Safety Policy which was approved by the JNCC on 12th September 2018 and reviewed by the Health and Safety Committee and Unison be noted.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that there was an obligation of the Council to ensure that its activities did not adversely affect the health and safety of officers, members of the public, contractors and others with whom it interacted with. She outlined the work of the Health and Safety Officer and the risk assessment process.

RESOLVED that the contents of the report be **NOTED**.

(Proposed by Cllr Mrs M E Squires and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

118. FINANCIAL MONITORING (00-32-43)

The Cabinet Member for Finance informed the meeting that in his previous report to the Cabinet he had stated that the deficit for the year was predicted to be in the region of £168k, this had now been reduced to £94k largely as a result of savings made within the Revenue and Benefits service and an increase in planning fees. The Housing Revenue Account was on budget despite challenges such as Universal Credit and it was reported that rent arrears had reduced in comparison to January 2018.

119. BUDGET 2019/20 - UPDATE (00-34-44)

The Cabinet had before it a *report of the Deputy Chief Executive (S151) reviewing the revised draft budget changes identified and to request discussions on any further changes required in order for the Council to move towards a balanced budget for 2019/20.

The Cabinet Member for Finance outlined the contents of the report informing the meeting that in his previous report to the Cabinet in October he had stated that the proposed budget gap was £662k, this had now been reduced to £253k and it was hoped that this could be reduced further. He explained the provisional settlement from central Government and the increased funding from the Rural Services Delivery Grant. It was felt however that some money from reserves would be required to balance the budget.

Consideration was given to the amount of money held in the reserves.

RESOLVED that the draft updated General Fund budget proposals for 2019/20 be **AGREED**.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr R L Stanley)

Note: * Report previously circulated, copy attached to minutes.

120. TAX BASE CALCULATION (00-37-51)

The Cabinet had before it a *report of the Deputy Chief Executive (S151) detailing the statutory calculations necessary to determine the Tax Base for the Council Tax.

The Cabinet Member for Finance outlined the contents of the report stating that this was a statutory report and that each billing authority was required to calculate and approve its Band D equivalent Council Tax Base.

Consideration was given to the new empty property premium which was due to come into effect on 1st April 2019.

RECOMMENDED to Council that:

1. The calculation of the Council's Tax Base for 2019/20 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **28,596.47** an increase of circa 299 Band D equivalent properties from the previous financial year.
2. The current Council Tax Rebate scheme continues for the next financial year in line with criteria detailed in paragraph 4 of the report.
3. A new empty property premium be introduced with effect from the 1st April 2019, detailed in paragraph 3.8 of the report.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

121. CULM GARDEN VILLAGE - CULLOMPTON STAGE 1 CONSULTATION - VISION, PRINCIPLES AND CONCEPTS (00-40-00)

The Cabinet had before it a * report of the Head of Planning, Economy and Regeneration submitting information on the Culm Garden Village Vision and Concept document and seeking approval for Stage 1 public consultation on the material.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report stating that the vision document for the Garden Village set out the key principles for shaping the Garden Village, setting out the clear intentions and direction of travel for the scheme. Policies CU7-CU12 of the Mid Devon Local Plan Review allocated 160 hectares of land to the east of Cullompton for up to 1,750 homes and associated development within the period up to 2033 (with at least 850 houses thereafter). This allocation was intended to form part of a larger garden village proposal. The Local Plan Review had been submitted for examination and hearings would take place in February 2019, with adoption in the summer of 2019 (subject to Planning Inspectorate timetable). Policy CU7 of the Local Plan Review required comprehensive masterplanning of the development including at least two stages of public consultation, and adoption of the masterplan as a Supplementary Planning Document before any planning application was determined.

Only part of the Garden Village was allocated within the emerging Local Plan and the Greater Exeter Strategic Plan (GESP) was intended to be the policy vehicle to allocate the remainder of the Garden Village. The Vision and Concept Document and the East Cullompton Masterplan Supplementary Planning Document were before Members today. He highlighted the input from the stakeholders meetings and that of the Planning Policy Advisory Group and the list of suggested amendments following consideration of the documents, attached to both reports at appendix 1. Referring to comments made during public question time, he felt that this was an important part of the consultation process and that an additional question would be added to the

concept plan relating to the green landscape area to act as a buffer between the potential extent of the garden village and the village of Kentisbeare.

Paul Brockway, Project Manager for the Garden Village highlighted by way of presentation the key elements of the masterplanning process, the proposed consultation process in line with the Statement of Community Involvement and again highlighted the list of suggested amendments outlined in appendix 1 of the reports which should address some of the concerns raised with regard to the buffer zone.

The Chairman read the key points raised by the local Ward Member who was unable to attend the meeting, that of:

- Build quality and design
- Enforcement
- Affordable housing and Council homes
- Affordable housing for local people
- Infrastructure
- Healthcare
- Education
- Development encroaching into Kentisbeare parish

Consideration was given to:

- The timeline for development
- Whether there was a difference between Garden City Principles and Garden Community Principles
- The Governments requirements for housing numbers and whether housing delivery test information had been released
- The number of dwellings proposed within the emerging Local Plan and those emerging from the Greater Exeter Strategic Plan and how much control the authority would have over the Greater Exeter Strategic Plan. The meeting was informed that all the elements of the Greater Exeter Strategic Plan would have to be approved by all partnering authorities
- The impact of the proposals on residents
- The improvement to infrastructure prior to development of the area
- The importance of the proposed country park and other green infrastructure and that it should be commenced at the start of the project
- The issues of colour blindness in publicity material published by the Council and whether a general policy could be progressed
- The preparation of business cases for any ongoing funding bids to help with the cost of the infrastructure
- The delivery of an employment strategy for the Garden Village
- The importance of a cycle path and walkways within the scheme that would link the village of Kentisbeare to the Garden Village and onwards towards Cullompton

RESOLVED that:

- a) That the document at Appendix 2 be approved for Stage 1 public consultation.

- b) The proposed amendments to the document set out in Appendix 1 be approved
- c) Delegated authority be given to the Head of Planning, Economy and Regeneration in consultation with the Cabinet Member for Planning and Economic Regeneration to finalise consultation material.

(Proposed by Cllr R J Chesterton and seconded by Cllr C R Slade)

Notes:

- i) Cllrs R J Chesterton and C J Eginton declared personal interests as through their positions in the Council, they sat on the Governance Board for the Culm Garden Village
- ii) *Report previously circulated, copy attached to minutes.

122. EAST CULLOMPTON MASTERPLAN SPD (CULM GARDEN VILLAGE PHASE 1)– STAGE 1 CONSULTATION - ISSUES AND OPPORTUNITIES (1-14-22)

The Cabinet had before it a * report of the Head of Planning, Economy and Regeneration submitting information on the East Cullompton Masterplan SPD Issues, Opportunities and Concepts document and seeking approval for Stage 1 public consultation on the material.

The Cabinet Member for Planning and Economic Regeneration referred to the previous item and the discussion that had taken place with regard to the draft Vision and Concept document for the whole garden village and the Issues, Opportunities and Concepts document relating to Stage 1 consultation on a Masterplan SPD for the East Cullompton allocation and that it was proposed that they go out to consultation together.

RESOLVED that:

- a) The document at Appendix 2 be approved for Stage 1 public consultation.
- b) The proposed amendments to the document set out in Appendix 1 be approved
- c) Delegated authority be given to the Head of Planning, Economy and Regeneration in consultation with the Cabinet Member for Planning and Economic Regeneration to finalise consultation material.

(Proposed by Cllr R J Chesterton and seconded by Cllr Mrs M E Squires)

Notes:

- i) Cllrs R J Chesterton and C J Eginton declared personal interests as through their positions in the Council, they sat on the Governance Board for the Culm Garden Village;

- ii) *Report previously circulated, copy attached to minutes.

123. **CABINET MEMBER DECISION (1-15-37)**

The Cabinet **NOTED** a recent decision of the Cabinet Member for Housing:

To remove the means test for Disabled Facilities Grant (DFG) applications relating to stair lifts until 31 December 2019 as part of a pilot to increase uptake and accessibility to the scheme.

Reason: The government has increased the amount given to Local Authorities under the Better Care Fund (BCF) significantly in over the last few years, with the allocation nationally to be in excess of £500m in 2019/20. The expectation is that the powers under the Regulatory Reform Order 2002 will be used to allow authorities to be more flexible in how the money is spent.

Under the current system all DFGs, apart from those where the disabled person is a child or qualifying young person, are subject to means testing. However, since 2003 local authorities have had the power to apply a much simplified system for provision of adaptations which do not follow all DFG conditions such as waiving means testing for certain types of works or works costing less than a specified amount (e.g.£5,000). The rationale is that the related administrative process of means testing can cost more than the value of a grant for smaller works and result in a significant slowing of the delivery process. Under the current (adopted) Devon-wide Housing Assistance Policy for the BCF (2018-19), such DFG applications are eligible for an Accessible Homes Grant once the mandatory DFG process has been completed. However, this double-application process under the current policy significantly extends the overall delivery timeline.

The proposal to remove the means test for stair lifts is part of a larger pilot in conjunction with Exeter City Council, Devon County Council and the Royal Devon and Exeter Hospital to increase uptake and accessibility, through reducing end to end times for such cases and allowing referrals to be made by the hospital direct to the relevant local authority.

It is proposed to review the pilot after 12-months as part of a formal review of the current Housing Assistance Policy.

124. **NOTIFICATION OF KEY DECISIONS (1-16-34)**

The Member Services Manager informed the meeting of the amendments to the plan since the publication of the Cabinet agenda pack prior to the Christmas break.

The Cabinet had before it and **NOTED** its rolling plan * for November 2018 containing future key decisions.

Note: *Plan previously circulated, copy attached to minutes.

125. **ACCESS TO INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC (1-18-25)**

Prior to considering the following item on the agenda, discussion took place as to whether it was necessary to pass the following resolution to exclude the press and public having reflected on Article 15 15.02(d) (a presumption in favour of openness) of the Constitution. The Cabinet decided that in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

It was therefore:

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

(Proposed by the Chairman)

126. **3 RIVERS DEVELOPMENTS LIMITED - PERFORMANCE REPORT**

The Cabinet had before it and **NOTED** a report* of the Deputy Chief Executive (S151) and 3 Rivers Developments Limited Acting Managing Director updating Cabinet on the Company's financial performance outcomes and outputs of projects and any key risks.

The Cabinet Member for Housing outlined the contents of the report and a full discussion took place.

Note: *Report previously circulated.

(The meeting ended at 3.51 pm)

CHAIRMAN

CABINET

3rd January 2019

Tax Base Calculation 2019/20

Cabinet Member:

Cllr Peter Hare-Scott

Responsible Officer:

Deputy Chief Executive (S151)

Reason for Report: This paper details the statutory calculations necessary to determine the Tax Base for the Council Tax. The calculations made follow a formula laid down in Regulations.

RECOMMENDATIONS: that the Cabinet recommend to Council:

1. That the calculation of the Council's Tax Base for 2019/20 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **28,596.47** an increase of circa 299 Band D equivalent properties from the previous financial year.
2. That the current Council Tax Rebate scheme continues for the next financial year in line with criteria detailed in paragraph **4**.
3. That a new empty property premium be introduced with effect from the 1st April 2019, detailed in paragraph **3.8**.

Relationship to Corporate Plan:

1. This report sets out how the Tax Base is calculated for 2019/20. This calculation is then used as a basis to set the Council's budget for the forthcoming year.
2. This report is in line with the Council's Corporate Plan objectives.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and must set its Council tax each year. If it were not to set a Council Tax then the Authority and all Precepting authorities would be unable to raise money to pay for all the services they provide.

Legal Implications: This is a statutory function and is a legal requirement. The Council must now set its budget annually using Council Tax information as at 30th November each year in accordance with The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012 calculating the relevant amount by applying the formula set out in the above regulations.

Risk Assessment: If the Council fails to carry this duty out then the Council Tax cannot legally be set. In accordance with the LGF Act 2012 above and SI 2914 of 2012 The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012, The Council Tax Base calculation includes a deduction for the CTR scheme within its Tax Base calculation.

1.0 Introduction

- 1.1 Every year each billing authority is required to calculate and approve its Band D Equivalent Council Tax base. For 2019/20 this technical calculation is as follows:

2.0 **The Collection Rate calculation (A)**

- 2.1 It is necessary to estimate a 'collection rate', which is the proportion of Council Tax due that will actually be paid. It is recommended that a collection rate of 98.0% be estimated for the year 2019/20, which is consistent with previous years.
- 2.2 Any variation from the collection rate of 98% is pooled in a collection fund, which is distributed in the next financial year to all precepting authorities.

3.0 **Calculation of the relevant amount (B)**

Number of Properties per Valuation Band

- 3.1 The starting point will be the total number of properties within Mid Devon set out in the Valuation List.

Less Exemptions

- 3.2 Properties are exempt from Council Tax under certain circumstances. The calculated tax base uses the information currently held in deciding the level of exempt properties that are likely to apply for 2019/20.

Add Appeals, new properties and deletions from the Valuation List

- 3.3 The Valuation Officer has dealt with the vast majority of Council Tax appeals to date and so no further allowance is believed to be necessary at this time. At the **2nd October 2018** we have estimated a net increase in properties within Mid Devon of **100** properties to go live on or before 1st April 2019 and a further **270** properties during the financial year, totalling **(370)**. This estimate is based on the current number of reports outstanding with the Valuation Officer.

Disabled Allowance (move down a Band)

- 3.4 Where a disabled resident has made structural alterations to their property to help with their disability or they use a wheelchair internally at the premises, the property is entitled to a reduction and is afforded by moving the property to the next lowest band. Existing Band A properties are also entitled to a reduction by reducing the 6/9ths charge down to 5/9ths Charge.

Less 25% Discounts

Single Persons Discounts

- 3.5 If only one person lives in the dwelling as their main residence then a discount of 25% is allowed.

Less 50% discount

- 3.6 A discount of 50% is allowed where two or more persons who can be disregarded for Council Tax purposes occupy the property, e.g. care workers.

Second homes now pay full Council tax.

Long Term Empties

- 3.7 After a three month free period no further discount is allowed.

100% premium after 2 years

- 3.8 Currently if a property remains empty of furniture and residents for two years or more, the Council will apply an additional 50% premium to the Council tax charge, so the Charge payer will have to pay 150% of the Council Tax charge in that area. With effect from the 1st April 2019 a new premium of 100% can be levied so the Charge payer will have to pay 200% of the Council Tax in that area. The Regulations detailing the additional premium are **Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018**.
- 3.9 Additional empty premiums will be considered in future years in accordance with these Regulations. For clarity you will see in table **Calculation of the Relevant Amount** this will affect 55.50 properties.
- 4.0 **Estimated cost of the Council Tax Reduction Scheme (CTR)**
- 4.1 Before we convert the properties to Net Band D equivalents we must reduce the total properties by the estimated cost of the CTR Scheme amount.
- 4.2 The criteria for the CTR scheme is that everyone should pay something (with the exception of those protected by legislation namely pensioners in receipt of guaranteed pension credit).
- 4.3 All working age claimants are required to pay a contribution towards their Council Tax.
- 4.4 Support is restricted to 80% i.e. the claimant will be required to pay 20% of their Council Tax.
- 4.5 Support is limited to Band D charges so claimants in a higher banded property will receive CTR up to 80% of a band D and be required to pay the balance of additional banding in full.
- 4.6 Savings limited to £8,000.
- 4.7 Changes were made to the CTRS in April 2017 to align it with Universal Credit.
- 4.8 For your information Mid Devon's CTR scheme for 2019/20, is estimated to cost in the region of **£3.968m**, based on the existing schemes criteria.
- 4.9 CTR has been included within the tax base calculation and applied to each band and parish individually then a band D equivalent calculation has been used to arrive at a final figure.
- 4.10 The cost of the CTR scheme must be reflected in the Tax Base calculation so the following calculation is carried out for each valuation band to arrive at the net chargeable Dwellings:

Calculation of the Relevant Amount

	2018/19	2019/20
Number of properties per valuation list	35,768.00	36,181.00
Exemptions	-411.00	-467.00
Single occupiers and 25% disregards	-2,786.00	-2,843.80
50% discount	-37.00	-31.50
100% exempt 3 months only	-59.25	-59.50
Additional LTE at 200%	+55.50	+101.00
Additional net new properties	+375.00	+370.00
Class D 50% loss	-36.00	-14.50
Annexes (new)	-7.50	-11.00
Chargeable dwellings before conversion to Band D equivalent	32,861.75	33,224.70

Conversion to Band D equivalents

- 4.11 The net chargeable dwellings are then converted to Band D equivalents. This is carried out by multiplying the Net chargeable dwellings by the appropriate factor (A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18) for the band and dividing by that for Band D (9). The Table below details the Net Chargeable Dwellings converted to Band D equivalents.
- 4.12 The calculation shows the estimated annual cost of the CTR scheme, shown as the number of Band D equivalents. For the 2019/20 year this is estimated as 2161.92 Band D equivalent properties.
- 4.13 The Tax Base is finally calculated by applying the collection rate to the total Band D equivalents when summarised below for the 2019/20 financial year.

Band D equivalent properties	CTR properties	Revised properties
@ 8.60	-3.16	5.44
A 3,797.50	-853.37	2,944.13
B 6,388.63	-680.17	5,708.46
C 5,561.60	-330.17	5,231.41
D 5,730.50	-177.66	5,552.84
E 5,111.03	-75.20	5,035.83
F 3,182.82	-28.97	3,153.85
G 1,458.31	-12.30	1,446.03
H 103.00	-0.92	102.08
31,341.99	-2,161.92	29,180.07

- 4.14 To clarify the table detailing the **Calculation of the Relevant Amount** is based on actual properties and the final calculation above is based on a Band D equivalent of actual properties.

4.15 Therefore, based on the above detailed calculations in accordance with SI 2914 of 2012 the Tax Base is to be calculated as: Total relevant amounts (A) **29,180.07** multiplied by the estimated collection rate (B) (98%)

4.16 Mid Devon District Council's Council Tax Base for 2019/20 will be **28,596.47**.

Contact for more information: Fiona Wilkinson 01884 234329 /
fwilkinson@middevon.gov.uk

Background Papers: CTB1 and supporting documentation

File Reference: FW/G/CTB1

Circulation of Report: Cabinet Member for Finance, Leadership Team

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 31 January 2019 at 10.00 am

Present

Councillors

C J Eginton (Leader)
R J Chesterton, C R Slade, Mrs M E Squires
and R L Stanley

Apologies

Councillor(s)

P H D Hare-Scott

Also Present

Councillor(s)

Mrs E M Andrews, F J Rosamond, T W Snow and
Mrs N Woollatt

Also Present

Officer(s):

Stephen Walford (Chief Executive), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer), Jenny Clifford (Head of Planning, Economy and Regeneration), Jill May (Director of Corporate Affairs and Business Transformation) and Sally Gabriel (Member Services Manager)

Also Present:

Ian Sorenson and Stuart Jarvis, Devon County Council and
Tim Obee, WSP

127. APOLOGIES

Apologies were received from Cllr P H D Hare-Scott.

128. PUBLIC QUESTION TIME (00-01-00)

All questions referred to item 5 Cullompton Relief Road

Sarah Cagney stated that bearing in mind that the HIF funding was originally to be used to improve Junction 28, can you please explain how the relief road is going to do this and why that funding should therefore go to that because the relief road is not going to make any difference to the junction of the motorway and the traffic build up.

Catherine Penharris stated, first of all I am going to ask what is best because we keep hearing what is best for Cullompton. In one of your reports it says I think by one of the inspectors that Cullompton doesn't have a bad queuing issue. It also says in the 2018 air quality stat report that where Tiverton Road meets Fore Street within Cullompton it recorded the largest decrease in the NO2 annual concentration. You have also used £132,000 for progress of the fund and you've allowed another £250,000 from S106 money, but this is currently considered at risk in an absence of a final decision on the HIF. If route A and B is flooded, the road will be closed and the traffic will go through the town centre, so I am assuming that this is a short term fix because in your report it also says 'a failure to deliver the relief road will be an ongoing obstacle to the timely deliverance of housing allocated in the current and the emerging local plan beyond the numbers discussed'. So you have got 40% less

traffic in the High Street with option B and option A, but with option C it would be better for the congestion at Junction 28. You have already stated that Junction 28 is the one that is causing the problem and later on when the Garden Village comes along you will do more road infrastructure and do more work on Junction 28. Can you explain to me why option C is not a viable option? You've said you've chosen option B on the public consultation but when the Town Council gives you recommendations you don't take any notice of those and when there are other recommendations coming through you don't take any notice of those, but when a recommendation has come through for you to build a short term fix for a long term problem you take notice of it. I think a lot of it is because it's going to make things easier for you to do the Garden Village. So can you explain to me the reasoning behind where you've got all these reports that you have still chosen option B which granted for the CCA is better than option A but option C is better for your long term plan?

Ashley Wilce – Resident - No doubt this Cabinet is patting itself on the back for a job well done. The truth, however, is that the consultation is nothing more than lies and spin. How could there have been anything other than 'overwhelming support' for a relief road, when there was no other option on the table? The only overwhelming thing to come out of the consultation is that over 8000 residents did not vote for a relief road – because they could not. How can it be called a consultation, when in reality it was Hobson's choice?

As it stands, Cullompton has less green infrastructure than any other Mid Devon Town – the Council has even included land outside the parish in its calculations for Cullompton, to make it look better than it really is. This road will reduce even further the limited amount of green infrastructure that is accessible on foot, in a town with a considerable obesity problem. How can that be a good thing?

The Council has said that its application for funding is supported by the Town Council, yet the Town Council has not yet endorsed it, to my knowledge. The Council has refused to disclose details of its application for public money to fund a relief road, in particular, how the relief road will open up development for even more housing. How will making the funding application public harm the bid for public money, as the Council claims? What does the Council not want the public to know?

That this road is being proposed to relieve congestion or to improve air quality is a complete fantasy, when the Council itself says that it will only achieve a 30% decrease, at most. Is it really worth spending £10m when all the relief road can hope to achieve is a temporary respite, until such time as thousands more houses are built and the problems are then worse than ever.

Mike Phillips – Cullompton Football Club - stated that in answer to your question 51 you say that the football club facilities would be affected to a lesser degree, in actual fact it is our belief that a whole senior side football pitch will be lost by the alignment which has been chosen. Your own playing fields strategy for MDDC acknowledges that there is pressure within the town for football facilities, football pitch facilities specifically, as the town is expanding in size. We would like to know how you are going to replicate our loss of a pitch as well as rendering the club house inaccessible from the new road.

Cllr John Berry – DCC Councillor - This road has been talked about for years and years and we haven't got anywhere. I think the time has now come to look forward to the next generation after we're gone. No road is perfect, no road is the answer to everything and this road perhaps is not 100% perfect, I'll admit that, but we've got to

look forward to taking some traffic away from Cullompton town centre. And in doing so we have also got to look forward what if we do that? What are the possibilities for future development? We all know the problems of traffic coming down Tiverton Road, I know I am deviating on the proposed road but it does all tie in. Both DCC and MDDC and Cullompton Town Council and the people of Cullompton are concerned with the traffic coming down Tiverton road. There is going to be a development North West and North East of Cullompton. I think it's about time and I have made my voice known on this subject for several years and I know that people and shop owners are aware that due to the developments that are coming and if we consider the need for this road, Cullompton town centre and Fore Street could become a one-way system. I think this is something that we have all got to look at very seriously. We could have herringbone parking which would be advantageous to shops in Cullompton with a one way system. We've also got to look at air quality and town centre enhancement, we all want Cullompton to look better. The money which can come into Cullompton town centre is there but at the moment there is far too much traffic going through the centre. Economic development, not only for Cullompton, but for the whole area is needed. We've got to take all these points into consideration, not just say well all these objections against a relief road which I accept people have a total right to put their point forward as have the other side. I think Mr Chairman I have covered the important things that you have got to look at this morning at this Committee, economic development, air quality, town centre development and look forward to a one way system for Cullompton in the future when the developments take place and to get a lot of the traffic away from the centre of Cullompton.

Ruth Jones stated, I live on the site next to the road and when you do cut through it will cut my garden off, which I don't mind, I can understand it but I am worried about the extra pollution that we will get, the air pollution and also the traffic noise. I appreciate you want to take the vehicles off the main street but don't forget you've got residents down there that have been there donkeys years, they haven't just arrived on the scene, they have been there a long time. I wanted to make the points as that road will go right beside the land there.

Sally Graham stated, we want better air quality in this town and I would ask everybody here how another road less than half a mile away, on the edge of a green facility, will do anything to improve that? The quality of life that these roads are affecting are very great, there's a football club, a cricket club, all the things that Cullompton needs. Spending extra money relocating them is not going to help anyone. We have green spaces very minimally and those CCA fields are one of the few things we have. You talk about economic development and the need for more housing, I would ask everybody here how much the new developments are meeting local housing need? What you are doing is bringing newcomers into the area and creating more traffic problems. I would argue that your whole economic and development strategy is not based on meeting local need.

Richard Stephenson – Cullompton Cricket Club stated, firstly we have been well consulted with and I would like to thank everybody who has helped us on that as part of the potential road routes. We as a club would embrace the changes which are potentially proposed. As a club we are desperately short of space and we are aware the town continues to grow population wise; we desperately need a bigger facility. My question to you is, we have obviously had some really good consultation, we really need to understand timescale as a potentially affected club, the implications of a move for us are quite significant in that if we are moved, the ground has to be in a fit state to allow us to continue the level of cricket that we are now playing and there are

rules and regulations relating to that so we need some comfort from the panel with regards to that. We also need a little bit more detail in terms of if we do get moved where are going because we really need to understand that. I fully understand everyone's concerns about the road, the route that it could potentially take, our view as a club is that we recognise we are part of a much bigger project with the Garden Village as well. The second point I would like to make is we want to ensure that actually the decision of relocation is not just taken in isolation with regards to the current road route that we are looking at and debating. We would really like for consideration to be made of a wider project that the town faces because we appreciate that the location of us is absolutely critical to our future success and viability. We are really lucky we have a successfully growing club and we want that to continue not only for us but for the inhabitants of Cullompton now and going forward. So those are the two points we want to raise and get out on the table as early as we can because we don't just want to move to a similar facility that we have, the only way that we can progress and make it better for everybody is that we have to have enhanced facilities. We need a two pitch facility and we need clubhouse design which allows us to be financially viable. I am putting that in the public domain as I need it to be on record.

Mark Hiscock stated, I live on the East side of the motorway, from the clapping it would appear that a majority of the people in the audience are against the bypass. However, living on the East side of the motorway it would be an enormous benefit for us. In the evening traffic, it can take us anything up to 25 minutes to travel half a mile to get to Junction 28 and the reason we get stopped at Junction 28 is all the traffic waiting to go from Cullompton. One car parked in Cullompton can cause half a mile tailback on the main road. The relief road will stop all that, it won't stop the real problem with Junction 28 but it would definitely relieve it. I want that heard as well rather than all the anti-comments by people.

Ashely Hellier stated, I think the gentlemen before me made the point that a car parked in Cullompton can cause a half hour delay. Why can't someone do something about it? People don't know the Highway Code and don't know the dangers of parking on blind corners and even double parking on the crossing which is common place in Cullompton. Nobody is interested and when will somebody do something about that?

The Chairman indicated that answers to questions would be received when the item was debated.

129. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-22-50)**

The following interests were declared:

Councillor	Interest	Reason
Mrs M E Squires	Personal	Minute 131 - As she had family living in Cullompton
Mrs E M Andrews	Personal	Minute 131 – as Vice Chairman of the CCA and Garden Village representative
Mrs N Woollatt	Personal	Minute 131 – as she

		lived nearby to 2 of the proposed routes and close to Station Road
T W Snow	Personal	Minute 131 – as he had relatives who would live near the proposed new road.

130. MINUTES OF THE PREVIOUS MEETING (00-23-54)

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

131. CULLOMPTON TOWN CENTRE RELIEF ROAD ROUTE (00-25-01)

The Cabinet had before it a * report of the Head of Planning, Economy and Regeneration considering the outcomes of the recent public consultation over route options for a town centre relief road for Cullompton and to update Members on the status and outcomes of further technical work undertaken or in the process of taking place.

The Cabinet Member for Planning and Regeneration outlined the contents of the report stating that there had been a long held aspiration for a relief road for Cullompton to combat poor air quality in the town centre by providing traffic relief and to support the town's enhancement and future regeneration. He highlighted policy AL/CU/14 within the adopted Local Plan which referred to the provision of a relief road linking Station Road to Meadow Lane and that the policy had been assessed by an independent planning inspector who found the policy and the route to be appropriate. He explained the funding opportunity that was available through the Housing Infrastructure Fund and the technical work that had taken place and that a relief road would reduce traffic flowing through the town centre and improve the capacity of J28 of the M5. The proposed relief road was seen as a first phase for wider highway works for Cullompton and the announcement of the funding following a process of due diligence was expected soon.

He continued by explaining the technical work that had taken place to explore the potential routes for the relief road, the consultation process that had taken place and that further technical work would be required. The recommendation within the report stated that Option B was the preferred option subject to further technical work and that a possible modification to the route towards the southern end in Duke Street be further investigated. He then explained the process that would follow any decision of the District Council.

The Head of Planning, Economy and Regeneration explained by way of presentation the detail of the various route options A-C which were initially available and how each option would work potentially with an upgrade to J28. She indicated the dismissal of Option D based upon Environment Agency advice. The work on the relief road had not taken place in isolation and that a second phase of highway works would see significant improvements either to the existing junction or to a new junction to the

south. She explained the consultation process that had taken place, the questions that had been asked as part of the consultation and consultation outcomes. Flood risk assessments were being undertaken for each available option and further technical work would be required which would include further flood risk mitigation. She explained that all options had a low heritage impact and that the least overall impact on the heritage assets was Option B. She informed the meeting of the detail of traffic assessment report which indicated that a relief road would reduce the queuing in the High Street and also at J28. The modelling that had taken place indicated that Options A and B would reduce queuing in the High Street the most, with Option C offering greatest capacity at the motorway junction.

She continued, explaining the alternative route suggestions that had come forward as part of the consultation:

- A new motorway junction to the south of the existing junction via the Duke Street bridge, this had been discounted due to the proximity to the original junction and lack of space between the railway line and the motorway hindering the provision of slips.
- A sweeping route north-south from the Honiton side of the motorway, it was considered that there was not enough elevated ground at this point and that there would be flood implications and the impact upon the River Culm.
- Option B could be continued south with a loop towards Duke Street, there were some advantages to this as it could reduce land ownerships involved and the impact on the CCA fields, this variation would be looked at in more detail.

The delivery of the relief road was then explained, with regard to the process for acquiring land, a planning application from the Highway Authority, the estimated cost of the options and the proposed timescales.

With regard to questions posed in public question time, she provided the following answers:

- How would the relief road reduce traffic at J28? The traffic assessments indicated that the traffic would be approaching the junction from different directions and this would therefore reduce queuing, both in the High Street in the morning peak of traffic and would also reduce queuing back onto the motorway at peak times.
- Air quality issues and whether a relief road was a short term fix – results from the monitoring with regard to air quality issues had improved, however they were by no means satisfactory; a relief road would reduce traffic in the town centre and therefore reduce air quality issues. This was not a short term fix but just the first phase of wider highway works proposed.
- Whether the consultation responses were a fair representation of the people of Cullompton, 8000 people did not respond, but many did and those peoples' thoughts had been considered. With regard to the funding bid information, this matter was before the Information Commissioner, it related to a live bid and it was not considered appropriate to release this information.
- Football Club representation, officers had met with representatives and a clear process had been discussed, further technical work with regard to

design optimisation would look at the impact of the proposal on the football club.

- The impact of the proposal on the showman's site, work had been commissioned on noise and air quality which would be further considered.
- The cricket club, there had been consultation with the cricket club and further liaison would continue with sites being investigated. She added that the bigger picture of the garden village was being consulted upon at the current time and she encouraged participation.
- Traffic hold ups and the lack of enforcement – traffic enforcement was important but it would not solve the current problem.

The Ward Members for Cullompton raised the following issues:

- Cars parking illegally in the town centre causing queues
- The problems with leaflet distribution as part of the consultation process
- The history of the CCA fields
- Whether options C and D were fully considered
- The need for long term improvements to the town centre and the need for all parties to work together
- The need for infrastructure prior to further development
- The concerns of the Community College with regard to the traffic alongside the school and the air quality and noise issues that this may cause, the possible expansion of the school and the impact of this alongside the proposal.
- The number of dwellings proposed before consideration of a new junction
- The failure of proper consultation and a request that Motion 552 (with regard to a second consultation by Devon County Council) be supported
- What would happen if the further technical work deemed the proposal to be unacceptable, would the options be reconsidered
- The relocation of the sports facilities impacted by the proposals to be considered urgently so as there was no interruption to the services that they provided.
- The verification of the consultation responses.

Consideration was given to:

- The Devon County Council Cabinet meeting taking place on 13 March
- The liaison that was taking place with the sports facilities and the community college and the further technical work that was proposed
- The original design and build of Meadow Lane
- A possible funding gap and how that gap would be breached
- Possible changes to the design of the High Street via masterplanning options
- If the proposal was not viable following continued technical work, then a further report would need to be considered
- Further possible funding bids

RESOLVED that:

1. Option B be recommended to Devon County Council as the preferred route, subject to further technical verification work, including whether some aspects

of the third alternative route discussed in paragraph 4.6.4 of the report should be incorporated.

2. It also be recommended to Devon County Council that as Highway Authority it:
 - a) undertakes the technical verification work together with the preparation of a planning application for the road with supporting documentation, and
 - b) in line with Motion 552 carried by this Council on 19th December 2018, considers holding a second stage of consultation following completion of the verification work and prior to the submission of the planning application.
3. That a further up to £250,000 of S106 money collected for the relief road project and to undertake air quality mitigation measures in Cullompton be utilised to fund the work included in recommendation 2 above.

(Proposed by Cllr R J Chesterton and seconded by Cllr C R Slade)

Notes:

- i) Cllr Mrs M E Squires declared a personal interest as she had family who lived in Cullompton;
- ii) Cllr Mrs E M Andrews declared a personal interest as she was Vice Chairman of the CCA and a member of one of the Garden Village stakeholder groups
- iii) Cllr Mrs N Woollatt declared a personal interest as she lived nearby 2 of the proposed routes and close to Station Road;
- iv) Cllr T W Snow declared a personal interest as he had relatives who would live near a new road;
- v) *Report previously circulated, copy attached to minutes.

(The meeting ended at 11.50 am)

CHAIRMAN

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 7 February 2019 at 2.15 pm

Present

Councillors

C J Eginton (Leader)
R J Chesterton, P H D Hare-Scott,
C R Slade, Mrs M E Squires and
R L Stanley

Also Present

Councillor(s)

Mrs B M Hull and F J Rosamond

Also Present

Officer(s):

Jill May (Director of Corporate Affairs and Business Transformation), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer), Andrew Busby (Group Manager for Corporate Property and Commercial Assets), Alan Keates (Group Manager for ICT and GMS Services), Joanne Nacey (Group Manager for Finance), Stuart Noyce (Group Manager for Street Scene and Open Spaces), Chris Shears (Economic Development Officer), Adrian Welsh (Group Manager for Growth, Economy and Delivery), John Bodley-Scott (Economic Development Team Leader), Nicola Cuskeran (Senior H R Business Partner), Gemma Causey (Accountant) and Sally Gabriel (Member Services Manager)

132. **APOLOGIES**

There were no apologies.

133. **PUBLIC QUESTION TIME**

There were no members of the public present.

134. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-01-02)**

The following interests were declared:

Councillor	Interest	Reason
C J Eginton	Personal	Item 8 –as he owned a shop in Tiverton
C J Eginton	Personal	Item 17 – as he received a pension from Lloyds Banking Group
C J Eginton	Personal	Item 22 - as he owned a shop in Tiverton
R L Stanley	Personal	Item 22 – as this was within his portfolio as Cabinet Member

135. MINUTES OF THE PREVIOUS MEETING (00-01-50)

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

136. SAFEGUARDING POLICY GUIDANCE AND PROCEDURES (00-03-06)

Arising from a report of the Director of Corporate Affairs and Business Transformation, the Community Policy Development Group had recommended that the revised Safeguarding Policy and Procedures be approved.

The Cabinet Member for Community Well-Being outlined the contents of the report stating that the revised policy provided greater clarity of roles and responsibilities of officers throughout the Council and provided a framework for developing partnerships within appropriate external bodies and other local authorities.

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr C R Slade and seconded by Cllr Mrs M E Squires)

Note: *Report previously circulated, copy attached to minutes.

137. BULKY WASTE CHARGES (00-04-23)

To consider a * report of the Group Manager for Street Scene and Open Spaces regarding an alternative charging structure for bulky waste.

The Leader outlined the contents of the report stating that at a meeting on 8 January 2019, members of the Environment PDG had asked that the bulky waste charges be investigated to ensure that they were in line with other authorities in Devon. As part of the exercise it was shown that in certain instances users were actually paying less for more items being removed under the fixed price items charge. It was therefore proposed that the charge for fixed priced items, for example a settee and 2 armchairs be removed from the charging scheme and that those be dealt with as individual/additional items.

Discussion took place regarding the value of the scheme in that it sought to reduce fly tipping and that the revised scheme would commence on 1 April 2019 with a press release being produced to inform the public.

RESOLVED that the current fixed price item charge of £27 for bulky waste be abolished as recommended by the Environment Policy Development Group on 8 January 2019.

(Proposed by the Chairman)

Note: *Report previously circulated, copy attached to minutes.

138. **SHOP FRONT ENHANCEMENT SCHEME (00-07-02)**

Arising from a *report of the Head of Planning, Economy and Regeneration, the Economy Policy Development Group had recommended that a seed fund totalling £15,000 to maintain/reinstate shopfront enhancement schemes for the three main market towns in the District be approved.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report stating that it was recognised that the visual attractiveness of a town centre was an important element of consumers choice as to where they shopped and was seen as a major contributor to a towns vitality and economic success. The shopfront scheme was a practical way to support local business owners, previous schemes had been a success and it was felt that the scheme should be continued in the 3 main towns.

Consideration was given to:

- The details provided in appendix 1 of the report with regard to individual schemes that had been completed
- The need to help local traders.

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr R J Chesterton and seconded by Cllr C R Slade)

Notes:

- i) Cllr C J Eginton declared a personal interest as he owned a shop in Tiverton;
- ii) *Report previously circulated, copy attached to minutes.

139. **ECONOMIC STRATEGY (00-13-28)**

Arising from a report of the Head of Planning, Economy and Regeneration, the Economy Policy Development Group had made the following recommendations:

1. The Economic Strategy and year 1 action plan be approved.
2. That delegated authority be granted to the Head of Planning, Economy and Regeneration in consultation with the Chairman of the Economy PDG and Cabinet Member for Planning and Regeneration to finalise the document for publication (document appearance such as formatting, illustrative material and minor changes).
3. That delegated authority be granted to Head of Planning, Economy and Regeneration in consultation with the Chairman of the Economy PDG and Cabinet Member for Planning and Regeneration to add an appendix to include key employment sites.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report by way of presentation stating that the revised strategy had been developed by a process of engagement with Members through a series of informal workshops and local business representatives in which priorities and possible interventions had been discussed and was aimed to supplement the joint strategy created with other EHOD authorities. He highlighted the themes of discussion, the overarching objectives of the strategy, the five key themes, the proposed outcomes of the themes and the level of ambition.

Consideration was given to:

- The year 1 action plan
- How productivity could be influenced
- The need to attract new businesses into the area
- The work of the Economic Development Team with local businesses
- The need to upskill the workforce and how Petroc had widened its opportunities available to young people

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr R J Chesterton and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

140. **VOID MANAGEMENT POLICY (00-36-22)**

Arising from a report of the Group Manager for Building Services, the Homes Policy Development Group had recommended that the revised Void Management Policy be approved and that the term of the policy be extended to 10 years.

The Cabinet Member for Housing outlined the contents of the report stating that the revised policy was a guide to tenants and officers on how the authority managed void properties in that how the properties should be left and what was available to new tenants. The revised policy had been aligned to the latest tenancy agreements and the recent Recharges Policy. It was envisaged that the policy have a 10 year lifespan.

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr R L Stanley and seconded by Cllr P H D Hare-Scott)

Note: *Report previously circulated, copy attached to minutes.

141. **MEETING HOUSING NEEDS POLICY (00-40-11)**

Arising from a report of the Group Manager for Housing, the Homes Policy Development Group had recommended that:

- a) The revised Housing Options Supply and Demand Policy be approved;
- b) The Cabinet notes the Housing Options Service will continue to make best use of its temporary housing resources when accommodating homeless households.

The Cabinet Member for Housing outlined the contents of the report stating that the Councils statutory duties were governed by legislation by the Housing Act 1996 as amended under the Homelessness Act 2002 Part II and the Homeless Reduction Act 2017. The Housing Authority had a duty to carry out an assessment in all cases where an eligible applicant was homeless or threatened with homelessness. He highlighted the duty of the Housing Authority and the need for the provision of suitable accommodation for homeless applicants.

Discussion took place regarding the current situation and that homelessness issues were getting worse and that a budget was available to help people before they became homeless.

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr R L Stanley and seconded by Cllr P H D Hare-Scott)

Note: *Report previously circulated, copy attached to minutes.

142. **DRAFT 2019/20 HOUSING REVENUE ACCOUNT (HRA) BUDGET (00-43-05)**

Arising from a * report from the Deputy Chief Executive (S151) and Director of Operations considering the options available in order for the Council to set a balanced budget for 2019/20 and agree a future strategy for further budgetary planning for 2020/2021 onwards; the Homes Policy Development Group had made the following recommendations: that the proposed HRA budget for 2019/20 be approved subject to garage rents being frozen for 2019/20 and that from 2020/2021 onwards garage rents be increased by the Consumer Prices Index plus 1%.

The Cabinet Member for Finance outlined the contents of the report stating that the Housing Revenue Account was well managed and he highlighted the 1% rent decrease proposed by central Government in 2015 each year until 2019/20. It was proposed that rents be increased in 2010/21 by CPI plus 1% which confirmed with the previous rent policy. He stated that it was proposed to freeze garage rents for 2019/20. He explained the Right to Buy system and the impact of this on the HRA.

Consideration was given to the impact of the Right to Buy scheme.

RESOLVED that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr R L Stanley)

Note: *Report previously circulated, copy attached to minutes.

143. UNAUTHORISED ENCAMPMENT PROCEDURE FOR MANAGING OR ENFORCING UNAUTHORISED ENCAMPMENTS (00-47-40)

Arising from a * report of the Deputy Chief Executive (S151) the Community Policy Development Group had recommended that Cabinet and then Council adopt the Unauthorised Encampment Policy subject to a further review by the legal department, following the review it was agreed that consultation take place on the proposed policy.

The Cabinet Member for Housing outlined the contents of the report stating that at the present time, the authority did not have a policy in place for responding to and enforcing on unauthorised encampments on land owned by the District Council. He explained the consultation process that had taken place with the town and parish councils and the county council. The policy set out guidance explaining how the authority would deal with unauthorised encampments on its land; the policy was deemed to be firm but fair.

Consideration was given to the consultation process and that this was seen as positive engagement, also that a flowchart had been produced which would allow for quick reference.

RECOMMENDED to Council that: the proposed corporate policy and procedure for managing and enforcing unauthorised encampments as detailed in Annex A be adopted and implemented.

(Proposed by Cllr R L Stanley and seconded by Cllr R J Chesterton)

Note: *Report previously circulated, copy attached to minutes.

144. FINANCIAL MONITORING (00-52-55)

The Cabinet had before it and **NOTED** a * report of the Deputy Chief Executive (S151) presenting a financial update in respect of the income and expenditure to date.

The Cabinet Member for Finance outlined the contents of the report stating that the proposed deficit for the current year had now been reduced to £65k, largely as a result of the Business Rates Retention Scheme and savings made within Revenues and Benefits; the under recovery of income within the Planning Service was still an issue. The HRA was forecasted to have an underspend of £58k and there was some slippage within the Capital Programme.

Note: *Report previously circulated, copy attached to minutes.

145. NATIONAL NON-DOMESTIC RATES (00-54-40)

The Cabinet had before it a * report of the Deputy Chief Executive (S151) providing Members with an update on the income generation and financial implications of the

number of Business Rate properties in Mid Devon and requesting it to approve the NNDR1 (estimated income to be generated in 2018/19 from business rates).

The Cabinet Member for Finance outlined the contents of the report explaining that the annual report highlighted the forecasted annual amount of revenue that was expected to be generated from Business Rates and how that money would be distributed. The net collectable debit was then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2018 which enabled the whole of Devon to have 50% rates retention, subject to tariffs and levies. He explained the pilot scheme that had taken place to retain 100% of Business Rates growth income which had been for one year only and that the authority had been unsuccessful in a bid for a 75% pilot in 2019/20, the authority therefore had to revert to the 2017/18 distribution system.

Consideration was given to the Business Rates Revaluation Relief Scheme and how that had been managed and the proposal to better manage it in the future.

RECOMMENDED to Council that:

- a) The calculation of the NNDR1 net yield of £5.500m from 3079 Business Rated properties be noted and approved for 2019/20;
- b) The proportions distributed to the respective authorities and central Government be allocated as per the statutory regulations; and
- c) Members note and approve that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing reliefs.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr R L Stanley)

Note: *Report previously circulated, copy attached to minutes.

146. **BUDGET (00-59-23)**

The Cabinet had before it a * report of the Deputy Chief Executive (S151) providing the proposals for the General Fund and the Housing Revenue Account for the year 2019/20.

The Cabinet Member for Finance informed the meeting that there had been 18 occasions in which members had involvement in the budget setting for 2019/20, following discussions at PDG meetings and members briefings. He outlined the headlines of the report with regard to the proposed increase in Council Tax, the temporary transfer of £253k from the New Homes Bonus, the position of the HRA and the proposals within the Capital Programme

Consideration was given to:

- The legislation requirement for a 1% decrease in social housing rents, the freeze on garage rents and the increase in garage plot ground rents
- The impact of Universal Credit

- The Local Government Pension Scheme.

RECOMMENDED to Council that:

- a) Council Tax is increased by 2.996% (£5.93) to £203.84.
- b) The General Fund budget for 2019/20 is approved.
- c) The 2019/20 budget requires no transfer from the General Fund Balance.
- d) The General Fund Budget requires a temporary transfer of £253k from New Homes Bonus EMR.
- e) The HRA budget for 2019/20 be approved as outlined in Appendix 5.
- f) HRA fees/charges are approved based on the attached schedule shown as Appendix 5a and 5b.
- g) Work on strategic planning for delivering balanced budgets in the future is commenced in the spring.
- h) The authority continues to maintain a 25% General Fund Balance of our net operational expenditure as referred to in para 5.1 of the report.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr R L Stanley)

Note: *Report previously circulated, copy attached to minutes.

147. **CAPITAL PROGRAMME 2019/20 - 2022/23 (1-05-14)**

The Cabinet had before it a * report of the Deputy Chief Executive (S151) seeking approval of the 2019/20 Capital Programme and requesting that the draft 2020/21, 2021/22 & 2022/23 programmes be noted.

The Cabinet Member for Finance outlined the contents of the report explaining that the programme was mainly focused on essential asset maintenance, the funding of a range of private sector housing projects, ICT replacement and investments and ensuring that the existing housing stock was maintained to the decent homes standard.

RECOMMENDED to Council that:

- a) The detailed Capital Programme for 2019/20 be approved and the estimated amounts for 2020/21, 2021/22 & 2022/23 be noted.
- b) The earmarking of New Homes Bonus (NHB) monies of £613k to support the 2019/20 Capital Programme (see para 2.3) be agreed.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

148. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY (1-06-16)

The Cabinet had before it a *report of Deputy Chief Executive (S151) requesting that Council approve the proposed Treasury Management Strategy and Annual Investment Strategy for 2019/20.

The Cabinet Member for Finance outlined the contents of the report stating that the Council was required to set a balanced budget and due to the reduction in Government funding there was a need to look at other ways of creating income and that any investment and borrowing had to be prudent and sensible. The strategy set out how the authority's proposals for future financial matters.

RECOMMENDED to Council that:

- a) the proposed Treasury Management Strategy and Annual Investment Strategy for 2019/20 be approved.
- b) The prudential indicators for the next 3 years be approved.
- c) The Minimum Revenue Provision Statement (Appendix 1), be approved.
- d) Funds loaned to subsidiaries do not have to be constrained to capital purposes to be approved.
- e) The following options be approved:

Option 1 : Increase the investment terms to 2 years for banks to obtain higher interest rates and returns

Option 2; Diversify the investment portfolio to include non-UK banks with a minimum Sovereign Fitch rating of AAA which will potentially negate the effects of Brexit post 29 March 2019.

Option 3: Diversify the borrowing portfolio to include short term loans (maximum 5 years) from other Local Authorities, Banks and Building Societies

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr Mrs M E Squires)

Notes:

- i) Cllr C J Eginton declared a personal interest as he received a pension from Lloyds Banking Group;
- ii) *Report previously circulated, copy attached to minutes.

149. CAPITAL STRATEGY (1-08-33)

The Cabinet had before it a * report of the Deputy Chief Executive (S151) requesting agreement of the proposed Capital Strategy for 2019/20.

The Cabinet Member for Finance outlined the contents of the report stating that the new reporting procedures required by CIPFA which gave a high level overview of how capital expenditure, capital financing and treasury management actively

contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability.

Consideration was given to the prudential indicators for estimates of capital expenditure.

RECOMMENDED to Council that: the proposal Capital Strategy for 2019/20 be approved.

(Proposed by Cllr P H D Hare-Scott and seconded by Cllr R L Stanley)

Note: *Report previously circulated, copy attached to minutes.

150. **POLICY FRAMEWORK (1-12-03)**

The Cabinet had before it a *report of the Chief Executive requesting it to endorse the Policy Framework for the year.

The Cabinet considered the policies and the review dates.

RECOMMENDED to Council that the Policy Framework be adopted.

(Proposed by the Chairman)

Note: *Report previously circulated; copy attached to the Minutes.

151. **ESTABLISHMENT (1-12-32)**

The Cabinet had before it a *report of the Group Manager for Human Resources outlining the overall structure of the Council showing the management and deployment of officers.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that a significant amount of positive change had been undertaken over the past 12 months and this continued to deliver a more effective and efficient service; changes to the Council's structure was still ongoing. She highlighted the total number of full time staff, the sickness absence statistics, the turnover of staff and reasons for leaving.

Consideration was given to:

- The breakdown of short term and long term sickness
- The support for stress and mental health issues
- How the statistics provided compared with other authorities nationally
- The annual turnover rate
- Ongoing staff surveys

RECOMMENDED to Council that the Establishment be approved.

(Proposed by Cllr Mrs M E Squires and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

152. **PAY POLICY (1-20-00)**

The Cabinet had before a * report of the Group Manager for Human Resources which set out the legislative requirements of the Localism Act 2011 relating to senior pay, in particular the role of the Chief Executive, Directors and other senior officers.

The Chairman outlined the contents of the report explaining the pay multiple which was calculated by comparing all taxable earnings for the given year for the Chief Executive compared to mean earnings and the lowest paid in the organisation.

RECOMMENDED to Council that the Pay Policy 2019 be adopted.

(Proposed by the Chairman)

Note: * Report previously circulated, copy attached to minutes.

153. **TIVERTON REGENERATION SCHEME (1-22-20)**

The Cabinet had before a * report of the Group Manager for Corporate Property and Commercial Assets requesting the approval of a regeneration scheme for Tiverton town centre between Fore Street and the pannier market, to enable a tender process to commence.

The Cabinet Member for Housing outlined the contents of the report highlighting the previous schemes which had not come to fruition and the detail of the current scheme which would encourage footfall through to the Pannier Market and Market Walk and then onto Bampton Street to create a circular shopping route that would assist all traders in its path, this would be backed up by additional signage. A planning application had been submitted for the demolition of the ground floor retail shop at 34 Fore Street to create a widened pedestrian access to the Pannier Market, the construction of 3 flats and 3 units in plot 36. The layout and design of the proposal demonstrated that the site could accommodate the amount of retail and residential development. The widening of the pedestrian access adjacent to 34 Fore Street would improve pedestrian access and visibility of the Pannier Market from Fore Street and make a more welcoming approach.

Consideration was given to:

- The next step for the project, that of a tender process
- The desire to deliver the masterplan which would give confidence to the other main towns with regard to regeneration

RESOLVED to proceed with the tender process for this key regeneration project in the heart of Tiverton town centre, in line with the results of the stage one Tiverton Masterplan public consultation.

(Proposed by Cllr R L Stanley and seconded by Cllr R J Chesterton)

Notes:

- i) Cllr C J Eginton declared a personal interest as he had a shop in the town;
- ii) Cllr R L Stanley declared a personal interest as the project was within his portfolio as Cabinet Member;
- iii) * Report previously circulated, copy attached to minutes.

154. ICT STRATEGY (1-30-13)

The Cabinet had before a * report of the Group Manager for ICT and GMS Services providing an overview of the revised ICT Strategy and seeking approval of the strategy.

The Cabinet Member for Community Well-Being outlined the contents of the report stating that the strategy provided a vision and ensured that the appropriate ICT infrastructure was in place to enable the Council to deliver services efficiently and effectively.

RESOLVED that the revised strategy be approved.

(Proposed by Cllr C R Slade and seconded by Cllr R J Chesterton)

Note: * Report previously circulated, copy attached to minutes.

155. PERFORMANCE AND RISK (1-31-25)

The Cabinet had before it and **NOTED** a * report of the Director of Corporate Affairs and Business Transformation providing Members with an update on the performance against the Corporate Plan and local service targets.

The Group Manager for Performance, Governance and Data Security outlined the contents of the report and took the Cabinet through each of the appendices.

Note: * Report previously circulated, copy attached to minutes.

156. NOTIFICATION OF KEY DECISIONS (1-32-25)

The Cabinet had before it, and **NOTED**, its rolling plan * for March 2019 containing future key decisions.

Note: *Plan previously circulated, copy attached to minutes.

(The meeting ended at 3.50 pm)

CHAIRMAN

Cabinet Member Cllr Ray Stanley, Cabinet Portfolio Holder Housing & Property Services.

Responsible Officer Andrew Jarrett, Deputy Chief Executive (S151).

Procedure for Managing and Enforcing Unauthorised Encampments.

Reason for Report:

This report seeks Council approval for the adoption of a corporate policy and procedure for responding to unauthorised encampments on land in the ownership of Mid Devon District Council, including guidance for encampments on land in the ownership of Devon County Council. Where the land is not owned by either Council the relevant land owner (where known) shall be notified.

RECOMMENDATION:

The Cabinet recommends to Council that the proposed corporate policy and procedure for managing and enforcing unauthorised encampments as detailed on Annex A is adopted and implemented by the Council.

Relationship to Corporate Plan: Priority 3: Community- Aim 1

Financial Implications:

There is no existing budget for responding to unauthorised encampments, any costs associated with managing such encampments shall continue to be absorbed by the General Fund and reported to Members via the Asset Directorate.

Legal Implications: The policy includes legal provisions the Council may adopt to remove unauthorised encampments from Council land.

Equality Impact Assessment:

People with the protected characteristic of race, specifically Romany gypsies and Irish travellers are likely to be impacted by this policy and procedure. The policy seeks to balance their rights with the needs of the Council and the wider community. Through the use of this policy outcomes for these groups should improve more generally through the use of welfare assessments. In addition the identification of clear officer roles and responsibilities should enable a quicker and more consistent response and reduce the risk of tension between gypsies and travellers and the settled community.

Risk Assessment:

- Reputational risks to the Council if it does not deal with unauthorised encampments in a consistent way and in line with relevant legislation.
- Risk that we fail in our duty of care to provide appropriate welfare support to members of the Gypsy & Traveller community.
- Risk of potential conflicts with local residential communities.
- Risk of damage to land and property.

1.0 Introduction

- 1.1 This report seeks Cabinet approval for the adoption of a corporate policy and procedure for responding to and enforcing on unauthorised encampments on land owned by Mid Devon District Council. Where the land is not owned by the Council the relevant land owner (where known) shall be notified and general advice provided as required.
- 1.2 Having a clear policy and procedure for responding to unauthorised encampments will ensure that the Council adopts a consistent and proportionate response. It shall also ensure that the Council acts lawfully and that the needs of the Council and those of the community are balanced with the rights of the individuals concerned.
- 1.3 Annex B demonstrates how this procedure will be implemented via a flow chart.
- 1.4 For ease of reference Annex C lists the five key action stages within the procedure.

2.0 Background

- 2.1 Unauthorised encampments could occur on Council land for a variety of reasons. The removal of unauthorised encampments would be costly for the Council to deal with, both in terms of staffing resources and potential clean-up costs.
- 2.2 The Council would currently rely on the expertise of one or two officers to deal with this issue. Whilst this approach would be generally effective it is not seen as sustainable in the long term and a more formalised and corporate approach is required.

3 Assessment

- 3.1 The Council does not currently have an agreed policy or procedure in respect of how it responds to these encampments. A policy is however needed in order to ensure that:

- Officers, Members and the Community more generally have clarity in terms of the actions that the Council can take and under what circumstances.
- Action to tackle unauthorised encampments is undertaken promptly and effectively.
- The Council adopts a proportionate and justified response to tackling unauthorised encampments and avoids the cost of unnecessary or legal action to gain possession of illegally occupied land.
- The Council engages effectively with key stakeholders, particularly Ward Members, residents and the Police.
- The need to take possession action promptly is balanced with the rights (and potential welfare needs) of the individuals concerned.

4 Consultation

- 4.1 Officers considered this proposed policy within the context of the Government publications. *Dealing with illegal and Unauthorised encampments A Summary of Available Powers (2015)* together with the *Association of Chief Police Officers Guidance on Unauthorised Encampments 2011*.
- 4.2 This procedure has been consulted on with key stakeholders including all Town and Parish Councils within the District including Devon County Council. Minor changes have been made as a result of the consultation.
- 4.3 Legal services have also reviewed the procedure, as agreed at the Community Policy Development Group meeting held on the 18th September 2018.

5 Annex A

- 5.1 A copy of the proposed policy/procedure can be referred to on Annex A.
- 5.2 The proposed policy contains the following key points:-
 - Nominated Officers have now been identified and will now take the lead in dealing with unauthorised encampments on Council land.
 - All unauthorised encampments shall be moved on as quickly as is practicably possible.
 - In all cases a proportionate approach shall be taken with respect of the use of legal proceedings to secure possession. In order to avoid unnecessary legal costs or abortive proceedings a negotiated

solution would generally be sought prior to the commencement of any legal action.

- The period given prior to the **commencement** of eviction proceedings will generally be 48 hours (Monday to Friday); however this period may be extended depending on the location, and the impact of the encampment, the circumstances and the stated intentions of the trespassers themselves.
- Where an encampment presents an immediate health and safety risk to either the public or the trespassers themselves immediate possession shall be sought.
- In the majority of other cases, for example in relation to unauthorised encampments on public open space located within a residential area, parkland or carparks, possession action would generally be commenced by the Council within 48 hours (Monday to Friday).
- In other instances, where for example the location of the unauthorised encampment has a relatively low impact or where the circumstances of the trespassers themselves require flexibility, then at the discretion of the Deputy Chief Executive (S151) a "grace period" may be given before possession action is taken.
- As part of its procedures, the Council will seek to identify and appropriately meet any relevant welfare needs through a standardised 'welfare assessment'. This welfare assessment is required both to help inform the Council's decision regarding the use of enforcement powers and where required to signpost to other relevant agencies

5.3 The Council has a variety of powers at its disposal to regain possession of its land. This includes powers to seek injunctions to prohibit trespass under Section 222 of The Local Government Act 1972 as well as the power to seek possession of land under the Civil Procedure Rules Part 55.

5.4 Generally the most appropriate power in relation to unauthorised encampments is Sections 61, 62 and 77 of the Criminal Justice and Public Order Act 1994. Section 77 of that Act gives Local Authorities the power to give a direction to leave land to people residing in vehicles, including caravans, on land on which they are residing without the Council's consent. Failure to comply with such a direction means the local authority can apply to the magistrate's court for an order requiring the removal of the vehicles and occupants.

In addition under certain circumstances, the Police have a discretionary power to take action in accordance with Sections 61 and 62 of the same Act. This gives the Police powers to direct trespassers to leave and

remove any property or vehicles where the landowners has given a direction for the trespassers to leave and they have failed to do so. Trespassers must also have either: -

- damaged land or property; or
- used threatening, abusive or insulting words or behavior or
- have six or more vehicles.

- 5.5 Under these sections of the Act, failure to comply with the direction by leaving the land as soon as is reasonably practicable is an offence however the Police response will take into account issues of behavior and the impact on the relevant land owner and settled community, each case is considered on its own merits. Attached to this report as Annex D is a publication from the government that makes it clear on the Police powers apply where there is a suitable pitch available on a caravan site elsewhere in a local authority area.

Decisions regarding the length of any verbal notice period or decisions to commence legal action to move trespassers on shall be made by the Deputy Chief Executive (S151), delegated to the relevant officer and considered in the context of the findings from the site inspection and the outcomes of the welfare needs assessment.

- 5.6 Where trespassers do not move on at the end of any given verbal notice period the Council will take appropriate action including the use of private bailiffs to repossess its land.
- 5.7 It is acknowledged that any unauthorised encampment would generate numerous enquiries from the public, directed both towards the Council's Call Centre and local Ward Members. To mitigate against this it will be the responsibility of the nominated officer to keep both local Ward Members and Customer First updated regarding the actions being taken to manage the situation.
- 5.8 In order to support the wider communications attached to this issue a communications plan has been produced.
- 5.9 The policy covers instances of unauthorised encampments on Council owned land however many encampments occur on land that is not owned by the Council. In these instances the Council shall advise the relevant landowner and provide advice and assistance as required. It is the responsibility of that land owner to take any action they deem to be necessary to recover possession of their land.

6 Financial Issues

- 6.1 There is no existing budget for responding to unauthorised encampments, any costs associated with managing such encampments is absorbed by the Asset Directorate and reported to Members accordingly.

7 Conclusion

- 7.1 Having a clear policy and procedure for responding to and enforcing on unauthorised encampments will help ensure that the Council adopts a consistent and proportionate response. It shall also ensure that the Council acts lawfully and that the needs of the Council and community are balanced with the rights of the individuals concerned. It is therefore recommended that the proposed policy (Annex A) is adopted and implemented.

Contact for more information:

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Mid Devon District Council

Procedure for Managing and Enforcing Unauthorised Encampments

Date of Policy: 7th February 2019

Review Date: February 2022

Contents

Aim

Background

Enforcement Powers available

Other issues arising as a result of unauthorised encampments

The Local Authority's Procedure:

- (a) Stage 1 – Identification of Land Ownership
- (b) Stage 2 – Action by Local Authority – Welfare
- (c) Stage 3 – Action by Local Authority – Decision Making
- (d) Stage 4 – Action by Local Authority – Enforcement
- (e) Stage 5 – Action by Local Authority – Site Clean-up

Preventing Further unauthorised encamping.

The Council will manage unauthorised encampments on land in Mid Devon District in accordance with the procedures set out in this policy document. The Council will:

- Have regard to legal requirements, including those placed under the Human Rights Act 1998, the Equality Act 2010, the Children Act 2004, Education Act 1996, Housing Act 2004, Civil Procedure Rules, Criminal Justice and Public Order Act 1994, Anti-Social behaviour, Crime and Policing Act 2014, planning legislation and national planning policy and any relevant case law.
- Take actions as necessary, following the five stages set out in the procedure.
- Keep relevant agencies/ departments, any individual persons or groups making unauthorised encampment, elected members and members of the settled community informed of action taken in relation to the unauthorised encampment.
- Monitor the implementation of the procedure and keep this under review.
- Work collaboratively with other Local Authorities in Devon and Somerset towards a common strategic approach to managing unauthorised encampments.

Aim

This procedure has been developed in order:

- To put forward the Council's position in relation to unauthorised encampments within the District.
- To clarify working arrangements surrounding unauthorised encampments including the role of the Authorities included.
- To increase awareness of the responsibilities and constraints upon the powers of the Authorities.
- To ensure that unauthorised encampments are addressed swiftly and effectively.
- To prevent further unauthorised encampment within the District.
- To ensure that welfare issues arising as a result of unauthorised encampments are dealt with appropriately.
- To ensure that the correct method of enforcement is used in order to make enforcement action quicker and more cost effective.

- To be able to plan ahead to control problems and to avoid the need to deal with unauthorised encampments on a crisis basis.
- To ensure that the needs and legitimate expectations of Landowners and the settled community are considered.
- To put a framework in place within which clear consistent and appropriate decisions can be made on unauthorised encampments with minimum disruption, whilst recognising the requirements to balance the needs of a range of interested parties.
- To ensure that the procedure reflects human rights of both the settled community and travelling communities and to comply with race relations legislation as set out in the background to this procedure.
- To prevent anti-social behavior and to take effective enforcement action against any perpetrators.

This procedure has been drawn up taking into account guidance provided by the Government in Dealing with unauthorised encampments: A summary of available powers published in March 2015 by the Department for Communities and Local Government. Reference has also been made to the Association of Chief Police Officer's Guidance on Unauthorised Encampments published in 2011.

It is recognised that this a sensitive subject and that it is important that everyone be treated with respect, giving consideration to the variety of ethnic and racial origins, different lifestyles, needs and welfare issues. It also recognises the rights of the settled community within the District.

Decisions to evict or not must be balanced and must be compliant with the terms of the Human Rights Act demonstrating legality, necessity and proportionality together with the principles of Common Humanity.

The Council will consult and work in partnership with all agencies. Each unauthorised encampment will be looked at on its own merits.

This procedure will be reviewed annually unauthorised and monitored by the Group Manager Corporate Property and Commercial Assets, to ensure that it is useful in practice when dealing with unauthorised encampments and also to ensure that any legislative changes are incorporated.

Upon review if the policy is not working effectively changes will be made in order to address any issues.

Background

There is no specific legislative duty placed on Councils to deal with unauthorised encampments. The powers available are optional and varied and are set out in detail at pages 9 to 13 of this guidance.

There are however various matters that must be taken into account when Councils are managing unauthorised encampments.

Equality Act 2010

The Equality Act makes it unlawful to treat someone less favorably because of a range of protected characteristics. These protected characteristics include race, nationality or ethnic or natural origins. The following of a nomadic lifestyle is lawful and is a culture recognised and protected through legislation.

Policies for managing unauthorised and unauthorised camping are likely to affect Gypsies and Travellers significantly.

When evicting and enforcing authorities must act in a way which complies with their duties under the Equality Act.

The Equality Act enacts a single general public sector equality duty (PSED) under section 149, which applies to public authorities exercising public functions.

All relevant officers of the council have received training in considering the PSED

In deciding to evict persons with a relevant “protected characteristic” the PSED will be engaged and the decision maker must comply with the PSED and must evidence this in writing.

Race is a protected characteristic.

Romany Gypsies, Scottish Travellers and Irish Travellers have all been declared by the Courts to be protected as “races” under the Equality Act 2010.

Roma are also an “ethnic group” and therefore protected as a “race” under the Equality Act.

Human Rights

The Human Rights Act 1998 contains the Articles and Protocols of the European Convention on Human Rights that are deemed to apply into domestic legislation. It is unlawful for public authorities to act in a way that is incompatible with the Convention (section 6 of the HRA 1998). The main relevant rights that the Council must consider when dealing with members of an unauthorised encampment are as follows:

Article 8 of the European Convention on Human Rights - Right to respect for private and family life. This says

"1. Everyone has the right to respect for his private and family life, his home and his correspondence.

2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others."

Case law has established that, while neither eviction action against trespassers nor planning enforcement is incompatible with HRA, either could potentially breach Article 8 rights if not properly used. Authorities, and other public bodies covered by the HRA, must be able to demonstrate that all eviction and enforcement decisions are 'proportionate' in weighing individual harm (in the loss of 'home' for the Gypsy or Traveler) against the wider public interest.

Case law also says consideration needs to be given the best interests of the children. Children are protected by art.3(1) of the United Nations Convention on the Rights of the Child ("UNCRC") which states that: " In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration. "

In *ZH (Tanzania) V Secretary of State* Secretary of State for the Home Department [2011] UKSC 4; [2011] 2 A.C. 166 Baroness Hale referred to the UN Guidelines which explain that "best interests" are not just about health and education and she stated that when considering article 8 of the European Convention of Human Rights in any case in which the rights of a child are involved, the best interests of the child must be "a primary consideration".

Accordingly the best interests of any child must be kept at the forefront of the decision-maker's mind as he or she examines all relevant considerations and when considering any decision that might be taken, he or she must assess whether the adverse impact of such a decision on the interests of the child is proportionate

Potential challenge under the HRA means that all decision-making must be fully recorded and evidenced to withstand scrutiny. It should be noted that it is possible to rely upon an alleged breach of art.8 as a defence to a claim for possession action brought by a public body against Gypsies and Travellers or as a ground for seeking judicial review of a decision to evict.

First Protocol, Article 1-Protection of property. This says

“Every natural and legal person is entitled to the peaceful enjoyment of his possessions. No-one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

This Article might be seen as protecting the settled community's right to quiet enjoyment of their possessions, which might be threatened by nuisance, noise or anti-social behavior from a problematic unauthorized encampment. This should be one of the considerations to be borne in mind by local authorities and police when considering eviction action. To date there is no relevant case law.

First Protocol, Article 2-Right to education. This says

“No person shall be denied the right to education. In the exercise of any functions which it assumes in relation to education and to teaching, the State shall respect the right of parents to ensure such education and teaching in conformity with their own religious and philosophical convictions.”

Education of Gypsy/Traveller children is often raised in cases dealing with eviction proceedings, and particularly with planning enforcement actions against unauthorized development. In such cases the question resolves itself to one of the balance between the individual harm to Gypsy/Traveller children's' educational needs and the public interest harm in allowing unauthorised development to persist. To date there is no specific case law on arguments relying on this Article in this context.

Article 14-Prohibition of discrimination. This says

“The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property birth or other status.”

While Article 14 rights are potentially engaged in any action concerning Gypsies and Travellers (as ethnic groups and national minorities), the Article can only be successfully argued if another Article is found to be breached. Where a claim under any Article is rejected, it follows that any claim under Article 14 also falls.

Section 11 of the Children Act 2004

Section 11 of the Children Act 2004 requires that local authorities must “make arrangements for ensuring” that their functions are discharged having regard to the need to safeguard and promote the welfare of children.

Welfare Checks/Service Provision for Gypsies and Travellers:

Gypsies and Travellers are entitled to access health, housing, education and welfare services in the same way as members of the settled community.

There is specific recognition to the needs of Traveller children in accessing education under the provisions of the Education Act 1996.

Housing/Site Provision

The Housing Act 2004 placed a duty on Councils to develop and implement strategies to address the needs of Gypsy and Traveller Communities.

Enforcement Powers Available for Dealing with unauthorised Encampments:

There are various powers available when dealing with enforcement of unauthorised encampments. They are detailed as follows:

1. Common Law Powers (Tort of Trespass) – Used by Private Land Owners:

All private land owners can use their common law powers to recover land. This allows the person in possession of the land to evict an individual from their land, to seek damages from that individual and may also seek an injunction to prevent the trespass from reoccurring.

If the trespasser has entered the land peaceably they are entitled to a request to leave the land prior to being forcibly removed. If however a trespasser has entered the land with force and violence they can be removed without a request to leave having been given.

The eviction of the trespasser can be made by the land owner or a private bailiff who can use no more than reasonable force to remove the trespasser. Use of excessive force could give rise to a claim against the land owner by the trespasser.

Where a land owner is considering using this power they should inform the police in order that the police can be present to prevent any breach of the peace that might occur. If the police advise that they feel it is inappropriate to attempt eviction, eviction should be delayed until such time that the police believe it is safe.

The Local Authority should not use common law powers as government guidance states that Local Authorities should not take enforcement action which does not make reference to the court. There is no reference to the court under common law rules and there are similar statutory provisions in Part 55 Civil Procedure Rules which should be used as an alternative.

2. Part 55 Civil Procedure Rules – Used by Private Land Owner or Local Authorities:

Part 55 of the Civil Procedure Rules allow any land owner to regain possession of their land.

The first step is for the land owner to ask the trespasser to leave the land. If they refuse to do so or ask to be allowed to remain on the land for a period that the land owner feels unacceptable the land owner can then begin action against the unauthorised campers through the County Court.

If the eviction is required urgently the court should be put on notice as soon as possible. The relevant documentation is completed and submitted to the court manager along with any relevant evidence. A hearing date will then be arranged.

The court will then provide the land owner with a Notice of hearing to serve on the unauthorised campers. If it is not possible to identify any individuals the Notice can be issued to “persons unknown”. The Court rules state that the unauthorised campers must be given 2 clear days’ notice of the hearing.

At the hearing evidence will be put before the judge and the judge will have to be satisfied that the unauthorised campers have been dealt with appropriately before granting a possession order. The Order will then be served on the unauthorised campers.

In most cases the unauthorised campers will leave the site within 24 hours of the Order for possession being served upon them. If they fail to do so then it will be necessary to apply to the Court for a warrant for possession of land. The Council will then work with the County Court Bailiff who will carry out the eviction.

After the eviction has taken place the land owner should sign a warrant of possession to acknowledge that the land has been regained.

This is the usual course of action taken by the Council because:

- Occupants of unauthorised encampment change frequently. It is more effective to use this provision, which relates to the land itself rather than the power available under Section 77 CJPOA1994 (see below) which requires individuals or vehicles on the encampment to be identified.
- A Judge can affirm the decision to evict based on the available evidence.
- It is a relatively quick procedure. . The process will take longer if a warrant proves necessary.

3. Sections 77-78 Criminal Justice and Public Order Act 1994 – Used by Local Authorities:

Where people are residing in vehicles (including caravans) on land section 77 of the Criminal Justice and Public Order Act 1994 gives local authorities the power to direct individuals to leave the land and to remove their vehicles and belongings from land. This power applies only to land forming part of a highway, any other unoccupied land or occupied land on which people are residing without the consent of the occupier. . .

“Occupier” means the person entitled to possession of the land by virtue of an estate or interest held by him;

Initially a Direction will be drawn up by the Council which instructs the unauthorised campers to leave by a particular date and time. The Direction should identify either individuals or vehicles on the unauthorised encampment.

The Direction should then be served by handing it to one of the individuals or by being affixed prominently to one of the vehicles.

If the campers fail to move and/or remove any of their vehicles and other property by the specified date or return to the same location within three months they will be committing a criminal offence and a prosecution may be brought against them.

In practice however it is probably more effective for local authorities to use the powers available under Section 78 Criminal Justice and Public Order Act 1994. This allows the Council to advise the Magistrates Court that there has been a contravention of a Direction under Section 77 and if the court is satisfied they may grant an Order for Removal of Persons and Vehicles.

Once granted the Order should be served on the unauthorised campers as soon as possible. Twenty four hours must elapse between the serving of the Order and any action to remove the unauthorised campers and their vehicles from the land. Police should be present during the removal to ensure that no breach of the peace takes place.

These powers are likely to be used by the Council where:

- The land is owned by the Council or any other Land Owner authorises the Local Authority to use them.
- The owner of the land on which the encampment is situated cannot be identified and the land is not owned by the Council, the Council may use these powers regardless as to who owns the land.
- It is appropriate to evict some but not all of the unauthorised campers, for example where one of them is ill or heavily pregnant. Or alternatively where certain members of the group are involved in anti-social behavior yet the rest of the group could be allowed for a period of time.
- The group of travellers or gypsies involved keep returning to a specific location as this provision prevents them from returning to that area for three months.

4. Sections 61-62 Criminal Justice and Public Order Act 1994 – Used by Police:

The Powers under this and the following section will be used where behaviour or conduct is considered to be inappropriate, or where the impact of an encampment on others is deemed unacceptable. The Police response will take into account issues of behaviour in combination with the impact on the

Landowner and settled community rather than simply because encampments are present at a specific location. Each case is considered on its individual merits.

The Police are required to follow the guidance issued by the Association of Chief Police Officers that can be found at Appendix 13. Under Section 61 CJPOA1994 the police can direct unauthorised campers to leave land without reference to the courts. This power is used where a landowner has asked unauthorised campers to leave land by a certain date and they have failed to do so, and any of the three following conditions have also been met:

1. the unauthorised campers have caused damage to the land or property on the land
2. they have used threatening, abusive or insulting words or behaviour to the occupier, a member of their family or employee or agent
3. there are six or more vehicles on the land.

The initial step is for the land owner to request the help of the police a senior police officer will then consider whether it is appropriate to use the power based on the following factors:

- whether there are any other activities on the encampment, such as serious breaches of the peace, disorder, criminal activity or anti-social behavior which would necessitate police involvement under their wider powers
- given the impact of the unauthorised encampment on the environment and the local settled community, is it reasonable and proportionate to use police powers
- whether action by the police is legally sustainable
- whether sufficient resources are available.

If a decision is made to use these powers a uniformed officer will attend the unauthorised encampment and direct the unauthorised campers to leave by a certain time, he/she will also provide them with a copy of the legislation.

If the unauthorised campers fail to leave by the specified time or if they return to that location within three months of the direction, they are committing a criminal offence and may be prosecuted. Furthermore if a direction under section 61 is contravened the police can use their powers under Section 62 CJPOA1994 to seize and remove vehicles from the land.

This power should be considered where:

- Speed is important, for example where the presence of the encampment is seriously disrupting the ability of the settled community

to make use of facilities or to conduct their business. This will probably apply to land such as schools during term time and urban parks. This power would be the most appropriate provided all the conditions for its use are met. The police can act without reference to the court and can direct the travellers to leave within a couple of hours. This would be most effective if there is land available within the District which is deemed as a more acceptable unauthorised site.

- There are serious problems on the site such as anti-social behaviour, public order and criminal activity.
- The group of travellers or gypsies involved keep returning to a specific location as this provision prevents them from returning to that area for three months.

5. Section 62 A-E Criminal Justice and Public Order Act 1994 – Used by Police:

Where a pitch is available on a caravan site within the authority that is managed by a local authority, social landlord or other person or body as specified by the secretary of state Section 62 A CJPOA1994 allows the police to direct unauthorised campers to remove themselves and their vehicles and property from the land which they are on to the available caravan site.

This power can only be used where the following conditions are met:

- at least two persons are trespassing
- the trespassers have between them at least one vehicle on the land
- the trespassers are present on the land with the common purpose of residing there for any period
- it appears that the trespassers have one or more caravans in their possession and that there is a suitable pitch on a caravan site as stated above for every caravan in their possession
- the occupier of the land has asked the police to remove the trespassers from the land.

In the unauthorised campers do not leave the land or return within a period of three months they will be committing an offence and the police may use powers under Section 62B to arrest and detain them. Section 62C provides the police with powers to seize and remove vehicles on the land.

6. Anti-Social behaviour, Crime and Policing Act 2014:

This act enables a Local Authority to make a Public Spaces Protection Order if it is satisfied on reasonable grounds that 2 conditions are met;

- a) The activities carried on in a public place within the Authority's area have had a detrimental effect on the quality of life of those in the locality; and it is likely that activities will be carried on in a public place within at area and that they will have such an effect.
- b) The effect or likely effect, of the activities is, or is likely to be of a persistent or continuing nature, such as to make the activities unreasonable and therefore justifies the restriction imposed by the notice.

In order to get a PSPO in place the behaviour/events would need to be of a persistent or continuing nature, a one-off encampment would not meet the criteria of persistent. The Council would need to go through a period of consultation with our Partners, the community and the Police & Crime Commissioner before being approved.

A PSPO identifies the public place and prohibits specified things being done to the restricted area and/or require specific things to be done by persons carrying on specified activities in the area. The PSPO will result in a fixed penalty notice (of up to £100) to an individual. Failure to pay may result in the Council deciding to take court action which you mean up to a level 3 fine.

A PSPO may not have effect for more than 3 years and the Authority must consult with the Chief Officer of Police before issuing an Order. Failure to comply with the Order is an offence.

Other Issues arising in respect of unauthorised I encampments:

Dealing with Anti-social/Criminal Behaviour on unauthorised encampments

As stated previously in this policy encampments must adhere to a certain standard of behaviour while they are within the District. If a member or members of the unauthorised encampment engage in anti-social/criminal activities it will not be allowed.

It will be the decision of the nominated officer whether to exclude the individual responsible for the behaviour from the encampment or where the behaviour is more wide spread whether it is necessary to evict the whole encampment.

Dealing with any criminal behaviour by the unauthorised encampment will be the responsibility of the police in accordance with their policies and procedures. Other enforcement agencies may become involved such as trading standards if the police detect a crime that is not within their remit. Reporting any such crimes to the relevant authority will be the responsibility of the police. Where the police feel that action is justified they will take appropriate action and will not be deterred from taking action against travellers and gypsies on grounds of expediency.

Where anti-social behaviour issues arise both the Council and the Police will work together in considering the use of the anti-social behaviour escalation process which may result in warning letters and Acceptable Behaviour Contracts. If the behaviour continues and is persistent the process would move onto the use of current legislation under the Anti-social Behaviour & Crime and Policing Act 2014 which includes Community Protection Notices, Civil Injunctions or Criminal Behaviour Orders. It may be possible to apply for some of these sanctions alongside the Local Authority application to court for an order to remove travellers from the land.

Keeping People Informed throughout the process

unauthorised encampments can be a sensitive issue within the District and it is therefore important to keep people informed. Communications and publicity arrangements are an important element when managing unauthorised encampments.

It is important to ensure that all agencies/departments, Gypsies and Travellers, elected members and members of the settled community are kept informed about what is happening and what can be expected to happen with encampments within the District .

The Council has a Frequently asked Questions page on its website. This gives details of all unauthorised encampments of which the Council is aware. It is regularly updated. A copy of the Frequently Asked Questions can be found at Appendix T7.

The webpage also gives details of how to report any unauthorised encampment and contact numbers.

There is also information on the page for private landowners and contact numbers if they need advice or assistance.

Gypsies and travellers will be provided with a code of conduct which contains details on who to contact should they have any queries. The Council intends to be proactive in working with travelling groups in Mid Devon and work towards positive outcomes and that this is articulated by the Council in its media articles

Most encampments will be of concern to the settled community and businesses within the area. The Single Point of Contact for the Council (SPOC) will brief elected members for the area in which the encampment is situated in order that the members can pass information onto their constituents. In addition contact email addresses should be taken from any complainants in order that they can be emailed directly by the SPOC where appropriate.

Where the encampment is large or high profile it may be necessary to regularly brief the local media in addition to taking the steps above. The SPOC will liaise with the Council's Media team to provide the regular updates in order to demonstrate that the authorities are taking a proactive approach.

The aim in providing such information is that by providing as much information as possible upfront and keeping people informed should keep the number of calls from complainants to a minimum. Also by being proactive the scope for rumor and misinformation should be reduced. It will also provide opportunity to manage the information released and keep negative media coverage to a minimum in turn reducing inter-community tension.

The Local Authority's Procedure for dealing with unauthorised Encampments

The procedure comprises of 5 stages as follows:

Stage 1 – Identification of Land Ownership

Stage 2 – Action by the Council – Welfare

Stage 3 – Action by the Council – Decision Making

Stage 4 – Action by the Council – Enforcement Stage

Stage 5 – Action by the Council – Site Clean-up

The stages are simplified in a flowchart at Appendix T1 of this document.

STAGE 1 – IDENTIFICATION OF LAND OWNERSHIP

The relevant course of action will be determined depending on whether the land is privately owned land or land owned by the Council. Another factor which may need to be considered is what action should be taken where the land is owned by the Gypsies or Travellers themselves. The SPOC will liaise

with the appropriate departments to determine Land Ownership.

Privately owned land:

The Council will not take action to evict where there is an unauthorised encampment on privately owned land. It will be the responsibility of the land owner to arrange for evictions, where necessary with the support of the police.

The Council will notify the landowner of the encampment where they are not already aware and will give advice on how to effectively manage the unauthorised encampment and the powers available to recover possession of the land. In order to formulate a consistent approach to advice a hand out to be issued to landowners is contained at Appendix T4.

If the landowner has given the encampment permission to use the land and the encampment are not causing disruption to the settled community the matter should be referred to the Local Authority's Planning Department to look at taking enforcement action for an illegal development.

Where the owner does not take action to recover the land or the land owner cannot be found and the encampment is causing serious disruption or a nuisance to the settled community action should be taken by the authorities following the procedure for if the land was Council owned land. Initially by proceeding to stage 2 of this procedure.

Land owned by Gypsies or Travellers (Unauthorised Developments):

STAGE1- IDENTIFICATION OF LAND OWNERSHIP:

Where Gypsies and Travellers (or anyone else) buy land and develop it as a caravan site without planning consent, any enforcement action must be taken through the planning system.

Enforcement in this regard will be a matter for the Council Planning Department in accordance with their enforcement policy.

Local Authority Owned Land:

Where the land is identified as land which is owned by the Council then proceed to Stage 2.

Devon County Council Land:

The County Council has overall management for the two gypsy and traveller Local Authority sites: Sowton and Broadclyst.

Sowton, which has been in existence for over 30 years, consists of 11 pitches, offering permanent residential accommodation.

Broadclyst consists of five permanent residential pitches and is slightly different in that the land is owned by The National trust.

Although there are a number of authorised private sites in Devon there is still a serious shortage of sites for gypsies and travellers both here in the county and across the country as a whole. This has led to gypsies and travellers camping on land that they do not own (unauthorised encampments), and also a growing tendency to buy land and develop it without planning permission (unauthorised developments). At present, approximately one in five traveller caravans in England are on unauthorised sites. 90% of planning applications that gypsies and travellers submit fail, which often forces them back onto the road with no fixed abode.

When gypsies/travellers camp on land that they do not own, without the permission of the owner, they are trespassing. If a negotiated solution is not possible, then private landowners, local authorities and the police all have powers of enforcement to evict. However, a negotiated solution that avoids confrontation is often the most appropriate way of dealing with a situation.

Unauthorised encampments **on Devon County Land** fall into 2 main categories: those on land owned by local authorities (highways, schools, public parks and car-parks etc), and those on privately owned land.

Residents on both sites pay rent and are responsible for paying council tax and utility costs.

The County Council Gypsy Traveller Liaison Service (GTLS) is the first point of contact for responding to new Unauthorised Encampments (UEs) and monitoring Areas of Temporary Acceptance (ATAs) **on Devon County Council land**. The details of any UE on Devon County Council (DCC) land should be referred to the GTLS as soon as possible.

- Referrals to the GTLS are usually through:
- MyDevon Customer Contact Centre
- The local County Councillor
- Devon County Council Highways department
- Another Public Sector organisation (3rd party notification).

Referrals may be made by anyone including members of the public, businesses, public service staff or Councillors.

Contact details for MyDevon
Telephone 0845 155 1015.

Email customer@devon.gov.uk

SMS text 80011 (please start all messages with the word Devon)
Fax 0845 155 1003 Text phone 0845 155 1020

Write to Devon County Council, County Hall, Topsham Road Exeter EX2 4QD

STAGE 2 – ACTION BY THE COUNCIL – WELFARE

Property Services will be responsible for managing this stage of the procedure and will monitor progress and report back to the nominated officer accordingly.

As soon as it is agreed that the Council will take action a representative from the Council will attend the site to carry out an initial welfare assessment to identify relevant welfare issues. This person will also distribute refuse sacks to be used by members of the encampment in order that the duties regarding refuse under the code of conduct can be adhered to. This person will have regard to the Council's risk assessment. This person will then report back to the Property Services who will then contact the relevant person should any welfare issues have been identified.

If any welfare concerns are raised welfare support will be provided by the following:

<u>Potential Issue</u>	<u>Support</u>
Education	Ethnic Minority Achievement Service
Homelessness	Strategic Housing Service
Health	Public Health – Health Protection & Civil Contingencies
Animal Welfare	RSPCA RSPCA
Child Care	Safe Guarding Procedure , MASH, DCC Care Direct.
Adult Care	Safe Guarding Procedure , MASH, DCC Care Direct.

Full contact details of the above services/agencies are at Appendix T5.

Where possible welfare support should be provided within 2 working days.

STAGE 3 – ACTION BY THE COUNCIL – DECISION MAKING

A decision will be made by the Group Manager for Corporate Property and Commercial Assets on the best course of action. The decision will be recorded.

If serious or urgent welfare issues need addressing the removal of the encampment should be delayed where possible unless the site is particularly hazardous or sensitive, in which case the unauthorised campers should be asked to relocate to a more appropriate location in the vicinity.

Where there are serious or urgent welfare issues the Deputy Chief Executive (S151), in discussion with Elected Members will need to make a decision on whether to enforce or allow the campers to stay until the welfare issues are resolved. This decision will be based on a number of factors including, type of land, number of campers, behaviour of campers and the effect that the encampment is having on the settled community within the vicinity of the site.

Before making a decision to evict the decision maker must:-

- Consider the relevant human rights of the persons involved. Public bodies must take account of the relevant human rights when deciding whether or not to evict persons from an unauthorised encampment and must act proportionately.
- Consider and ensure the Council complies with other relevant public duties such as the Public Sector Equality Duty or the duty under section 11 of the Children Act 2004

Generally the following also should be considered:

The decision to evict and the full reasons for it should be recorded including considerations of human rights and the other public duties (Public Sector Equality duty and the duty under s.11 of the Children Act 2004). Such a written decision will be particularly helpful if the decision comes under judicial scrutiny.

Where an encampment cannot be allowed to remain eviction action may have to be taken:

There are various methods of enforcement action available to remove unauthorised campers. Although many encampments can be dealt with through negotiation there will be times when eviction is the only option. The Government believes that local authorities should always follow a route which requires a court order and this should be taken into consideration by the authorities when making any decisions. Different cases will require different courses of action and when making its decision the Council should take into account the factors. In the majority of cases the Council will use the services of the external service.

STAGE 4 – ACTION BY THE COUNCIL - ENFORCEMENT

Once the decision to evict has taken place the procedure taken to secure eviction will differ depending on the decided course of action.

The most likely course of action to be taken by the Council will be by private Bailiffs or through the County Court.

Step by step approach – Civil Procedure Rule 55 County Court:

NOTE: These steps will only be taken once the Council has carried out its initial welfare assessments and a member of the Leadership team has approved this course of action.

- Legal Services will draw up the relevant documentation which includes a witness statement detailing the action taken by a Member of the Property Services team.
- Legal Services will attend Court, usually accompanied by the Enforcement Officer to issue the papers and obtain a hearing date.
- The Group Manager for Corporate Property and Commercial Assets will arrange for the service of the Notice of Hearing and accompanying documentation.
- If the unauthorised campers fail to leave the site Legal Services will attend Court with the Enforcement Officer to obtain an Order for possession.
- A Member of the Property Services team will serve the Order for possession and keep the necessary stakeholders informed.
- If the unauthorised campers fail to leave the site Legal Services will apply for a warrant for possession of land.
- A member of the Property Services Team will work with the County Court/Bailiffs who will carry out the eviction.

STAGE 5 – ACTION BY THE COUNCIL – SITE CLEANUP

Although the Council provides unauthorised encampments with refuse sacks and arranges collection there will still be some circumstances where cleaning up will be required.

The Street Scene service should be notified by The Enforcement Officer as soon as the unauthorised encampment has left the site.

The Council will then attend as soon as reasonably practicable.

Preventing further unauthorised encamping

Injunctions– may be used to prevent unauthorised persons from returning to an area where they have caused problems in the past or are taking up unauthorised camping throughout the District.

Site protection measures – could be further considered in locations where they are vulnerable to unauthorised encamping. Some measures are listed below that is not an exhaustive list:

- a. Substantive steel gate with anti-tamper locks
- b. Substantial height barriers
- c. Width restrictions (that allow cars to pass but not caravans) installed with substantial posts or large concrete blocks/ boulders
- d. Fencing/ ditching
- e. Closing off seldom used accesses – under highways act if there are more commodious routes available.
- f. CCTV surveillance to be installed on particularly vulnerable sites and or officer patrols to be carried out in the local authority area to ensure sites are secure and any follow up steps to make sites secure is undertaken.

Referral to the Police – where trespass has taken place upon Council owned land and security fencing/ locks/ any type of security measure has been breached by way of removal or cutting should be referred to the Police who will make a decision whether to further investigate a crime based upon, and balancing, the following principles:

- Being victim focussed.
- Protecting the public.

Appendices:

Appendix A –	Flowchart Appendix
Appendix T2 –	Time Chart
Appendix T3 –	Handout advice
Appendix T4 –	Code of Conduct for persons on an unauthorised encampment
Appendix T5 –	Contact List
Appendix T6 –	Definitions
Appendix T7 –	Frequently Asked Questions
Appendix T8 –	Communications strategy

Form T1 – Flow Chart: Attached as Annex A

T2 – Time Chart

1. Identification of Land Ownership will be undertaken immediately following notification and/ or complaint of unauthorised encampment to Local Authority.
2. Where land is privately owned dialogue will ensue with private landowner and either private landowner will take necessary action or discuss assistance required from Local Authority and arrangement agreed.
3. Where land owned by Local Authority the following time periods apply (response times may vary):
 - a. Day 1 – Health and welfare assessment to be undertaken and reported back to Public Health and Regulatory Service as to whether or not any reasons why unauthorised encampment to be allowed.
 - b. If no reason to allow unauthorised encampment the matter will be referred to the external service or proceedings will be commenced in the County Court.
 - c. Day 4 –
 - i. Hearing at County Court (if unauthorised persons still remain on land) for Order of possession.
 - ii. Order then served upon unauthorised encampment giving 24 hours to leave the site. Or
 - iii. External service bailiffs evict.
 - d. Day 5 – If unauthorised remain on land application made for warrant for possession.

Form T3 –Advice on unauthorised encampments on privately owned land:

Does the Council have a duty to move travellers when they are camped without the landowner's permission?

The Council has no specific legislative duty to move travellers from land which is not Council owned. It is the responsibility of the land owner to do so.

If Travellers are on my land without permission what should I do?

There are powers available to private landowners under common law and under Part 55 Civil Procedure Rules to enable you to be able to remove the travellers from your land. Advice should be sought from your own solicitor as to the best course of action. Landowners may also contact Legal Services on 01884 255255 for advice.

You should also contact the Council to put them on notice that there is an unauthorised encampment within the District. Please use the Council's website or telephone 01884 255255.

What could I do to deter travellers from camping on my land?

There are a number of preventative measures to prevent travellers from gaining access to your land as follows:

- Make earth barriers.
- Plough the land so that vehicles sink in.
- Reduce access width and/or headroom with the use of barriers.
- Place locked gates across the entrance.

You may need to consult your solicitors or insurers prior to making such changes.

Do the police have a duty to help private landowners in the eviction process?

The police have a duty to preserve peace and prevent crime. This applies to the community as a whole including travellers. Trespass on land alone is therefore not a matter for the police.

You should however inform the police that the encampment has arrived within the District in order that they are aware. Also if the travellers have caused damage to your property or have used threatening or abusive behaviour towards you, a member of your family or an employee or agent the police may be able to assist under Section 61 Criminal Justice and Public Order Act 1994.

There are certain factors that will need to be taken into consideration which can only be determined by a senior police officer. Each case will be considered on its own merits. The Senior Police Officer must have regard to guidance issued by the Association of Chief Police Officers.

What should I do once I have a date for eviction?

You should notify the police that you are to carry out an eviction in order that they can assess whether or not their attendance will be required to avoid any breach of the peace that may occur.

Useful Contacts/Sources of information:

Council Contact:	Planning Enforcement Team	01884 255255
	Legal Section	01884 255255

Police Contact:	Tel: 101
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REMEMBER – PROTECTION OF YOUR PROPERTY IS YOUR RESPONSIBILITY

Code of Conduct for persons on unauthorised campsites

To ensure those members of both the settled and travelling communities can live together in a peaceful and unprejudiced way we expect you to comply with this Code of Conduct. We expect you to treat the land you have occupied with respect, and that you respect the rights and freedoms of other people who also wish to use the area.

Behaviour that may result in you eviction from a site includes the following:

- Camping upon any land designated as a public amenity, such as parks, recreation areas, school fields and similar locations (not an exhaustive list).
- Interfering with the rights and freedoms of other members of the public, including interrupting the operation of legitimate businesses.
- Forcing entry to land, by causing damage to any fixtures, fittings or landscaping (including planted areas). This includes digging away of earthwork defences, which have been placed at landowner's expense to prevent trespass.
- Causing any other damage to the land itself, or property on it. Particular care should be taken not to cause damage to those features provided as public amenities.
- Driving vehicles along any footpath, or other highway not specifically designed for road vehicles. This practice is not only unlawful but is also highly dangerous.
- Parking vehicles or caravans on any road, footpath or other highway that causes an obstruction to other people wanting to pass by. This includes parking immediately next to footpaths.
- Dumping or tipping rubbish, waste materials or trade waste such as tree cuttings, rubble, etc. It is your responsibility to keep the site clean and tidy. Council Traveller Council Officers can direct you to Civic Amenity Sites (Council tips) where you will be able to pay to dispose of trade waste.
- Use the area as a toilet. You must not deposit or leave human waste openly in public areas.
- Abuse, intimidation or harassment of any person who is lawfully using the area.
- Excessive noise or other forms of anti-social behaviour.
- Animals that are not kept under control or that attack persons lawfully on the land, or nearby.
- Interference with electrical, water or gas supplies. Any person(s) found abstracting electricity, or wasting quantities of water may be subject of criminal proceedings.

These codes are the same standards of behaviour that are expected of the settled community. The police are committed to ensuring that all policing issues that affect you are balanced; however behaviour that is deemed unacceptable within society will not be tolerated.

Please note that if you are considering moving to another unauthorised location, be aware that encampments on certain land will not be allowed and eviction will be sought immediately. Such sites include school grounds, playgrounds, public car parks, industrial estates/leisure centres and polluted land.

USEFUL CONTACTS

LEGAL ADVICE

If you need general legal advice please contact the Citizens Advice Bureau on 0300 3301153.

HOUSING

Some Gypsy/Traveller families have expressed an interest in moving in to Local Authority Housing. Tel Housing Services 01884 255255.

EDUCATION

If you want help with your children(s) education please contact Devon County Council on 08451551007.

SOCIAL WELFARE

Should you have any worries about aspects of your welfare or your children or relatives welfare please contact Devon County Council on 08451551007.

HEALTH

If you want advice on any health issues there is a 24 hour NHS helpline you can call '111'.

T5 – Contacts List

Officer	Role	Contact No.
Group Manager for Corporate Property and Commercial Assets	Single Point of Contact for MDDC to log and disseminate actions following notification/ complaint of an unauthorised encampment	Tel:- 01884 255255 Email:- propertyservices@middevon.gov.uk
Customer First	MDDC customer contact centre will take details of any complaints relating to unauthorised encampments and will communicate the information to the Single Point Of Contact 'SPOC'.	Tel:-01884 255255 Website: https://www.middevon.gov.uk/
Standby	Out of hours contact - Appointed contact centre for the Council to take details of all complaints to communicate to the appropriate officers, and in relation to unauthorised encampments.	Tel:- 01884 255255
Police	In case of all emergencies.	Tel:- 101 for a non-emergency incident
Fire and Rescue Service	In case of fire and rescue situations.	Tel:- 999
NHS Health Outreach and Inclusion	For medical health support.	Tel:-111.
RSPCA	For incidents relating to neglect or cruelty towards animals.	0300 123 4999

Adult & Childcare	For any immediate adult and child welfare concerns.	0345 6000388 or 0845 6000388.
Animal Welfare, petrol and explosives	For concerns about animal welfare, use of petrol or explosives.	01392 499499

T6

Definitions

‘Authorities’

Devon & Cornwall Police, Devon County Council and Mid Devon District Council.

‘Local Authority’

Mid Devon District Council.

‘Police’

Devon & Cornwall Police.

‘Unauthorised Encampment(s)’

Trespassing on land by persons which do not own or have a legal right to occupy the land.

‘Gypsies and Travellers’

Persons with a cultural tradition of nomadism or of living in a caravan and all other persons of a nomadic habit of life, whatever their race or origin.

‘Enforcement’

Taking legal steps to remove unauthorised Encampments from land.

‘SPOC’

Single Point of Contact for the Council in relation to unauthorised encampments.

T7

Frequently Asked Questions

What we will do

Log the report or call.

Aim to visit the site within 4 hours of receiving a report in order to ascertain the number of caravans involved and to plot the exact location.

Should the unauthorised encampment be on land that is under the ownership of Mid Devon District Council we will work within our legal framework to address the situation.

In the majority of cases we utilise a specialised provider to liaise with members of any unauthorised encampments this usually results in the unauthorised encampment vacating the site within a 2 to 3 day period.

In a small number of cases the Council will need to take into consideration specific issues relating to health and welfare etc. in such cases this will result in extended stay periods.

Once the site is vacated, we will ensure that any waste material is removed as soon as possible.

Please note - private landowners are responsible for the removal of waste from land under their control.

What the Police will do:

All incidents of criminal activities should be reported directly to the Police.

The Police will only intervene in the removal of unauthorised encampments in exceptional circumstances such as issues of major public order offences.

Unauthorised encampments - frequently asked questions:

The Council recognises and accepts the rights of travellers/gypsies and also those

people on whose land unauthorised camping takes place.

Gypsies and travellers are protected from discrimination by the Equality Act 2010 and the Human Rights Act 1998, together with all ethnic groups who have a particular culture, language or values.

These FAQ explain how the Council and other official agencies will work to try to balance the rights of all those involved.

Why do gypsies/travellers pursue a travelling lifestyle?

There is a past history and tradition for some people to live in caravans or move around the country. However, encamping on someone's land without their consent is unlawful and in certain circumstances, it is not just a breach of civil law, but also criminal law.

Does the Council or Police have a duty to move gypsies/travellers when they are camped without the landowner's permission?

No.

The powers given to local authorities and the police are discretionary and can only be used when certain conditions exist. Failure to comply with both civil and criminal procedures would render the Council and Police liable to successful challenge in the Courts.

What about trespass?

The duty of the Police is to preserve the peace and prevent crime. Trespass on land itself is not a crime - it is a civil matter. Prevention of trespass is the responsibility of the landowner, neither the Council nor the Police.

What about criminal activity associated with some authorised encampments?

Most gypsies and travellers are law-abiding citizens. The Police will deal with crime committed by gypsies/travellers when there is a complaint and evidence to support it, just as they would when committed by anyone else.

When can the Police move them on?

The Police may activate their powers under section 61 of the Criminal Justice and Public Order Act 1994 to require gypsies/travellers to leave.

The Police are able to activate these powers where they are satisfied that two or more people are trespassing on the land, and the landowner has taken reasonable steps to make them leave (and they have failed to do so). In addition, one of the following also has to apply:

- damage has been caused to the land or property, or
- threatening / abusive / insulting behaviour has been used against

the occupier, his family or agent, or

- the trespassers have six or more vehicles.

Any enforcement of section 61 requires considerable resourcing and consideration has to be given to having sufficient police officers available etc., which may in itself take some time to arrange.

When can the Council move them on?

If gypsies/travellers are camped on Council land, the Council can recover possession of their land if their land is occupied without their consent.

If the gypsies/travellers are on Council land and are causing problems they will be moved on as soon as is possible and reasonable. The Council will consider each case on its merits. In all cases the site is visited and every effort made to make sure that the gypsies/travellers keep the site tidy and do not cause public health problems.

If they are on private land, it is usually the landowner's responsibility.

Can the Council remove gypsies/travellers from their land immediately?

No, the Council must:

- show that the Gypsies/Travellers are on the land without consent.
- make enquiries regarding the general health, welfare and children's education.
- ensure that the Human Rights Acts 1998 has been fully complied with.
- establish ownership of land.

How long will it take for the gypsies/travellers to be removed?

This will depend upon the circumstances of each individual case. The Council will need to take account of the issues outlined above however in normal cases we look to serve notice within 5 days of notification and would expect them to move on within a further 24 hours.

What can I do if unauthorised encampments occur on my land?

Firstly talk to them to see if a leaving date can be agreed.

If you are not willing to tolerate the encampment any longer, you or your solicitor can go to a County Court and obtain an Order granting you possession of your land.

Do we have any authorised sites in the District?

YES/NO?

Who do I complain to about unauthorised encampments?

The Council's Contact Centre is the first point of contact for complaints about unauthorised encampments. Instances occurring on Council owned land will be directed to the service responsible for its management who will investigate the complaint and instigate action as appropriate.

T8

Unauthorised encampments communications strategy

Background

This document supports Mid Devon District Council's procedure for managing unauthorised encampments and sets out how communications will support the procedure.

Unauthorised encampments can be a sensitive issue in the District and can generate a high number of enquiries from elected members and members of the public, putting a strain on resources and staff. If not dealt with appropriately and swiftly they can also generate negative media coverage for the council.

It is important that all stakeholders are kept informed about what is happening and what can be expected to happen with encampments in the District.

The strategy is to take a more proactive approach to communicating with residents when the council and its partners are dealing with an unauthorised encampment.

It is important that appropriate language is used when communicating with stakeholders about any encampments.

This document shows the activity involved, along with budget details, objectives, and stakeholders.

Objectives

The objectives of this plan are to:

- Improve the way residents can report an encampment to the Council.
- Mitigate negative media coverage of the council and its partners when there is an encampment in the District.

Key messages

It has been agreed that Mid Devon District Council will use a proactive approach with external communications. The council has a new policy to act swiftly and efficiently when dealing with an unauthorised encampment.

Audiences

A members briefing session will be planned with elected members to ensure they know the process and what to expect when there are travellers in the District.

Other stakeholders who may need to be kept regularly informed:

- Residents.
- Cabinet member, Chief Executive and Directors.
- Mid Devon District Council Officers.
- Devon and Cornwall Police
- Local and regional media.
- Local businesses.
- Other partner agencies.
- Work collaboratively with other Local Authorities in Devon and Somerset.

Budget

There is no formal budget allocated for dealing with unauthorised encampments.

Activity plan

External Website

A dedicated webpage will be set up on Mid Devon District Council's website which residents can be signposted to when there is an unauthorised encampment in the District. This will not include the status of current encampments as there is the potential to draw attention to where such encampments are and with the potential risk for these to become targets for hate crime and intimidation.

There will be FAQs on the webpage and will be regularly updated with information about the latest encampment to keep residents fully informed.

There will also be information for private landowners and contact numbers if they need advice of assistance.

Internal

Elected members:

As set out in the unauthorised encampment procedure, the Single Point of Contact for the Council (SPOC) will brief elected members for the area in which the encampment is situated in order that the members can pass information onto their constituents.

In addition, contact email addresses should be taken from any complainants in order that they can be emailed directly by the SPOC where appropriate.

Officers:

A script will be agreed for contact centre staff to follow when the council becomes aware of an encampment so they can keep residents fully informed. This will reduce calls being put through to the planning enforcement team and improve the reputation of the council.

Internal communications protocol:

SPOC is alerted to encampment



SPOC brief elected members, Chief Executive, Deputy Chief Executive, Directors



SPOC liaises with planning enforcement



Relevant partners are informed

Planning enforcement officers are alerted to encampment and begin process



Planning enforcement alert via Communications

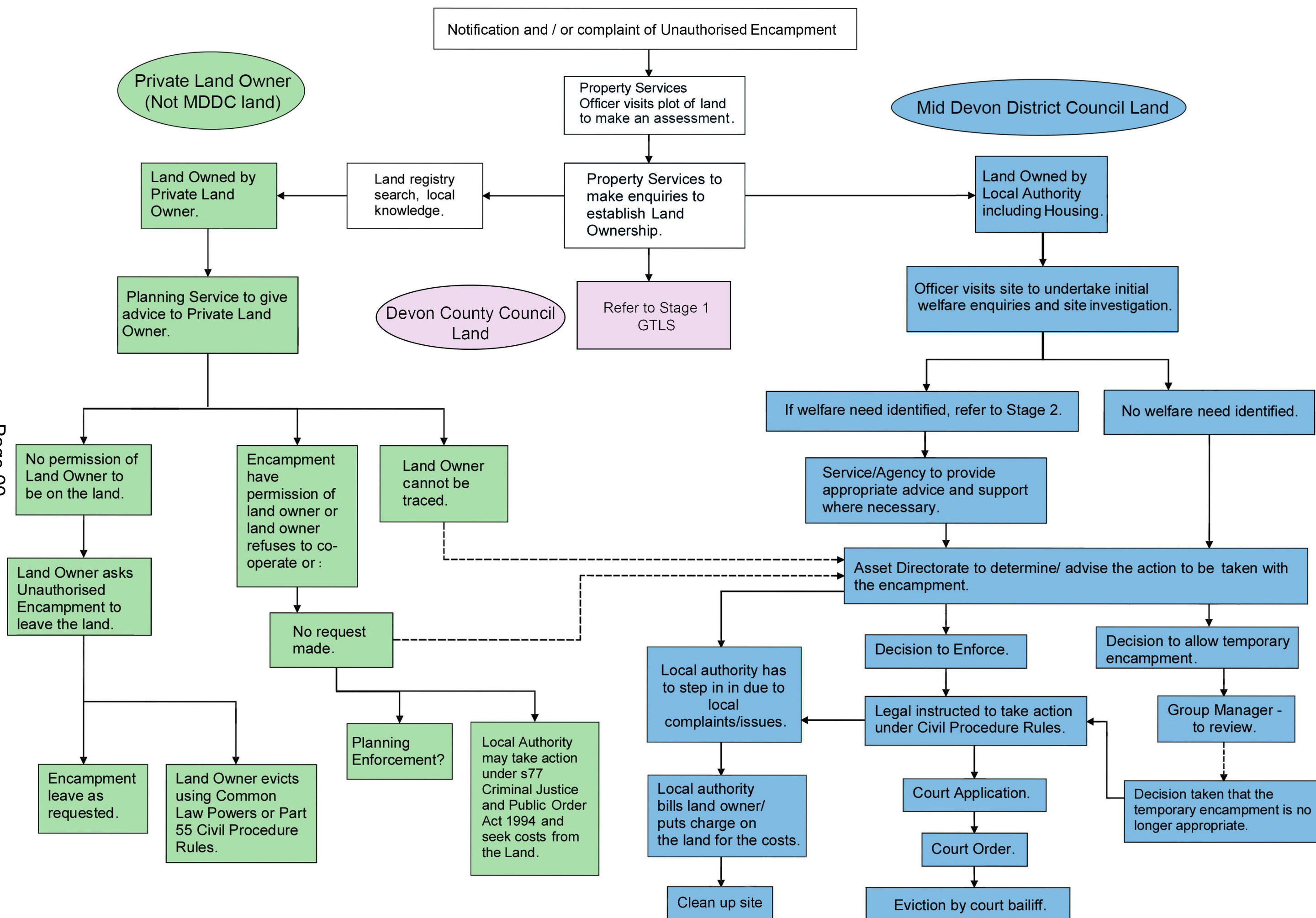
Monitoring and evaluation

Monitoring and evaluation systems will be put in place to ensure that each of the project's objectives is regularly checked to ensure they are on track to be met.

At the end of the project, an overall evaluation report for the project will be completed.

Objective	Monitoring method	Evaluation method
Improve the way residents can report an encampment to the Council.	Website views.	Number of calls to planning team/ feedback from officers on call.
Mitigate negative media coverage.	Media and social media coverage.	Coverage marked as positive, negative or factual.

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Five Stage Procedure

The procedure comprises of 5 stages as follows:

Stage 1 – Identification of Land Ownership

Stage 2 – Action by the Council – Welfare

Stage 3 – Action by the Council – Decision Making

Stage 4 – Action by the Council – Enforcement Stage

Stage 5 – Action by the Council – Site Clean-up

The stages are simplified in a flowchart at Annex A of this document.

STAGE 1 – IDENTIFICATION OF LAND OWNERSHIP

The relevant course of action will be determined depending on whether the land is privately owned land or land owned by the Council. Another factor which may need to be considered is what action should be taken where the land is owned by the Gypsies or Travellers themselves. The SPOC will liaise with the appropriate departments to determine Land Ownership.

Privately owned land:

The Council will not take action to evict where there is an illegal encampment on privately owned land. It will be the responsibility of the land owner to arrange for evictions, where necessary with the support of the police.

The Council will notify the landowner of the encampment where they are not already aware and will give advice on how to effectively manage the illegal encampment and the powers available to recover possession of the land. In order to formulate a consistent approach to advice a hand out to be issued to landowners is contained at Appendix T4.

If the landowner has given the encampment permission to use the land and the encampment are not causing disruption to the settled community the matter should be referred to the Local Authority's Planning Department to look at taking enforcement action for an illegal development.

Where the owner does not take action to recover the land or the land owner cannot be found and the encampment is causing serious disruption or a nuisance to the settled community action should be taken by the authorities following the procedure for if the land was Council owned land. Initially by proceeding to stage 2 of this procedure.

Land owned by Gypsies or Travellers (Unauthorised Developments):

STAGE1- IDENTIFICATION OF LAND OWNERSHIP:

Where Gypsies and Travellers (or anyone else) buy land and develop it as a caravan site without planning consent, any enforcement action must be taken through the planning system.

Enforcement in this regard will be a matter for the Council Planning Department in accordance with their enforcement policy.

Local Authority Owned Land:

Where the land is identified as land which is owned by the Council then proceed to Stage 2.

Devon County Council Land:

The County Council has overall management for the two gypsy and traveller Local Authority sites: Sowton and Broadclyst.

Sowton, which has been in existence for over 30 years, consists of 11 pitches, offering permanent residential accommodation.

Broadclyst consists of five permanent residential pitches and is slightly different in that the land is owned by The National trust.

Although there are a number of authorised private sites in Devon there is still a serious shortage of sites for gypsies and travellers both here in the county and across the country as a whole. This has led to gypsies and travellers camping on land that they do not own (unauthorised encampments), and also a growing tendency to buy land and develop it without planning permission (unauthorised developments). At present, approximately one in five traveller caravans in England are on unauthorised sites. 90% of planning applications that gypsies and travellers submit fail, which often forces them back onto the road with no fixed abode.

When gypsies/travellers camp on land that they do not own, without the permission of the owner, they are trespassing. If a negotiated solution is not possible, then private landowners, local authorities and the police all have powers of enforcement to evict. However, a negotiated solution that avoids confrontation is often the most appropriate way of dealing with a situation.

Unauthorised encampments **on Devon County Land** fall into 2 main categories: those on land owned by local authorities (highways, schools, public parks and car-parks etc), and those on privately owned land.

Residents on both sites pay rent and are responsible for paying council tax and utility costs.

The County Council Gypsy Traveller Liaison Service (GTLS) is the first point of contact for responding to new Unauthorised Encampments (UEs) and monitoring Areas of Temporary Acceptance (ATAs) **on Devon County Council land**. The details of any UE on Devon County Council (DCC) land should be referred to the GTLS as soon as possible.

- Referrals to the GTLS are usually through:
- MyDevon Customer Contact Centre

- The local County Councillor
- Devon County Council Highways department
- Another Public Sector organisation (3rd party notification).

Referrals may be made by anyone including members of the public, businesses, public service staff or Councillors.

Contact details for MyDevon
Telephone 0845 155 1015.

Email customer@devon.gov.uk

SMS text 80011 (please start all messages with the word Devon)
Fax 0845 155 1003 Textphone 0845 155 1020

Write to Devon County Council, County Hall, Topsham Road Exeter EX2 4QD

STAGE 2 – ACTION BY THE COUNCIL – WELFARE

Property Services will be responsible for managing this stage of the procedure and will monitor progress and report back to the nominated officer accordingly.

As soon as it is agreed that the Council will take action a representative from the Council will attend the site to carry out an initial welfare assessment to identify relevant welfare issues. This person will also distribute refuse sacks to be used by members of the encampment in order that the duties regarding refuse under the code of conduct can be adhered to. This person will have regard to the Council's risk assessment. This person will then report back to the Property Services who will then contact the relevant person should any welfare issues have been identified.

If any welfare concerns are raised welfare support will be provided by the following:

<u>Potential Issue</u>	<u>Support</u>
Education	Ethnic Minority Achievement Service
Homelessness	Strategic Housing Service
Health	Public Health – Health Protection & Civil Contingencies
Animal Welfare	RSPCA RSPCA
Child Care	Safe Guarding Procedure , MASH, DCC Care Direct.
Adult Care	Safe Guarding Procedure , MASH, DCC Care Direct.

Full contact details of the above services/agencies are at Appendix T5.

Where possible welfare support should be provided within 2 working days.

STAGE 3 – ACTION BY THE COUNCIL – DECISION MAKING

A decision will be made by the Group Manager for Corporate Property and Commercial Assets on the best course of action. The decision will be recorded.

If serious or urgent welfare issues need addressing the removal of the encampment should be delayed where possible unless the site is particularly hazardous or sensitive, in which case the illegal campers should be asked to relocate to a more appropriate location in the vicinity.

Where there are serious or urgent welfare issues the Deputy Chief Executive (S151), in discussion with Elected Members will need to make a decision on whether to enforce or allow the campers to stay until the welfare issues are resolved. This decision will be based on a number of factors including, type of land, number of campers, behaviour of campers and the effect that the encampment is having on the settled community within the vicinity of the site.

Before making a decision to evict the decision maker must:-

- Consider the relevant human rights of the persons involved. Public bodies must take account of the relevant human rights when deciding whether or not to evict persons from an illegal encampment and must act proportionately.
- Consider and ensure the Council complies with other relevant public duties such as the Public Sector Equality Duty or the duty under section 11 of the Children Act 2004

Generally the following also should be considered:

The decision to evict and the full reasons for it should be recorded including considerations of human rights and the other public duties (Public Sector Equality duty and the duty under s.11 of the Children Act 2004). Such a written decision will be particularly helpful if the decision comes under judicial scrutiny.

Where an encampment cannot be allowed to remain eviction action may have to be taken:

There are various methods of enforcement action available to remove illegal campers. Although many encampments can be dealt with through negotiation there will be times when eviction is the only option. The Government believe that local authorities should always follow a route which requires a court order and this should be taken into consideration by the authorities when making any decisions. Different cases will require different courses of action and when making its decision the Council should take into account the factors. In the majority of cases the Council will use the services of the external service.

STAGE 4 – ACTION BY THE COUNCIL - ENFORCEMENT

Once the decision to evict has taken place the procedure taken to secure eviction will differ depending on the decided course of action.

The most likely course of action to be taken by the Council will be by private Bailiffs or through the County Court.

Step by step approach – Civil Procedure Rule 55 County Court:

NOTE: These steps will only be taken once the Council has carried out its initial welfare assessments and a member of the Leadership team has approved this course of action.

- Legal Services will draw up the relevant documentation which includes a witness statement detailing the action taken by a Member of the Property Services team.
- Legal Services will attend Court, usually accompanied by the Enforcement Officer to issue the papers and obtain a hearing date.
- The Group Manager for Corporate Property and Commercial Assets will arrange for the service of the Notice of Hearing and accompanying documentation.
- If the illegal campers fail to leave the site Legal Services will attend Court with the Enforcement Officer to obtain an Order for possession.
- A Member of the Property Services team will serve the Order for possession and keep the necessary stakeholders informed.
- If the illegal campers fail to leave the site Legal Services will apply for a warrant for possession of land.
- A member of the Property Services Team will work with the County Court/Bailiffs who will carry out the eviction.

STAGE 5 – ACTION BY THE COUNCIL – SITE CLEANUP

Although the Council provides illegal encampments with refuse sacks and arranges collection there will still be some circumstances where cleaning up will be required.

The Street Scene service should be notified by The Enforcement Officer as soon as the illegal encampment has left the site.

The Council will then attend as soon as reasonably practicable.

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Department for
Communities and
Local Government



Home Office



Ministry
of Justice

Dealing with illegal and unauthorised encampments

A summary of available powers



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Dealing with illegal and unauthorised encampments: a summary of available powers

This guide sets out the robust powers councils, the police and landowners now have to clamp down quickly on illegal and unauthorised encampments.

As part of the government's commitment to protecting the nation's green spaces, these powers will help protect Green Belt land and the countryside from illegal encampments. With the powers set out in this guide available to them, councils and the police should be ready to take swift enforcement action to tackle rogue encampments and sites.

Recent experience has shown us the problems that can be caused for communities by the illegal occupation of land. It is often thought that local authorities and other enforcement bodies have limited powers available to tackle illegal and unauthorised encampments and the nuisance that they can cause. In fact there are extensive powers which are summarised below.

Public bodies should not gold-plate human rights and equalities legislation. Councils and the police have been given strong powers to deal with unauthorised encampments and when deciding whether to take action, they may want to consider for example, (a) the harm that such developments can cause to local amenities and the local environment, (b) the potential interference with the peaceful enjoyment of neighbouring property, (c) the need to maintain public order and safety and protect health – for example, by deterring fly-tipping and criminal damage, (d) any harm to good community relations, (e) that the state may enforce laws to control the use of an individual's property where that is in accordance with the general public interest.

Whilst there is a clear leadership role for local authorities in tackling illegal and unauthorised encampments, they should work collaboratively with other agencies, such as the police or the Highways Agency, depending on where the most appropriate powers sit.

This summary of powers is primarily aimed at public authorities but is also intended to be helpful to land owners and others involved with illegal and unauthorised encampments.

Being prepared and acting swiftly: Questions local agencies will want to consider:

- Is there land particularly vulnerable to unlawful occupation/trespass?
 - What is the status of that land? Who is the landowner?
 - Do any special rules apply to that land (e.g. byelaws, statutory schemes of management, etc) and, if so, are any of those rules relevant to the occupation/trespass activity?
 - Has a process been established for the local authority to be notified about any unauthorised encampments?
- If the police are notified of unauthorised encampments on local authority land, do they know who in the local authority should be notified?
- If the power of persuasion by local authority officers (wardens/park officers/enforcement officers) does not result in people leaving the land/taking down tents, is there a clear decision making process, including liaison between councils and local police forces, on how to approach unauthorised encampments? At what level of the organisation will that decision be made? How will that decision-maker be notified?

To plan and respond effectively, local agencies should work together and consider:

- Identifying vulnerable sites.
- Working with landowners to physically secure vulnerable sites where possible.
- Preparing any necessary paperwork, such as applications for possession orders or injunctions, in advance.
- Working with private landowners to inform them of their powers in relation to unauthorised encampments, including advance preparation of any necessary paper-work.
- Developing a clear notification and decision-making process to respond to instances of unauthorised encampments.
- The prudence of applying for injunctions where intelligence suggests there may be a planned encampment and the site of the encampment might cause disruption to others.
- Working to ensure that local wardens, park officers or enforcement officers are aware of who they should notify in the event of unauthorised encampments.
- Working to ensure that local wardens or park officers are aware of the locations of authorised campsites or other alternatives.
- Identifying sites where protests could be directed / permitted.

Local Authority Powers	
Power	When can the power be applied?
Temporary Stop Notice	<p>Section 171E of the Town and Country Planning Act 1990 stops any activity that breaches planning control for a period of 28 days. This allows the local planning authority time to decide whether further enforcement action, such as issuing an enforcement notice, possibly with a stop notice, should be taken. Penalty for non-compliance is a fine of up to £20,000 on summary conviction or an unlimited fine on indictment (section 171G).</p> <p>A temporary stop notice differs from a stop notice (see below) in that it does not have to wait for an enforcement notice to be issued and the effect of the temporary stop notice is immediate.</p> <p>The Town and Country Planning (Temporary Stop Notice) (England) Regulations 2005 were revoked on 4 May 2013. The revocation removes a previous restriction on the use of Temporary Stop Notices; this allows Local Planning Authorities to decide if enforcement action against a caravan, used as a main residence, is necessary and proportionate in the circumstances.</p> <p>New guidance states that it may be appropriate in some circumstances for the local planning authority to issue a temporary stop notice where the breach of planning control has occurred on land owned by a third party, including the local authority or another public authority.</p>
Injunctions to protect land from unauthorised encampments	<p>If a local site is particularly vulnerable and intelligence suggests it is going to be targeted for unauthorised camping, causing disruption to others going about their day-to-day lives, local authorities could consider applying to the courts for a pre-emptive injunction preventing unauthorised camping (and/or protests) in a defined geographical area.</p>
Licensing of caravan sites	<p>The Caravan and Control of Development Act 1960 prohibits the use of land as a caravan site unless the occupier holds a site licence issued by the local authority. A caravan site includes anywhere a caravan (including mobile or 'park' home) is situated and occupied for human habitation including touring sites and single sites. However, it does not include sites where caravans are kept for storage only (driveways, retailers, storage parks) or where a caravan is used as additional accommodation for an existing dwelling. Violation of licensing terms brings a £100 fine for a first offence, and a £250 fine for any subsequent offence.</p>
Tent site licence	<p>Section 269 of the Public Health Act 1936 gives the local authority powers to control the use of movable dwellings and to license the use of land as a site for such as a dwelling. If the land is to be used for more than 28 days in total in any calendar year, planning permission must be obtained. A site which is used for more than 42 days consecutively or 60 days in total in any consecutive 12 months, must have a site licence for the area concerned. The local authority may also decide to license tented areas on existing sites which operate within the 28 day planning allowance period. Violation of licensing terms brings a £2 fine per day.</p>

<p>Possession Orders</p>	<p>A possession order under Part 55 of the Civil Procedure Rules can be obtained by both local authorities and private landowners who require the removal of trespassers from property including land. The claim must be issued in a County Court which has jurisdiction over the affected land/property. A claim can be issued in the High Court in exceptional circumstances where there is a risk of public disturbance and harm to persons or property that requires immediate determination. Local authorities should also be prepared to advise private landowners about their rights to recover land from trespassers through the courts or using common law powers. It is also possible that local authorities may be called upon to assist other Government bodies such as the Highways Agency.</p> <p>The “ordinary” possession order may be used regardless of whether the property is a building or open land, and regardless of the type of squatter or trespasser. The landlord may combine the application for the possession order with suing the squatter for damages and/or an occupation rent for the period of squatting as well as the court fees. A possession order may be secured quickly against trespassers (a minimum of 2 days’ notice before a hearing can take place if the property is non-residential, or 5 days for residential property), but not as quickly as an interim possession order, and is not backed up by criminal sanctions, unlike the interim possession order (see below).</p>
<p>Interim Possession Order</p>	<p>If trespassers have occupied premises (rather than open land), a local authority or private landowner could also consider applying (under Section III of Civil Procedure Rules Part 55) for an interim possession order, an accelerated process for regaining possession of property. Once the court has granted such an order and it has been served, trespassers who fail to leave within 24 hours of service of the order or return to the premises within the currency of the order are guilty of an offence under section 76 of the Criminal Justice and Public Order Act 1994.</p> <p>The interim possession order has the obvious advantages of speed and being backed up by the criminal law. It is, however, not a final order, and there is a return date at which the court will decide whether to make the order final. If the court decides that the interim order was not justified, the landlord may have to pay damages. The interim possession order is also more restricted in that it may only be used where the property is or includes a building, not open land, and may not be used where the landlord also wishes to claim damages and/or an occupation rent.</p>

<p>Local Byelaws</p>	<p>Section 235 of the Local Government Act 1972 enables the local district council or London borough council to make byelaws for the good rule and governance of the whole or any part of the district or borough and for the suppression and prevention of nuisances. Such byelaws include noise in streets and other public places, urinating in a public place etc.</p> <p>Section 150 (2) of the Police Reform and Social Responsibility Act 2011 enables local authorities to attach powers of seizure and retention of any property (which could include tents and sleeping equipment) in connection with any breach of a byelaw made under section 235 and enables the courts to order forfeiture of any such property on conviction for contravention of any byelaw. Local authorities could use this byelaw as a pre-emptive tool to prohibit encampments, if the local authority considers it has an area at risk of encampment protest. This will save having to go through costly injunctions after any encampments have been set up. Local authorities should consider this option as part of their local risk assessment and mitigation plan; as such a byelaw would still be required to go through the normal processes for amending or introducing new byelaws. Westminster City Council has already introduced such a byelaw, which came into force for a specified area around Parliament Square on 30 March 2012.</p>
<p>Power of local authority to direct unauthorised campers to leave land</p>	<p>Where people are residing in vehicles (including caravans) on land the section 77 of the Criminal Justice and Public Order Act 1994 gives local authorities in England and Wales power to give a direction to leave the land. The power applies only to land forming part of a highway, any other unoccupied land or occupied land on which people are residing without the consent of the occupier.</p> <p>It is an offence to fail to comply with such a direction. If the direction is not complied with, the local authority can apply to a magistrates' court for an order requiring the removal of vehicles and any occupants from the land (section 78). Responsibility for eviction lies with the local authority. Officers or agents of the local authority may use reasonable force to evict. It is usually recommended that the police attend such evictions in order to prevent a breach of the peace. Please note this power does not apply to other campers i.e. those sleeping under canvas.</p>

<p>Addressing obstructions to the Public Highway</p>	<p>If tents are erected on the public highway, so as to constitute a “nuisance”, the relevant highway authority may serve a notice requiring their removal under the Highways Act 1980 (England and Wales only). If the recipient fails to comply, the highway authority can apply to the Court for a removal and disposal order. The key issue is the need to demonstrate that the tents etc that are deposited on the highway are causing a clear, actual obstruction (a “nuisance”).</p> <p>The Highways Act provides other grounds on which highway authorities may take action in relation to protest activity on the highway. For example, under sections 1 and 263 of the Act, the freehold title of a highway maintained at public expense is vested in the highway authority. This means that, in some circumstances they could seek a possession order through the courts.</p> <p>Under section 137, it is the duty of the highway authority to protect the rights of the public regarding the use and enjoyment of the highway and to prevent the obstruction of the highway. This allows the authority to seek an injunction in relation to protests on the highway that restrict public use or create an obstruction.</p> <p>Normally a highway authority would take the time to initiate a dialogue with any party that is potentially causing an obstruction and would only use court procedures if it was obvious the party causing the obstruction won’t back down. However, as with section 149 of the Highways Act 1980 (Removal and disposal orders) if the object, e.g tents, was causing a danger then there is a provision for their immediate removal. The power won’t be effective where the obstruction is temporary and formal proceedings are likely to be frustrated by the voluntary removal of the object before any court proceedings can bite. In these circumstances liaison and persuasion are the best option.</p>
<p>Planning contravention notice</p>	<p>Section 171C of the Town and Country Planning Act 1990 provides the power to serve a planning contravention notice. This may be used where it appears that there may have been a breach of planning control and the local planning authority require information about the activities on the land or to find out more about the nature of the recipient’s interest in the land.</p> <p>A notice can therefore be used to invite its recipient to respond constructively to the local planning authority about how any suspected breach of planning control may be satisfactorily remedied.</p> <p>These notices enable local planning authorities to take action quickly following complaints and may be sufficient to reach a solution to the problem without taking any further formal action. Penalty for non-compliance is a maximum £1,000 on summary conviction (section 171D). A second conviction for continuing non-compliance can be penalised by a daily fine. A false or misleading response to a planning contravention notice (either deliberately or recklessly) is subject to a maximum fine of £5,000.</p>

Enforcement Notice and Retrospective Planning	<p>Section 172 of the Town and Country Planning Act 1990 is the power to issue an enforcement notice, requiring steps to be taken to remedy the breach of planning control within a given period. The steps can include demolition and restoration of a site or alterations to a building. There is a right of appeal to the Secretary of State against an enforcement notice (section 174). If the notice is upheld, the penalty for failure to comply is a fine of up to £20,000 on summary conviction or an unlimited fine on indictment (section 179).</p> <p>An enforcement notice should be written in plain English and should enable every person who receives a copy to know –</p> <ul style="list-style-type: none"> • exactly what, in the local planning authority's view, constitutes the breach of planning control; and • what steps the local planning authority require to be taken, or what activities are required to cease to remedy the breach. <p>If an enforcement notice has been issued, the local planning authority may decline to determine a retrospective planning application for development that would grant planning permission for any of the matters specified in the enforcement notice (section 70C of the Town and Country Planning Act 1990 as inserted by section 123 of the Localism Act 2011).</p>
Stop Notice	<p>Section 183 of the Town and Country Planning Act 1990 This has the effect of quickly stopping any activity which contravenes planning control guidelines and where there are special reasons which justify doing this: for example to prevent further environmental damage or to stop the construction of an unauthorised building. A stop notice may only be served with or after an enforcement notice relating to the same activity. Penalty for non-compliance is a fine of up to £20,000 on summary conviction or an unlimited fine on indictment (section 187).</p>
Breach of Condition Notice	<p>Section 187A of the Town and Country Planning Act 1990 enables a breach of condition noticed to be served where there is a failure to comply with any condition or limitation imposed on a grant of planning permission. Penalty for non-compliance is a fine of up to £2,500 on summary conviction.</p>
Powers of entry onto land	<p>Sections 196A, 196B and 196C of the Town and Country Planning Act 1990 provides powers of entry for authorised officers of the local planning authority for them to obtain information required for enforcement purposes. This may be without a warrant at any reasonable hour (with 24 hours' notice for a dwelling house), or with a warrant if access has been or is expected to be refused, or it is an emergency. Wilful obstruction of an authorised person is an offence: penalty is a fine of up to £1,000 on summary conviction.</p>

Police Powers	
Power	When can the power be applied?
Power of the Police to direct unauthorised campers to leave land	<p>Should trespassers refuse to adhere to a request to leave the land, sections 61- 62 of Criminal Justice and Public Order Act 1994 gives the police discretionary powers to direct trespassers to leave and remove any property or vehicles they have with them. The power applies where the senior police officer reasonably believes that two or more people are trespassing on land with the purpose of residing there, that the occupier has taken reasonable steps to ask them to leave, and any of the following:</p> <ul style="list-style-type: none"> a) that any of the trespassers have caused damage to land or property; b) that any of the trespassers have used threatening, abusive or insulting words or behaviour towards the occupier, a member of the occupier's family or an employee or agent of the occupier; or c) that the trespassers have between them six or more vehicles on the land. <p>Failure to comply with the direction by leaving the land as soon as reasonably practicable is an offence. Similarly it is an offence for a trespasser who has left the land in compliance with an order to re-enter it as a trespasser within three months of the direction being given.</p>
Police Powers to direct trespassers to an alternative site	<p>Police have powers under sections 62 A-E of Criminal Justice and Public Order Act 1994 to direct both trespassers and travellers to leave land and remove any vehicle and property from the land where there is a suitable pitch available on a caravan site elsewhere in the local authority area.</p>
Offence of squatting in a residential building	<p>The offence of squatting in a residential building, which came into force on 1 September 2012, was created by section 144 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012. The offence is committed where a person is in any residential building as a trespasser, having entered as a trespasser, knows or ought to know he or she is a trespasser, and is living in the building or intends to live there for any period.</p> <p>Although the new offence does not cover squatting in non-residential buildings or on land, squatters who have broken into those premises, removed items or caused damage might be guilty of other offences such as criminal damage or burglary and should be reported to the police.</p>

Post site clean up powers	
Power	When can the power be applied?
To act in respect of Fly-tipping	<p>Fly-tipping is the illegal deposit of waste on land that does not benefit from an appropriate environmental permit contrary to section 33 of the Environmental Protection Act 1990 and local authorities and the Environment Agency may prosecute for the offence. There is an associated offence relating to the unlawful deposit of waste from a motor vehicle whereby the person who controls or is in a position to control the vehicle shall be treated as knowingly causing the waste to be deposited whether or not he gave any instructions for this to be done.</p> <p>Prosecution may be taken by the local authority or in more serious cases by the Environment Agency where there is evidence that a person either deposited the waste or knowingly caused or permitted the deposit.</p> <p>This power is ineffective where it is uncertain whether the waste is controlled waste under Environmental Protection Act 1990. Such uncertainty might arise where the waste is not considered household, commercial or industrial.</p>
Removal of waste from land	<p>Local authorities are under an obligation to remove fly-tipped waste from public land, but on private land it is the responsibility of the landowner to remove the waste and dispose of it legally. Landowners are therefore often the victims of fly-tipping. Local authorities should advise landowners what local facilities are available to enable them to clear fly-tipped waste. Section 59 of the Environmental Protection Act 1990 allows local authorities and the Environment Agency to require owners or occupiers of land to remove waste they <i>knowingly</i> caused or permitted to be deposited illegally. If the waste is not removed, the local authority or the Environment Agency can enter onto the land to clean up the waste and can charge the landowner the costs incurred.</p> <p>This power is effective where a person is still in occupation of land or where a landowner has refused to take steps to prevent fly-tipping or has allowed fly-tipping to occur (in most cases the landowner is the victim). However, it cannot be used against the offender unless they are the occupier or landowner or where there is doubt whether the deposit is an illegal deposit.</p>
Power to remove any thing abandoned without lawful authority	<p>Section 6 of the Refuse Disposal (Amenity) Act 1978 provides a general power for local authorities to remove “any thing in their area, other than a motor vehicle, [which] is abandoned without lawful authority on any land in the open air or on any other land forming part of a highway”, provided that they have given notice to the occupier of the land and they have not objected within 15 days, in accordance with the Removal of Refuse Regulations 1967. The local authority may be entitled to recover the costs of removal from the person who deposited the articles.</p>

<p>Harm to public health</p>	<p>Local authorities have certain duties and powers to control “statutory nuisances” pursuant to sections 79 to 81 of the Environmental Protection Act 1990 (as amended). Various matters constitute “statutory nuisances” under this legislation. These include any premises and land that are in such a state as to be prejudicial to health or a nuisance. Something will be ‘prejudicial to health’ if it is ‘injurious or likely to cause injury to health.’ A ‘nuisance’ is unacceptable interference with the personal comfort or amenity of the nearby community.</p> <p>The statute requires local authorities to inspect their areas for statutory nuisances and to take such steps as are reasonably practicable to investigate complaints of statutory nuisance made by residents in their areas. A local authority has a duty to serve an abatement notice if it is satisfied that a statutory nuisance exists, or is likely to occur or recur. The abatement notice should generally be served on the person responsible for the statutory nuisance but can be served on the owner of the land if the person responsible (e.g. a tenant or leaseholder) cannot be found or if the nuisance has not yet occurred or recurred. If the abatement notice is not complied with, the local authority has the power to take further steps to deal with the nuisance (but it not obliged to take these steps). A local authority may abate the nuisance itself. In doing so the local authority may do whatever may be necessary in execution of the notice and may be able to recover expenses from the landowner, if necessary through a charge on the land. A local authority also has the power to take criminal proceedings against a person who fails to comply with an abatement notice if it considers that doing so is in the interests of the inhabitants in its area. If the local authority considers that the criminal procedure is inadequate (e.g. in an emergency) it has a power to seek an injunction in the High Court to deal with the statutory nuisance.</p> <p>Overall this power is effective in tackling statutory nuisance issues that may arise from illegal occupation (e.g., noise, smells, accumulation of material, fumes, dark smoke). The statutory nuisance regime cannot be used to require people who are responsible for a statutory nuisance to move from a site, even if they are occupying the site illegally.</p>
<p>Clearing of land</p>	<p>The scope of works under section 215 of the Town and Country Planning Act 1990 enables a local authority to make good the loss of public amenity. If it appears that the amenity of an area is being adversely affected by the condition of neighbouring land and buildings these powers allow local authorities to serve a notice on the owner requiring that the situation be remedied.</p>

<p>Power to deal with accumulations of rubbish in the open air</p>	<p>The Public Health Act 1961 gives local authorities powers to deal with accumulations of rubbish in the open air. In particular, section 34 of the Public Health Act creates a power for local authorities to remove rubbish on land in open air which is seriously detrimental to the amenity of the neighbourhood. For the power to be exercised a number of conditions must be met:</p> <ol style="list-style-type: none"> 1. There must be rubbish. "Rubbish" is defined to mean "rubble, waste paper, crockery and metal, and any other kind of refuse (including organic matter)", however "any material accumulated for, or in the course of, any business" will not fall under this definition. 2. The rubbish must be on "land in the open air" in the local authority's area. 3. The presence of the rubbish must be "seriously detrimental to the amenities of the neighbourhood." 4. The local authority must have given 28 days prior notice to the owner and occupier of the land requiring the removal of the specified rubbish. 5. The recipient of a notice has the right to serve a counter-notice stating that they will remove the rubbish themselves. If a counter-notice is served the local authority must not remove the rubbish unless the person who served the counter-notice fails to take or complete the steps in the counter-notice within a reasonable time. 6. The recipient of a notice may appeal to the magistrates' court on the grounds that the authority should not take action under section 34 (for example, if they allege the rubbish is not seriously detrimental to the amenity of the neighbourhood) or the steps proposed in the notice are unreasonable. If an appeal is brought against the notice, the local authority must not remove the rubbish unless and until the appeal is finally determined its favour or withdrawn. <p>This power could be used to deal with the accumulation of rubbish on land resulting from illegal occupation. This power does not extend to removing "material accumulated, for or in the course of, any business." Therefore, where illegal occupants are carrying on a business careful consideration will need to be given to whether the items the local authority wishes to remove fall under this exclusion.</p> <p>This power could not be used to evict the occupants from the unauthorised encampment.</p>
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Power to seize a vehicle	Power to seize a vehicle <p>From 6th April 2015 where a vehicle is suspected of being involved in the commission of an offence relating to the illegal deposit of waste or other waste offences (e.g. breach of duty of care; carrying controlled waste while unauthorised to do; operating an illegal waste site), a local authority or the Environment Agency or Natural Resources Wales may instantly seize a vehicle and its contents in accordance with the provisions of the Control of Pollution (Amendment) Act 1989 / the Environmental Protection Act 1990 and the Control of Waste (Dealing with Seized Property) (England and Wales) Regulations 2015.</p> <p>This power can be used where a vehicle is suspected of having been involved in the commission of an offence but there is insufficient information concerning who committed the offence. It can also be used to 'flush out' owners where it is unclear who is the registered keeper and to disrupt and prevent illegal waste activities, reducing the impact of waste crime on the environment.</p>
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Contacts

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HANDBOOK

For managing unauthorised Gypsy
and Traveller encampments

Page 121

May 2016

Contents

Page

2	Purpose of this Handbook
3	Introduction
3	The People
5	The Places
6	The Prejudices
7	Roles and Responsibilities
7	Equality and Human Rights
7	Welfare and liaison
8	Devon County Council – the Landlord
9	Gypsies and Travellers on Devon County Council land
10	Gypsies and Travellers on land not managed or owned by Devon County Council
11	Procedure (and flowcharts) for managing Unauthorised Encampments
13	Eviction procedures
14	Other powers to evict
15	Assessment criteria for eviction/acceptance
15	Pitch and site size restrictions for Areas of Temporary Acceptance
16	Provision of waste services for Unauthorised Encampments

16	Toilets – criteria and conditions
17	Public and environmental health
17	Rent
18	Campervans and other lived in vehicles parked on highways
19	Stakeholder Meetings
20	‘Meet and Greet’ visits and Self Managed Sites
21	Site visits – gender and cultural considerations
22	Enquiries from the general public and the media
23	Case Study
24	Glossary

List of appendices:

A: Part 1 Site Information Form
 B: Part 2 Welfare Needs Assessment
 C: Code of Conduct for Gypsies and Travellers
 D: Part 3 Site Monitoring Record.
 E: Impact assessment

The Gypsy and Traveller Liaison Service produces annual reports on the service and other information. These are available from www.devon.gov.uk/gypsies_and_travellers_in_devon. For further information or a different format please telephone 0845 155 1015 or email customer@devon.gov.uk.

Purpose of this Handbook

This handbook seeks to provide a clear statement from the County Council on how it manages unauthorised Gypsy and Traveller encampments. It provides Councillors, officers and members of the public with information about the needs and rights of Gypsies and Travellers and how we balance these with landowner and public concerns when an unauthorised encampment arises.

In meeting its range of responsibilities, Devon County Council's approach is to seek a balance between competing considerations in as consistent a manner as is possible, given that each person, family, or unauthorised encampment has its own set of issues and circumstances. This means that the Council will approach each matter on a case by case basis.

Our approach will aim to be:

- firm but fair
- balanced
- on a case by case basis.

In addition, we want to work with all stakeholders, including public, private and voluntary/community sector organisations to meet the needs of Gypsies and Travellers and avoid unintended consequences of policy decisions that negatively impact on others. By detailing our policy and procedures within this Handbook, we hope to make our position clear so that we can align our approaches, and work together effectively and strategically.



Tolerated unauthorised Traveller site in Devon

This 2013 Handbook has been re-written from existing policies and the approach set out in the 2006 Protocol. However, it does differ from the 2006 Protocol in that it has been refreshed and refocused on the specific roles and responsibilities of the County Council, taking account of recent Government advice and guidance.

Introduction

The people

Gypsies and Travellers are a part of British life and have been so for many centuries, making up a very small minority (0.1% of the population¹). Defining Gypsies and Travellers can be complex. People who travel from place to place (whether for work or not) or live in mobile/nomadic accommodation can fall into various ethnic and lifestyle definitions.

Gypsies have the longest history of all Traveller groups, with their roots originating in Northern India. Pavee (known as Irish Travellers) have ancestry from Ireland and are not necessarily Irish nationals.

Gypsies and Travellers live in caravans or other vehicles and follow a lifestyle which is nomadic or semi-nomadic, in that it involves travel at least part of the year. On the other hand, some settle in one place indefinitely for education, health or economic reasons and some people with Gypsy/Traveller heritage may be settled in 'bricks and mortar' housing.

New Traveller is a term used to describe people who have adopted this lifestyle more recently through personal preference or force of circumstance and live in mobile/nomadic accommodation whether it is a caravan, truck, boat or yurt, for example. Like Gypsies, they may be nomadic, semi-nomadic or settled. There are now second and third generation New Travellers who are New Travellers through heritage/tradition rather than purely personal choice.

¹ Census 2011 data for ethnic Gypsies and Irish Travellers (those who identified)

Legal Definitions of Gypsies and Travellers

There have been many attempts to define Gypsies and Travellers. The first definition, contained in the Caravan Sites Act 1968, was expressly designed not to limit the word Gypsy by any racial or ethnic limitation.

Most recently, the **Housing Act 2004** defined Gypsies and Travellers as:

“Persons with a cultural tradition of nomadism or of living in a caravan; and all other persons of a nomadic habit of life, whatever their race or origin, including: such persons who, on grounds only of their own or their family's or dependant's educational or health needs or old age, have ceased to travel temporarily or permanently and members of an organised group of travelling show people or circus people (whether or not travelling together as such).”

Equality Act 2010

Under the Race Relations Act 1976 the courts decided that **Romany Gypsies** and **Irish Travellers** are racial (ethnic) groups, entitled to the full protection of the anti-discrimination legislation, whether or not they travel. This protection continues under the Equality Act 2010. New Age Travellers are not currently defined as a racial or ethnic group, but are included in the Housing Act definition above. However, people are protected from discrimination where they are *perceived to be*, or are *associated with* someone who is Romany Gypsy or Irish Traveller or any other protected characteristic.

Main Gypsy and Traveller Groups

Romany Gypsies include English, Welsh and Scottish Gypsies and European Roma. Gypsies have the longest known history of the Traveller groups and are a recognised ethnicity/race. Gypsies' ethnic roots lie in Northern India, where nomadic groups first started moving towards Europe around 1,000 years ago. The word Gypsy originates from a c1500 description of them being 'Egyptians'.

Pavee, called **Irish Travellers** by wider society, have a long and detailed history, starting in Ireland as long ago as the 15th century, when travelling metal workers ('Tinkers') are recorded. At a similar time, Gypsies were unlikely to settle in Ireland, due to the already established communities of Tinkers who would be in competition for the work and stopping places. They are predominantly of strong Catholic faith and prefer to send their children to Catholic schools.

Showmen are a cultural minority with a long, rich history of providing travelling entertainment and fairground rides at local markets and festivals.

Circus Families have a long heritage as travelling entertainers. The service they provide is generally wanted, accepted and enjoyed by the majority of the population.

New Travellers arose mainly in the 20th century, adopting a 'low impact lifestyle' for environmental, social and/or economic reasons. Many of the adults have grown up in mainstream society and are well versed in education and other service entitlements. All families and communes tend to be different with little commonality on accommodation, mobility, work or faith trends.

Ethnic Monitoring gives people the chance to define themselves. Some people find the whole issue of defining themselves a difficult one, and even one which embarrasses them. Others believe that the definitional issues are only dwelt on by those who want to exaggerate differences and show hostility. Some people may use other terms to describe themselves, including other traditional terms.

Travellers, with a capital T, defines culture or heritage; they are not necessarily travellers.

Showmen and circus families tend to experience less discrimination, harassment or isolation than Gypsy or Pavee groups. Circus children successfully access school, even when highly mobile, particularly during the primary years. Families are generally confident, empowered and able to access services such as doctors and dentists at their winter base (if they have one).

The places

Years ago, Gypsies and Travellers had many stopping places but these have disappeared due to development and changes to common land and open spaces. Now, nationally there are more Gypsies and Travellers than there are authorised places for them to stop in their mobile accommodation, either temporarily or indefinitely.

In Devon, we estimate the shortfall to be over 200 authorised pitches². This significant shortfall results in Gypsies and Travellers creating unauthorised encampments (UEs) and unauthorised developments (UDs). There are around 20³ known UE/Ds on Devon County Council land. There are no Transit or Temporary Stopping Points in Devon, the nearest is Bristol. The County Council is landlord for two permanent Romany Gypsy sites.

Gypsies and Travellers who are not living on UE/Ds may be living on private sites either as owner/occupiers or tenants, a very small number of sites are managed by local authorities/housing associations, equivalent to social housing.

Gypsies and Travellers tend to favour small, discrete sites with no more than 15 pitches.

Many authorised sites are surrounded by 'bunds' or hedging and therefore go unnoticed to passers-by. Some of these surroundings are created due to local opposition and assumptions that the site will be 'a mess' but in reality well managed sites are not messy.

² October 2012

³ March 2013

Definitions

An **unauthorised encampment (UE)** is where any person camps without permission (in vans, trailers or any other moveable accommodation) on land that they do not own.

This is as opposed to an **unauthorised development (UD)**, where the person may own or rent the land that they reside on or have permission from the landowner to stay, but do not have *planning permission* for the development they have undertaken, or started to undertake.

Gypsies or Travellers reside on UEs and UD because of the travelling nature of their life-style, along with the shortage of site provision nationally. Obtaining planning permission for Gypsy and Traveller sites can be very difficult for various reasons including local opposition. The type of sites needed are:

Permanent sites which accommodate people for most or all of the year on a permanent (indefinite) basis. Permanent sites will have more amenities.

Transit sites which accommodate people for up to six months. Gypsy/Traveller families may live in one part of the country for half of the year and another part for the remainder of the year; this could be linked to employment such as seasonal farm work.

Temporary Stopping Points which accommodate people who are moving between places for up to 28 days.

The prejudices

It is important to understand the prejudices because this can impact on how Gypsies and Travellers are treated or viewed by others. Deep rooted prejudices do exist, exaggerated by poor media representation. Prejudices arise where an assumption is made about the whole community based upon irrational fear about their culture or a negative experience of a small section of the community. Prejudices towards Gypsies and Travellers include, for example:

- **They are thieves and criminals** – there are thieves and criminals in all societies. Increased criminality has been linked with social deprivation, but there is no reason for Gypsy/Traveller culture itself to be a cause of criminality. Gypsies and Travellers may also be confused with ‘travelling criminals’ or be blamed for crime committed by others in the area at the same time as their arrival.
- **They are dirty and messy** – Romany Gypsies take pride in their cleanliness. Yes, some Traveller groups may be messier than others, this may be due to lack of suitable sites, facilities and access to services, an inability to obtain a tipping license due to not having a fixed address, or they are quite happy living that way (as are some people who live in housed communities). Also, harassment and intolerance from the local community will impact on any person’s ability to take pride in their surroundings.
- **They don’t pay taxes/they scrounge off society** – Nomadic status does not exempt someone from paying tax. Council Tax *can* be collected by local authorities and this is easier with proper site provision. As with the general population, Gypsies and Travellers include people who are employed or self employed (and therefore paying income taxes), retired, studying or unemployed/in receipt of benefits etc.

Prejudice can lead to acts of discrimination, whether it is harassment (verbal or physical abuse, for example) or poor access to services such as healthcare and education. This can have a negative affect on the physical and mental health of individuals and put preventable pressure on police, health and social care services. At its worst, it results in Hate Crime as people seek to exterminate Gypsies and Travellers from society.

The life expectancy of Gypsies and Travellers is at least 10 years less than the average life expectancy of the rest of the population. This is equivalent to the most deprived wards in Devon.

Gypsy and Traveller mothers are 20 times more likely than others to experience the death of a child and/or miscarriage⁴.

In 2012, the Department for Education reported that Gypsy and Traveller pupils are among the lowest-achieving groups at every Key Stage of education, although individual GRT pupils can do well. This can be due to a number of factors including bullying, literacy of parents and problems with attendance. Some Gypsies and Travellers adhere to a strict upbringing and remove their children from secondary schooling to ‘protect their children’ (especially girls) from negative influences of a more liberal society.

Gypsies adhere to hygiene practices rooted in Hindu laws of cleanliness.

⁴ Equality and Human Rights Commission

Our Roles and Responsibilities

The County Council considers its responsibilities in relation to Gypsies and Travellers under three broad areas:

- Equality and human rights.
- Welfare and liaison.
- Being a landowner.

Equality Duties and Human Rights

Although there is no legal right to stop on someone else's land without consent, there is nothing unlawful in following a nomadic lifestyle. In fact, everyone has a right to respect for his/her private and family life⁵ which means we each have a right to a live how we choose which must be respected (i.e. to live a nomadic or settled life), provided it does not interfere with other rights or laws.

Romany Gypsies and Irish Travellers (Pavee) are defined as a racial group in law. Under the Equality Act 2010, a Public Sector Equality Duty places a duty on the Council to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between persons of different groups. It is also unlawful to treat someone less favourably because of the protected characteristic of race. Further information is available from www.devon.gov.uk/equalitylegislation.

⁵ Article 8 of the Convention for the Protection of Human Rights and Fundamental Freedoms, enshrined in English Law through the Human Rights Act 1998. Under Article 14, the enjoyment of these rights are to be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status.

Welfare and Liaison

Through a Gypsy and Traveller Liaison Service (GTLS), the County Council seeks to provide both Gypsies/Travellers and the wider community with a point of contact for advice and help for all related issues.

In terms of access to services, Gypsies and Travellers have the same entitlements to access services as any other member of society. When travelling or living on an unauthorised encampment, access to services especially health, education and social care, can be more challenging. The GTLS has a key role in facilitating access and building trust and, when needed, will assist visits on site for doctors and others, but will not act on behalf of another service or individual. As with anyone, where safeguarding concerns are identified, the relevant services will be contacted.

Where the presence of an encampment generates concerns from the neighbouring members of the housed community, the GTLS will seek to create positive relationships where possible, and in any event to seek to reduce friction and mitigate its impact. The GTLS will liaise with the Police and local Racial Equality Council where community tensions arise.

Homelessness

Sometimes homeless rough sleepers, who do not regard themselves as Gypsy or Traveller by definition or choice, are present on unauthorised encampments. In this case the GTLS will link with local homeless charities and housing providers (the County Council does not have housing responsibilities, this rests with the District/City Councils).

Devon County Council – the landowner

Devon County Council is a significant landowner in the county and has areas of land such as county farms, highway verges and lay-bys.

In relation to all its land and property interests, the County Council has responsibilities to service users, staff and visitors, as would any other landowner. However, in the case of trespass and the creation of an unauthorised encampment, the County Council cannot trigger possession proceedings in the same way that private or commercial landowners can. In addition to land use issues, the County Council is required to conduct assessments of any public health issues and the welfare, education, human rights and needs of the occupiers, balancing this with local interests and site suitability. Courts decide whether the County Council can evict someone from public land.

Under the **Planning Policy for Traveller Sites 2012** which updates the Housing Act 2004, Local Authorities with planning and housing responsibilities (in Devon these are District, City and Unitary Councils) are required to, by March 2013 (updating annually):

- Use a robust evidence base to identify a five year supply of specific and deliverable sites for Gypsies and Travellers.
- Identify broad locations for six to ten years.
- Grant Temporary Planning Permission to site requests, in the absence of a five year supply.

Devon County Council has a 'duty to co-operate' under Section 102 of the **Localism Act 2011** and therefore a duty to assist other authorities in sourcing suitable sites/pitches.

Consultation with Gypsies and Travellers is vital for seeking effective solutions. The GTLS can facilitate consultation with individuals on

unauthorised encampments, but best practice suggests there should be a Gypsy/Traveller Forum for each District.

Strategy for identifying new sites

The County Council is willing work with housing authorities and other landowners to help identify suitable Temporary Stopping Points, Transit and Permanent sites and individual pitches (as well as alternative Areas of Temporary Acceptance for use when an authorised site is unavailable and occupants are at an unsuitable location). Landowners include:

- Local Authorities across the region.
- Highways Agency.
- Private landowners and businesses, particularly those near main transport routes with hard-standing areas and suitable caravan/camping sites (to establish Temporary Stopping Points).
- Ministry of Defence.
- Farmers.
- National parks.
- Church/religious and voluntary organisations.
- British Residual Land Board.

This can include helping to identify sites from our own land, as well as identifying pitch allocation as part of planned housing developments (as a guide, 0.1% of housing should be designated for Gypsies and Travellers). The County Council is also prepared to be involved in Devon-wide or regional forums for site planning. The GTLS will also comment on planning strategies.

The GTLS would particularly welcome to hear from people willing to act as landlords of Gypsy and Traveller tenants. It would be beneficial for housing authorities to maintain a list of landlords.

Gypsies and Travellers on Devon County Council land

With the continued shortfall of suitable sites/pitches in the region there remains a growing pressure on UEs. Increasing homelessness arising from a lack of affordable housing or economic problems can also impact on the number of UEs, also resulting in competition for space between different Gypsy and Traveller families and groups.

Some UEs can generate concerns arising from anti-social behaviour and disproportionate disruption to the community into which occupiers have moved. On the other hand, some of these concerns may be unsubstantiated and in other cases UEs are welcome: for example, a local farmer likes the added security of 'watchmen' nearby, or the village shop benefits from their custom.

The County Council seeks to ensure that the concerns of all stakeholders are considered in a fair and balanced way and will seek to maintain a positive dialogue with all stakeholders. The initial County Council response and any ongoing toleration of an UE will be based on a fair assessment of each situation on a case by case basis. This involves striking a balance between the rights of local residents and businesses and the welfare/needs of the occupiers to establish a base for their accommodation.

Dealing with complaints and applying to the Bailiff for possession of the land (eviction) costs a significant amount of money. Until such a time there is adequate provision of sites/pitches for Gypsies and Travellers, we will tolerate a UE unless there are strong enough grounds for eviction.

Our expectations – behaviour of Gypsies and Travellers on Unauthorised Encampments (UEs)

A **Gypsy and Traveller Occupier Code of Conduct** (see Appendix C) has been developed and is the main basis for assessing whether or not behaviour on site is acceptable. It also lists the type of locations where UEs will not be tolerated.

Failure to adhere to the Code of Conduct can affect on-going acceptance of individuals at the site. The GTLS will warn occupants of any breaches and, where possible, give occupants the opportunity to improve. Failure to improve may ultimately result in eviction.

Moving on – the consequences

In the absence of suitable site provision in the area, we have to consider the impact of moving people on because it often means moving from one UE to another and therefore the cycle begins again – this is not a cost effective solution for public services and can lead to health and wellbeing problems for the Gypsies and Travellers. In the same way Homeless people need to be found a home, Gypsies and Travellers need to be found a pitch.

Where possible, our approach will be: evict to, not from.

Gypsies and Travellers on land not owned or managed by Devon County Council

The County Council is not required to act when UEs occur on land not in the ownership or management of Devon County Council. The County Council's Gypsy Traveller Liaison Service (GTLS) carries out Welfare Needs Assessments on people occupied on Devon County Council land, and may, when capacity exists, assist other public agencies with welfare assessments if invited to do so. Whilst there will still be a need to take account of welfare needs on land in other public ownership, this requirement does not apply to private landowners. However, the GTLS are available to provide generic information and advice to private landowners.

The GTLS can also provide advice and signposting to Gypsies and Travellers who are not on UEs but have difficulties accessing services.

Responding to issues of homelessness

For people who were previously living in housing and have temporarily adopted a Traveller lifestyle (sometimes to avoid rough sleeping arising from homelessness), referrals would be made for housing support to the relevant district council and homeless organisations in order that they can be re-housed as soon as possible. The GTLS can offer some support to assist with transition, but have no housing stock or housing responsibility.

Frequently Asked Questions from Members of the Public

If Gypsies or Travellers move onto a piece of land, and I have concerns about their right to be there, what should I do?

If you know who the landowner is, you should notify them. If you do not know, you could visit www.landregistry.gov.uk (searches cost £3) or contact the Council and a 'Part 1' will be completed.

If Gypsies or Travellers move onto my land, and I do not wish them to remain, what should I do?

The responsibility for evicting Gypsies/Travellers rests with the landowner. First talk to them and see if a leave date can be agreed, ask them to leave the site as they found it and discuss any safety issues. You could seek advice from a Solicitor, obtain an order through the County Court granting possession of the land or evict using 'common law powers'. Also see Page 14 for Police powers. If you wish for them to remain on a long term basis, you will need to obtain **Planning Permission**⁶, then a **Site License**⁷ and consider what facilities are needed (running water, sanitation etc) and how much rent to charge. The local planning authority will place health and welfare conditions on the site license.

If I am concerned about the treatment of Gypsies and Travellers and/or community tensions who should I contact?

If the treatment involves abusive, racist, threatening or other criminal behaviour, you should contact the Police. For all other concerns, contact the GTLS or Plymouth and Devon Racial Equality Council (PDREC) www.plymouthanddevonrec.org.uk

⁶ Town and Country Planning Act 1990

⁷ Caravan and Control Development Act 1960

Procedure for managing Unauthorised Encampments

The County Council Gypsy Traveller Liaison Service (GTLS) is the first point of contact for responding to new Unauthorised Encampments (UEs) and monitoring Areas of Temporary Acceptance (ATAs) on Devon County Council land. The details of any UE on Devon County Council (DCC) land should be referred to the GTLS as soon as possible.

Referrals to the GTLS are usually through:

- MyDevon Customer Contact Centre
- The local County Councillor
- Devon County Council Highways department
- Another Public Sector organisation (3rd party notification).

Referrals may be made by anyone including members of the public, businesses, public service staff or Councillors.

Contact details for MyDevon

Telephone 0845 155 1015.
Email customer@devon.gov.uk
SMS text 80011 (please start all messages with the word Devon)
Fax 0845 155 1003
Textphone 0845 155 1020
Write to Devon County Council, County Hall, Topsham Road
Exeter EX2 4QD

Stage One – Initial Site Visit/Identification

Part 1

- Establish precise location of UE.
- Identify landowner, land use and suitability (See Appendix A).

If the site is on DCC land:

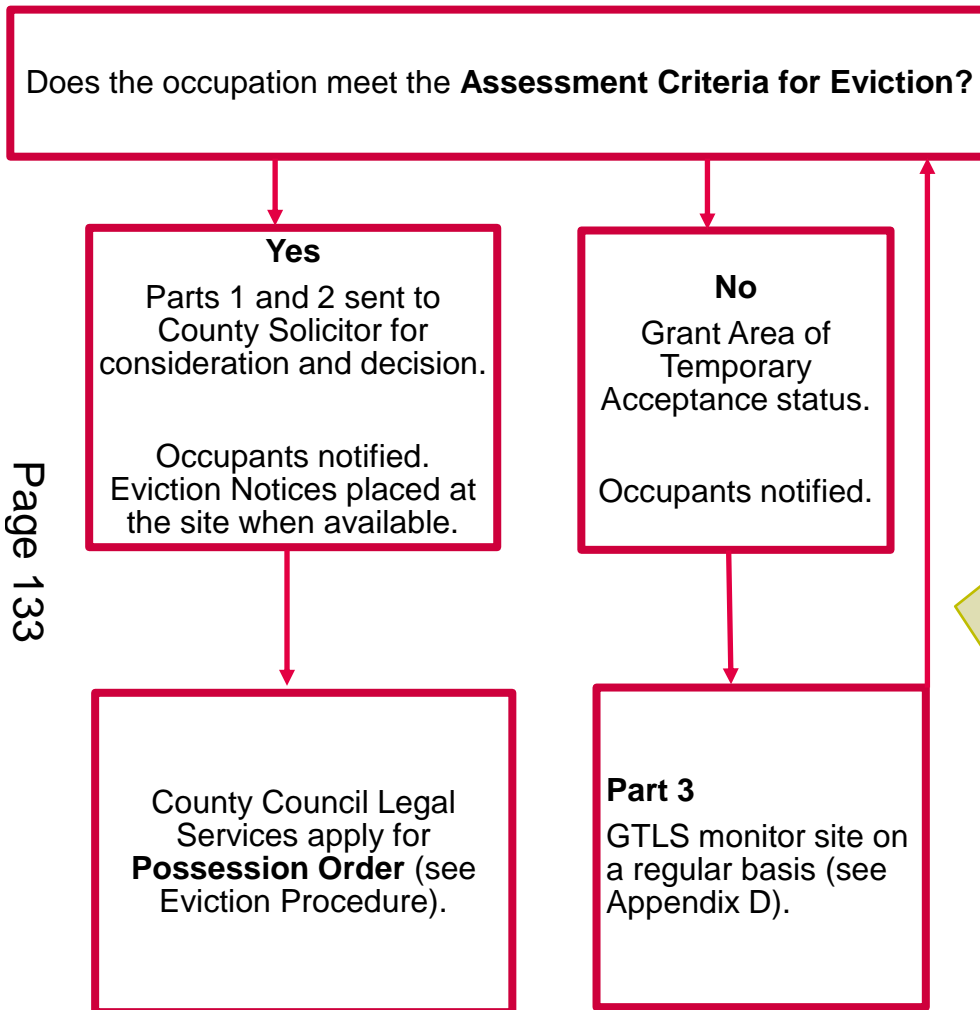
Part 2

GTLS visits site and carries out a Welfare Needs Assessment (requires participation of occupants) (see Appendix B). *Sometimes this is done before, or alongside, Part 1.*

GTLS provides occupants with a copy of the Gypsy and Traveller Occupier Code of Conduct (see Appendix C) and Information Pack and discusses this with them.

Relevant services (District, Highways, PDREC, Education, Health workers, MASH - safeguarding, Care Direct etc) notified of occupation and information provided as deemed necessary to assist with access to education and welfare services. Waste collection and Portaloo services requested where necessary, to keep the site clean.

Stage Two – Deciding whether to evict or grant Area of Temporary Acceptance status



Areas of Temporary Acceptance will be visited by the GTLS at least once a month to monitor on-going compliance with the Code of Conduct and welfare, until the UE is disbanded.

Unless a breach of the Code of Conduct triggers a review, a formal review against the Assessment Criteria for Eviction will take place every six months and involve, where necessary, all stakeholders.

Records of contact and site issues are kept by the GTLS, these records are subject to the Data Protection Act and kept confidential with restricted access only to the GTLS for the purpose of effective site management and management of the welfare of individuals.

Experience to date suggests it is **not realistic to set fixed timescales** for the steps in the process and once it is decided to apply to the Court for possession of the land in order to evict occupants, it can take some weeks before the case is heard and Bailiffs attend the site.

Sometimes an eviction can take place without formal completion of Parts 1 and 2, depending upon the urgency of the situation and willingness of the occupants. For example, an encampment on a busy highway slip-road is a dangerous location and the safety of all users is paramount.

Eviction Procedure

If the GTLS cannot secure or rely upon a reasonable leave date with the occupants, an application for a **Possession Order** is made to the County Court by the County Council's Legal Services.

A Bailiff will only attend once a Possession Order is obtained and the site remains occupied. It can **take between one and four weeks** for a Bailiff's visit to take place. If the occupation is particularly dangerous or disruptive, the County Council may request that the application is treated with urgency in order to speed up the process. If an Order is already in place for the land, a Bailiff may visit sooner.

A **Notice** is placed at the site to warn of the Bailiff's visit. Occupants usually leave before the Bailiff's visit takes place.

If occupants move on once an application is made, the Court has powers to continue to apply a Possession Order to the land.

A Possession Order can last for 12 months and (where individual names are not provided) apply to anyone attempting to occupy that land during that period. An application can be extended to include land in the vicinity to where occupants may decamp.

If a site is particularly vulnerable or intelligence suggests it will be targeted for occupation, causing disruption to others going about their day to day lives, or harm to the environment, the Council may apply for a **Pre-emptive Injunction**.

In many cases, friendly liaison and negotiation or persuasion to leave within a reasonable timeframe is the most cost effective solution.



Other Powers to Evict

Under **Section 61** of the **Criminal Justice and Public Order Act 1994**, the **Police** have powers to move encampments where there:

- has been damage to property or abusive/threatening behavior
- AND six or more vehicles are present.

Failure to comply, or returning within three months, is a criminal offence.

However, in reality, the Police will only use this power in extreme circumstances and as a last resort, after conducting a welfare assessment and obtaining authorisation. The disadvantage of this approach is that the landowner does not obtain a Possession Order for the land which can last for 12 months. Therefore, although applying for possession through the Court can initially take longer, it has a longer term effect.

Criminal activity or anti-social behaviour⁸ caused by occupants will be taken seriously and reported to the Police, who will consider the use their powers as deemed appropriate.

Under **Section 62**, the Police have powers to direct occupants to a suitable alternative site, where one is available (this includes alternative temporary stopping places).

Under **Section 77**, local authorities may use reasonable force to move encampments where an encampment is blocking other vehicles from using a highway safely. The first step is to direct people to leave, if they don't then an order to evict with reasonable force can be obtained from the Magistrates Court. It is recommended to involve the Police.

⁸ Anti Social Behaviour Act 2004

District/City Council Powers

Where it is necessary to protect the amenity of a site (SSSI, monument, pollution/health risk, or verge of a dangerous road) a District/City Council may issue a Temporary Stop Notice with immediate effect which lasts for up to 28 days⁹. Non-compliance can result in a fine of up to £20,000.

A District/City Council may also give six months notice of eviction where there is no planning granted for the site¹⁰. Failure to comply results in a £1,000 fine for the landowner. However, in the absence of a plan for a five year supply of pitches for Gypsies and Travellers, Councils *must* grant temporary planning permission to Gypsy and Traveller sites.

Bye-laws may also be applied to a site by District/City Councils, to prevent occupation at an unsuitable location.

In the absence of suitable sites, we hope Councils will liaise with us over our Areas of Temporary Acceptance before taking action.

Further information is available from the guide: **Dealing with illegal and unauthorised encampments**, Department for Communities and Local Government, August 2013. ISBN 978-1-4098-3990-3

⁹ Part 4 of the Planning and Compulsory Purchase Act 2004

¹⁰ Section 171 of the Town and Country Planning Act 1990

Assessment Criteria for Eviction

When considering whether to seek possession (eviction) or to tolerate a UE by granting it Area of Temporary Acceptance (ATA) status, the County Council will take into account the needs of the Gypsies and Travellers as well as considering any impact on the housed community/businesses. This is especially challenging whilst there is still a substantial shortfall in authorised pitch provision.

The decision to initiate proceedings lies with the County Solicitor, who may consult with the relevant Cabinet Member. Each situation will be judged on its own merits, but there is a greater likelihood of eviction where any or a combination of these factors exist:

- 1) The nature of the location is unsuitable because it is used for another purpose or is environmentally sensitive. This includes:
 - SSSIs, ancient monuments, encampments on or adjacent to school grounds, on playing fields or recreational sites.
- 2) The encampment is obstructive or unreasonably obtrusive. This includes encampments causing an obstruction or danger on a highway, public car park, or development site where works are in progress or in progress in the near future.
- 3) The size of the encampment or the behaviour of the occupants (including animals) is unacceptable – in line with our Code of Conduct. Opportunities will be given to correct behaviour, as appropriate.
- 4) Risks to health and safety, including public and environmental health (for example, flooding or pollution risk).
- 5) A lack of negotiations or the breaking of agreements.
- 6) This is not the occupant's main place of residence/they are not Gypsies or Travellers by definition.

Pitch and site size restrictions for Areas of Temporary Acceptance

In order to limit the impact of the encampment on the surrounding area, maintain a peaceful site and manage fire risks:

- Smaller encampments are preferred and, normally, no more than five pitches will be permitted at any one site. If the area available cannot accommodate five pitches, this shall be less. In exceptional circumstances, more than five may be allowed and a different limit will be set by the County Council, subject to regular reviews. Exceptions include family groups in which caring responsibilities are shared or for safety/security reasons.
- For fire safety reasons, there should ideally be a minimum of 6 meters between each accommodation unit (caravan, mobile home or temporary construction such as a yurt).
- It is not always possible to set a pitch size limit due to the varying sizes of families and their mobile accommodation, but as a guide, a 'pitch' would include one mobile accommodation unit (e.g. family size mobile home/caravan), one vehicle such as a car or van, a small outside area and space for a toilet. A family group may have two or three units per pitch rather than one single large unit. Space may be needed for animals. Size toleration will be considered alongside criteria points 2, 3 and 4.
- There should be sufficient room for safe pedestrian access around the accommodation unit.
- Units left empty/vacated without good reason for more than three consecutive weeks, or for more than 12 weeks in any 52 week period, may be removed by the County Council.
- Vehicles that are classed as dwellings do not have to display vehicle tax. Vehicle taxation is a matter for the DVLA and has no bearing on our decision to evict or not.

Provision of Waste Services for Unauthorised Encampments

Public Authorities have a duty to minimise the environmental impact of encampments and will seek to do this as efficiently as possible.

The two services often needed on site are a temporary toilet and the disposal of rubbish.

Requests often come from local residents or landowners concerned about waste disposal. The GTLS will provide temporary toilets subject to certain criteria and conditions.

Individuals are entitled to waste collection and costs can be covered by Council Tax payments. The GTLS will liaise with the relevant Borough, City or District Council for waste collection and seek agreement to appropriate waste collection arrangements. In circumstances where agreement cannot be reached on waste collection (for example, the site is not suitable for refuse collection trucks to visit, or far out of the way from an existing collection route), the GTLS will explore other waste disposal options that do not compromise the Code of Conduct.

After an encampment has disbanded, where necessary we will arrange for clean-up services (via District Councils) to clean the site (including adjacent affected land, in agreement with the landowner).

Experience shows that early installation of toilets and waste collection reduces the impact of the UE and is more cost effective.

Toilets – criteria and conditions

Romany Gypsies and Irish Travellers have no toilet in the caravan due to strict cultural beliefs about hygiene. At authorised sites, toilet blocks are available. In fact, it is only in the latter part of the 20th century that toilets in houses became acceptable amongst non-Traveller communities.

To minimise sanitation problems, the GTLS can provide portable toilets on request (usually necessary when children are present) and a contribution to the cost will be sought. Some Travellers will make their own arrangements for dealing with sanitation including making trips to public toilets, safe composting/burying. Other forms of disposal including 'bagging and binning' may be necessary; anti-bacterial wipes and bags will be supplied if needed.

It should not be assumed that the lack of a visible toilet means that people are not disposing of their waste hygienically. However, any unsafe methods will not be tolerated and could be regarded as a breach of the Code of Conduct; advice from Environmental Health Services will be sought.

Sometimes the occupants do not request a toilet and despite assuring they have their own safe methods, the service will still be provided by the GTLS without charge. An example of this would be to minimise a sanitation concern from the housed community or another Agency (Parish Council etc.). If another Agency requests a toilet, we would expect them to cover the costs. A toilet may also be provided while we await possession proceedings in order to reduce the clean up costs after the occupants have been evicted.

Public and Environmental Health

Abatement Notices can be served and Local Authorities may use criminal proceedings to prevent a 'statutory nuisance'¹¹.

A statutory nuisance includes activities that can cause injury to health or unacceptable interference with personal comfort or amenity of the nearby community. It can include loud noise, bad smells, black-smoke fires and accumulation of material/mess.

The Public Health Act 1961 also deals with accumulation of rubbish in the open air.

Environmental Health Services are responsible for enforcement. The County Council does not have an Environmental Health function and these services are run by District, City and Unitary Councils.

Further information about cleaning up sites is available from the guide: Dealing with illegal and unauthorised encampments, Department for Communities and Local Government, August 2013.

ISBN 978-1-4098-3990-3

Rent

It is often perceived that Travellers are living on land for free, to avoid rent and other payments; for a very small minority this may be the intention. This perception can result in poor community relations between Travellers and housed communities, and amongst paying Traveller and Gypsy communities, who view this as unfair.

We do not want to encourage a culture of 'free living' that takes advantage of the lack of site provision in the area and therefore we will establish a small and reasonable charge for Areas of Temporary Acceptance based upon ability to pay – *whether the occupants would be covered by housing/council tax benefit in a housed situation*. This charge will cover the provision of toilets and waste collection that are necessary at the site.

If full Council Tax is collected by the local district council, no charges will be made for the provision of toilets. The GTLS will require evidence of Council Tax payments.

This should not be interpreted as the site having long term or permanent status and is merely to cover costs.

¹¹ Sections 79 to 81 of the Environment Protection Act 1990

Campervans and other lived-in vehicles parked on the Highway

The Gypsy and Traveller Liaison Service sometimes receive notifications of people living in campervans and other lived-in vehicles which are parked on roads. They may be parked on residential or rural roads where parking is custom and practice.

Those parked on roads may be:

- Holidaymakers, avoiding campsites or awaiting a vacancy at campsites that are currently full.
- People in housing seeking extra space for guests or family members.
- People using their vehicle as temporary accommodation for work or leisure purposes (for example, they are temporarily working away from home)
- People who have become homeless.
- Gypsies/Travellers.

If the occupants have Gypsy/Traveller status (they are permanently living in nomadic accommodation out of choice and have no intention, for cultural reasons, to reside in housing), the Gypsy and Traveller Liaison Service will liaise with occupants in the normal way in terms of welfare and support, but will not consider an eviction procedure because this is not relevant for vehicles parked on highways.

Where the occupants are homeless or there are environmental health concerns including loud noise, then the matter should be referred to the District Council. If the vehicle is not taxed then a District Council may identify it as an 'abandoned vehicle' and arrange for it to be removed.

For, emergencies (such as blocking other vehicles from using the highway safely) and anti-social behaviour, the Police should be contacted.

Devon Highways can also be contacted in relation to problem parking but will not take action if a vehicle is parked safely and not breaching any parking restrictions (such as double-yellow lines).

Devon Highways

t: 0345 155 1004

e: csc.roads@devon.gov.uk

Stakeholder Meetings

Sometimes in order to address issues with an UE such as minor breaches of the Code of Conduct, decisions to evict or serious welfare issues, it is best practice to call everyone together for a discussion.

Where beneficial, we will hold Stakeholder Meetings. These meetings could be used to:

- Ensure everyone concerned understands the Council's position with regards to managing UEs.
- Explain the procedures for eviction or granting temporary acceptance status.
- Ensure everyone understands the Code of Conduct and the implications of any ongoing or serious breach.
- Listen to the views of all stakeholders.
- Understand the needs and expectations of all stakeholders.
- Establish the facts and challenge any misconceptions/misunderstandings.
- Consider effective ways of reducing and preventing problems.
- Identify alternative site provision.
- Review the site formally every six months.
- Agree actions and standards.

Stakeholder meetings may include (depending upon the issue):

- GTLS representative.
- GTLS manager.
- Legal advisor.
- Representative from the service responsible for the land (e.g. DCC Highways).
- Police representative (e.g. NBO, PCSO and/or Diversity Officer).

- District council representative (officer with planning/housing responsibility).
- County/District Councillor(s) for local area.
- County Councillor with Gypsy/Traveller Portfolio.
- Local residents, landowners or businesses immediately affected.
- Gypsy/Traveller occupants and/or their representatives (other members of the community or voluntary/community agency such as Plymouth and Devon Racial Equality Council).
- Health and social care services representatives.
- Education services for Gypsy and Traveller children.
- Environmental Health Officer.
- Animal welfare agency representative.
- Fire and Rescue Service representative.

Stakeholder meetings may seem time consuming but they can often address issues more efficiently and effectively. They should not be left as a 'last resort'.

'Meet and Greet' Visits

Experience suggests that a friendly 'meet and greet' can help build positive relations with the occupants of an UE/ATA and provide a positive way discuss the Occupants' Code of Conduct and any other expectations or concerns about health and safety at that particular site.

Such visits can help build trust between Travelling and housed communities or nearby businesses who may not be familiar with Gypsy/Traveller life, or may have had a prior negative experience (because there are some groups that do cause trouble, as there are in all sections of society).

Experience also suggests that dealing with low-level anti-social behaviour from children with 'threats to call the police' can increase the chances of the behaviour continuing as the children will view this as a game of dare.

Visits could involve the GTLS, local Police, representatives (such as the Gypsy and Traveller Officer at Plymouth and Devon Racial Equality Council¹²) and neighbouring property owners/residents.

The success of self managed sites

Empowering occupants at the site to take responsibility for abiding by the Code of Conduct could be one way of reducing anti-social behaviour; this could include appointing a 'Site Manager' amongst the children as well as the adults.

To ensure our information is fully accessible and every occupant in a group understands their responsibilities, the Code of Conduct is provided in an Easy Read ('words and pictures') format.

This format is useful for people with literacy problems, some sensory and learning disabilities and children.

We can also provide the Code of Conduct in other formats on request or explain it verbally.

¹² <http://devonrec.org.uk/>

Site Visits - gender and cultural considerations

There are a few cultural aspects to Gypsy and Traveller life that should be taken into account by people visiting sites and those taking decisions about the future of sites and UEs.

Gender

When most site visits take place (during daytime working hours of 9am to 5pm), husbands and fathers of the families may be out at work and therefore it is more likely that you will meet women and children. Gypsies and Pavee (Irish Travellers) have strictly observed gender rules, this means the following may apply:

- Unknown male officers visiting the site should not expect or ask to be allowed into a vehicle with any of the women.
- Unknown male officers visiting the site should first approach any men on the site (if they are present) to introduce themselves and make it clear what responsibilities they have in relation to the encampment.
- Women may not discuss health or family issues with visiting men, and therefore a female worker may be needed.
- Men on site may not be aware of important needs within the family, so consultation with men alone may not identify health and welfare needs.

It must not be assumed that the women on the site will be aware of why they are in the area or how long they will be staying. It is usual for the men to arrive back at the site and make snap decisions following their day's work as to their next movements.

Trust

Groups may have experienced violence or harassment whilst occupying UEs across the country. Visitors may be viewed with caution and suspicion until (and possibly after) you have explained the reason for a visit. Gypsies and Travellers may also travel and set up in larger groups on a 'safety in numbers' basis.

Illness and death

Illness with a Gypsy or Irish Traveller family will almost always attract the presence of other family members at the encampment (or area of an encampment) to provide support to the ill member of the family and their immediate carers. Therefore, in these circumstances sensitivity should be shown with regards to the size of the encampment.

There are strict practices relating to the death of a family member and funerals. As with illness, the death of a family member and the subsequent funeral will attract large numbers of Gypsies/Travellers to the area. The deceased is usually laid out in the weeks prior to the funeral to allow family members to visit and pay their respects and the mourning period can last for up to three months. When there has been a death, during a 'sit up' visits by officers should be avoided as a mark of respect.

It is a Gypsy tradition that all the possessions of a dead person, including the trailer or wagon, are destroyed, sometimes by burning. Permission to do this must be granted by the District Council and the Fire Service and must take place under strictly controlled conditions.

Enquiries from the General Public and the Media

Experience shows that most members of the public will have little knowledge or information about Gypsies and Travellers, UEs and the basis for granting Areas of Temporary Acceptance across the County. Along with this handbook, further information is available at www.devon.gov.uk/gypsies_and_travellers_in_devon. If you do not have internet access and want information, please go through our MyDevon contact centre.

Members of the public wishing to provide feedback or make a complaint may use the Corporate Complaints Procedure, available at www.devon.gov.uk/feedback.

Racist language and abuse towards staff and Councillors

Whilst we recognise that frustration can be experienced by members of the public about UEs, we will not tolerate racist or inappropriate language about Gypsies and Travellers or abuse towards staff or Councillors. If a member of the public is abusive (whether by email, telephone or face-to-face), the member of staff or Councillor may terminate the conversation immediately. If the behaviour is at a public meeting, we may also ask the perpetrators to stop or leave.

The use of racist language will be recorded as a discriminatory (racist) incident. www.devon.gov.uk/reportincidents

Media

All media enquiries relating to encampments on Devon County Council land should be directed to the Devon County Council Press Office. Where necessary, a media and communications strategy will be agreed with stakeholders.

Media and Enforcement Action

There will always be significant media interest regarding enforcement action when that takes place.

Experience shows that any enforcement action is likely to generate tension on site and any media presence may increase that tension and therefore the potential for disorder. With public safety paramount, any details regarding the time and date of any proposed possession action **will not** be given out prior to the event.

In the event of media attending the carrying out of a possession order on site it should be made clear to them that filming or reporting on the site will not be permitted by the County Council as landowner.

The GTLS itself will not provide an escort for reporters or comment.

Case Study – applying our policies and procedures

This is a very typical scenario for the GTLS.

The Council has received notification from a member of the public that there are eight caravans parked on a piece of land. The group arrived late Saturday evening. It transpires that the land is owned by Devon County Council and it is a verge beside a road situated on the edge of an industrial estate. The road is currently a quiet dead-end but it is earmarked for further business development in the next year so.

These eight caravans have been evicted from three different unauthorised encampments over the past few months, circling a twenty mile radius.

The Travellers include a pregnant mother, babies aged less than six months, pre-school and school aged children. There are pre- and post- natal health issues, the children have not been immunised, one adult has diabetes and another has epilepsy. The mothers in the group wish for school places and access to health care services. The fathers are working locally; business is good and there is demand for their skills.

The Travellers would wish for a stay of at least 28 days to enable school access and stability. The neighbouring businesses would like the Travellers to be moved as quickly as possible and have complained about children playing, dogs running freely, household

and sanitation waste. The caravans are parked very close together and the children play on the road. Some of the older children have been disrupting the local businesses by ringing Intercoms and running away.

The group do not feel able to travel in smaller numbers as at their last location they were subject to verbal abuse and anti-social behaviour from young adults at that location. Because many of the women do not drive and the men are out working they feel vulnerable if the group were smaller. It is rumoured that another group of ten caravans have been evicted from a neighbouring county, the group have family connections and it is possible they will try to join the Travellers at this site. The Travellers have requested a visit by the police due to harassment – during the evening lots of cars drive and beep their horns which unsettles all the children.

There are no alternative sites in the area.

Taking into account the County Council's policies and procedures,

1. What are the issues for the County Council?
2. What immediate steps need to be taken?
3. What powers does the Council have to evict?
4. What would be the implications of eviction?
5. How will rights, needs and concerns of everyone be balanced?
6. How will positive relations between the settled community and Travellers be maintained?
7. What support/action is needed from other public agencies and County Council services?
8. What longer term actions are needed?

Glossary of abbreviations

GTLS	Gypsy and Traveller Liaison Service (Devon County Council)
UE	Unauthorised encampment
UD	Unauthorised development
ATA	Area of Temporary Acceptance (temporarily tolerated unauthorised encampment)
PDREC	Plymouth and Devon Racial Equality Council
DVL	Driver and Vehicle Licensing Agency
MASH	Multi-agency safeguarding hub for reporting concerns about the welfare of children*, including domestic violence and abuse services.

*Devon's Care Direct may be contacted for concerns about Vulnerable adults.

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NNDR 1 for 2019/20

Cabinet Member: Cllr Peter Hare-Scott
Responsible Officer: Andrew Jarrett - Deputy Chief Executive (S151)

Reason for Report: To provide Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2019/20 from business rates).

RECOMMENDATIONS:

- 1. That the calculation of the NNDR1 net yield of £15.500m from 3,079 Business Rated properties is noted and approved for 2019/20;**
- 2. That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations; and**
- 3. That Members note and approve that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing reliefs.**

Relationship to Corporate Plan:

1. This report sets out the estimated net business rates for 2019/20; the estimate will then be used in the calculation of future Council business rates budgets.
2. This report is in line with the Council's Corporate Plan objectives and is essential to delivering the necessary funding to balance the 2019/20 General Fund Revenue budget.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and has a duty to carry out this task each year as part of the budgetary process.

Legal Implications: This is a statutory function and is a legal requirement. The Council must set its budget annually based on the taxbase and the NNDR1 projected values.

Risk Assessment: If the Council fails to carry out this duty, then it will not be able to forecast its future budget positions. The calculation of the NNDR1 involves a number of estimates made by professional officers, but due to the volatility and uncertainty of Business Rates appeals and Central Government retention policies, the Council holds a Business Rates Smoothing Reserve which can be used to mitigate fluctuations in Business Rates receipts.

Equality Impact Assessment: No equality issues identified for this report.

1.0 Introduction

- 1.1 Prior to 1 April 2013, all billing authorities collected the business rates in their area and passed this money onto a Central Government pool. The pool was then redistributed to local authorities throughout the country based on their needs, resources and the services they provide to their community. For example, one billing authority may collect £15m and only require £10m to run its services, whereas another billing authority may collect £10m and require £15m to run its services. The shortfall and excess was then redistributed by Central Government through a fixed sum as part of the Formula Grant Settlement.

2.0 Business rates retention scheme

- 2.1 From 1 April 2013, Central Government changed the way this financing is distributed. Each billing authority now has to forecast the amount of revenue it will generate from business rates and then redistribute that income between Central Government, the county council, the fire authority and itself, based on a centrally prescribed formula (see below). The Business Rates Retention Scheme as it is now known, also allows the billing authority to keep a share of the increase in revenue it generates, therefore encouraging billing authorities to encourage business growth in its area. However, the converse of this applies and if a billing authority's business rates decline, the District Council (i.e. MDDC) will see a proportionate drop in revenue.
- 2.2 This is the key difference between the old and new schemes. As under the old business rates scheme, the level of funding was determined at the beginning of the year and was fixed thereafter.
- 2.3 In order to assist local authorities in retaining revenue within the counties, Central Government allowed county councils and district councils to join together to pool their growth and offset the growth of one area against a decline in another area. Effectively, this creates a larger critical mass across the county to alleviate exposure to individual authority losses, thus enabling counties and districts to retain more of the rates collected instead of contributing this money to the central pool. Mid Devon District Council joined the Devon County-wide pool in 2014 and will remain in the pool for 2019/20.
- 2.4 This report details the calculations necessary to determine the estimated debit the Council is expected to collect in business rates for the 2019/20 year. The net collectable debit is then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2018 which enables the whole of Devon to have a 50% rates retention, subject to tariffs or levies. The Council continues its Pool membership with the other Devon councils to maximise the amount of Business Rates it can retain. As detailed in 3.5, the Pool was given "Pilot" status in 2018/19 and we were able to retain 100% of Business Rates growth income but unfortunately this was a one year only arrangement and we were unsuccessful in our bid for a 75% Pilot in 2019/20. Therefore, we revert to the 2017/18 distribution arrangements. The tier split for Devon is as follows:

- 9% is distributed to Devon County Council
- 40% is kept by Mid Devon District Council
- 1% is distributed to the Devon & Somerset Fire & Rescue Authority

2.5 The New 2017 Valuation list took effect from 1st April 2017 and the overall effect of these changes is settling down now.

3.0 S31 grant and reduced business rates income

3.1 The Chancellor of the Exchequer announced changes to the Business Rates system in his Autumn Statement for 2018, and councils once again will be compensated for the loss by means of a “S31” Government grant in recognition of the lower amount of business rates that would otherwise become due.

3.2 The main changes/announcements are as follows:

- **A Retail Discount scheme** for occupied retail properties with a rateable value (RV) of less than £51,000 in each of the years 2019/20 and 2020/21. The Retail Discount scheme will reduce rates payable by one third after all other reliefs including transition relief has been applied, subject to state aid limits.
- The Government will introduce a 100% business rates relief for **all public lavatories** (implementation date to be confirmed).
- The Government will continue the £1,500 business rates discount for office space of **local newspapers** in 2019/20.

3.3 The following reliefs will continue:

- The **Discretionary Rate Relief** scheme introduced from 1st April 2017 will continue for 2019/20 and 2020/21.
- **Rural Rate Relief** which was previously doubled will continue.
- The **Small Business Rate Relief** scheme has seen the eligible RV threshold doubled to £12,000 and is now permanent. These ratepayers will receive 100% relief. All ratepayers whose RV is between £12,000 and £15,000 will receive tapered relief and all those ratepayers between RV £15,000 and RV £51,000 will pay their rates based on the lower multiplier.

3.4 Appendix 1 shows the estimated net yield from business rates for 2019/20 set out in the NNDR1 return. The Council is notionally able to keep 40% of the total business rates it collects and this would generate an estimated £6.20m (i.e. £15.500m - 40%). In addition to this, we receive £57k from the DCLG as a grant towards collecting the years’ business rates and retain income from renewable energy schemes of £126k.

3.5 As part of the Provisional Settlement received in December 2018 from the Ministry of Housing, Communities and Local Government, it was determined that MDDC’s Business Rates Funding Baseline would be £2.2m (i.e. its financial need). This reflects our return to the 50% Government Share arrangement. Last year (2018/19) we were granted Pilot status alongside our other Devon Pool members and were able to retain 100% of our Business Rates growth, unfortunately this was for one year only.

4.0 Conclusion

- 4.1 Due to the associated volatility and significant sums of revenue involved, we will continue to maintain a Business Rates Smoothing Reserve and provide Members with regular updates on the level of business rates being collected during 2019/20.

Contact for more information: Fiona Wilkinson 01884 234329
fwilkinson@middevon.gov.uk

Background Papers: CTB1 and supporting documentation

File Reference: JFC/G/CTB1

Circulation of Report: Cllr Peter Hare-Scott, Management Team

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than **31 January 2019** to the same email address

All figures must be entered in whole £

Please check the validation tabs and supply answers to the validation queries that require a comment

Select your local authority's name from this list:

Medway UA
Melton
Mendip
Merton
Mid Devon
Mid Suffolk

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Mid Devon
E1133

Please enter the name of your authority contact
Please enter your authority contact's phone number
Please enter your authority contact's email address

Ver 1.0

PART 1A: NON-DOMESTIC RATING INCOME
COLLECTIBLE RATES

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments	£	15,455,364
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TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority	279,523
3. Sums due from the authority	0

COST OF COLLECTION (See Note A)

4. Cost of collection formula	108,822
5. Legal costs	0
6. Allowance for cost of collection	108,822

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority	0
--	---

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas	0
9. Amounts retained in respect of Renewable Energy Schemes (See Note B) of which:	126,327
10. sums retained by billing authority	126,327
11. sums retained by major precepting authority	0
12. Amounts retained in respect of Shale Gas Schemes (see Note C)	0

NON-DOMESTIC RATING INCOME

13. Line 1 plus line 2, minus lines 3, 6 - 9 and 12	15,499,738
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NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than **31 January 2019** to the same email address

All figures must be entered in whole £

Please check the validation tabs and supply answers to the validation queries that require a comment

Local Authority : Mid Devon

Ver 1.0

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of **2019-20** to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
 - ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
 - iii) transferred by the billing authority from its Collection Fund to its General Fund,
- are set out below

	Column 1 Central Government	Column 2 Mid Devon	Column 3 Devon County Council	Column 4 Devon and Somerset Fire Authority	Column 5 Total
Retained NNDR shares	£	£	£	£	£
14. % of non-domestic rating income to be allocated to each authority in 2019-20	50%	40%	9%	1%	100%
Non-Domestic Rating Income for 2019-20					
15. Non-domestic rating income from rates retention scheme	7,749,870	6,199,895	1,394,976	154,997	15,499,738
16.(less) deductions from central share	0	0	0	0	0
17 TOTAL:	7,749,870	6,199,895	1,394,976	154,997	15,499,738
Other Income for 2019-20					
18. add: cost of collection allowance		108,822			108,822
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		126,327	0		126,327
21. add: amounts retained in respect of shale gas schemes		0	0	0	0
22. add: qualifying relief in Designated Areas		0	0	0	0
23. add: City of London Offset		0			0
24. add: additional retained Growth in Pilot Areas		0	0	0	0
25. add: in respect of Port of Bristol hereditament		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
<u>Percentages to be used to distribute the collection fund surplus deficit</u>					
26. % for distribution of "in-year" surplus/deficit (ie 2018-19)	0%	40%	59%	1%	100%
26a. "In-year surplus (positive) /deficit (negative)	-1	-495,413	-730,734	-12,385	-1,238,533
27. % for distribution of "prior-year" surplus/deficit (ie 2017-18)	50%	40%	9%	1%	100%
27a. "Prior-year" surplus (positive) / deficit (negative)	-354,367	-283,493	-63,786	-7,087	-708,733
28. Estimated Surplus/Deficit at end of 2018-19	-354,368	-778,906	-794,520	-19,472	-1,947,266
TOTAL FOR THE YEAR	£	£	£	£	£
29. Total amount due to authorities	7,395,502	5,656,138	600,456	135,525	13,787,621

NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
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Local Authority : Mid Devon

Ver 1.0

PART 1C: SECTION 31 GRANT (See Note D)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements and 2017 (March and November) & 2018 (October) Budgets

	Column 2 Mid Devon	Column 3 Devon County Council	Column 4 Devon and Somerset Fire Authority	Column 5 Total
	£	£	£	£
Multiplier Cap				
30. Cost of cap on 2014-15, 2015-16 and post-2018-19 small business rates multipliers	206,150	45,457	5,051	256,658
Small Business Rate Relief				
31. Cost of doubling SBRR & threshold changes for 2019-20	989,675	222,677	24,742	1,237,094
31a. Additional compensation for loss of supplementary multiplier income	42,346	9,528	1,059	52,933
32. Cost to authorities of maintaining relief on "first" property	3,263	734	82	4,079
Rural Rate Relief				
33. Cost to authorities of providing 100% rural rate relief	18,877	4,247	472	23,596
Local Newspaper Temporary Relief				
34. Cost to authorities of providing relief	0	0	0	0
Supporting Small Businesses Relief				
35. Cost to authorities of providing relief	9,086	2,045	227	11,358
Discretionary Scheme				
36. Cost to authorities of providing relief	9,751	2,194	244	12,189
Designated Areas qualifying relief in 100% pilot areas				
37. Cost to authorities of providing relief	0	0	0	0
Telecoms Relief				
38. Cost to authorities of providing relief	0	0	0	0
Retail discount				
39. Cost to authorities of providing relief	82,607	18,587	2,065	103,259
TOTAL FOR THE YEAR				
40. Amount of Section 31 grant due to authorities to compensate for reliefs	1,361,755	305,469	33,942	1,701,166

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 40, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 40)

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 2: NET RATES PAYABLE

You should complete column 1 only

GROSS RATES PAYABLE

(All data should be entered as +ve unless specified otherwise) - see Note E

	Column 1 BA Area (exc. Designated areas) Complete this column	Column 2 Designated areas Do not complete this column	Column 3 TOTAL (All BA Area) Do not complete this column
	£	£	£
1. Rateable Value at 09/01/2019	43,813,017	0	43,813,017
2. Small business rating multiplier for 2019-20 (pence) 49.1			
3. Gross rates 2019-20 (RV x multiplier)	21,512,191	0	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	88,428	0	
5. Forecast gross rates payable in 2019-20	21,600,619	0	21,600,619
TRANSITIONAL ARRANGEMENTS (See Note F)			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	-442,239	0	-442,239
7. Additional income received because reductions in rates have been deferred (Show as +ve)	162,716	0	162,716
8. Net cost of transitional arrangements	-279,523	0	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	0	0	
10. Forecast net cost of transitional arrangements	-279,523	0	-279,523

TRANSITIONAL PROTECTION PAYMENTS (See Note F(a))

11. Sum due to/(from) authority	279,523	0	279,523
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MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)

Small Business Rate Relief

12. Forecast of relief to be provided in 2019-20	-3,638,364	0	-3,638,364
13. of which: relief on existing properties where a 2nd property is occupied	-7,900	0	-7,900
14. Additional yield from the small business supplement (Show as +ve)	296,029	0	296,029
15. Net cost of small business rate relief (line 12 + line 14)	-3,342,335	0	-3,342,335

Charitable occupation

16. Forecast of relief to be provided in 2019-20	-1,374,946	0	-1,374,946
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Community Amateur Sports Clubs (CASCs)

17. Forecast of relief to be provided in 2019-20	-35,058	0	-35,058
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Rural rate relief

18. Forecast of relief to be provided in 2019-20	-54,703	0	-54,703
--	---------	---	---------

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2019-20 (Sum of lines 15 to 18)	<input type="text" value="-4,798,042"/>	<input type="text" value="0"/>	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
21. Total forecast mandatory reliefs to be provided in 2019-20	<input type="text" value="-4,798,042"/>	<input type="text" value="0"/>	<input type="text" value="-4,798,042"/>
UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)			
Partially occupied hereditaments			
22. Forecast of 'relief' to be provided in 2019-20	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Empty premises			
23. Forecast of 'relief' to be provided in 2019-20	<input type="text" value="-398,415"/>	<input type="text" value="0"/>	<input type="text" value="-398,415"/>
24. Forecast of unoccupied property 'relief' to be provided in 2019-20 (Line 22 + line 23)	<input type="text" value="-398,415"/>	<input type="text" value="0"/>	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
26. Total forecast unoccupied property 'relief' to be provided in 2019-20	<input type="text" value="-398,415"/>	<input type="text" value="0"/>	<input type="text" value="-398,415"/>
DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)			
Charitable occupation			
27. Forecast of relief to be provided in 2019-20	<input type="text" value="-67,232"/>	<input type="text" value="0"/>	<input type="text" value="-67,232"/>
Non-profit making bodies			
28. Forecast of relief to be provided in 2019-20	<input type="text" value="-3,670"/>	<input type="text" value="0"/>	<input type="text" value="-3,670"/>
Community Amateur Sports Clubs (CASCs)			
29. Forecast of relief to be provided in 2019-20	<input type="text" value="-511"/>	<input type="text" value="0"/>	<input type="text" value="-511"/>
Rural shops etc			
30. Forecast of relief to be provided in 2019-20	<input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Small rural businesses			
31. Forecast of relief to be provided in 2019-20	<input type="text" value="-6,550"/>	<input type="text" value="0"/>	<input type="text" value="-6,550"/>
Other ratepayers			
32. Forecast of relief to be provided in 2019-20	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
33. Relief given to Case A hereditaments	<i>of which:</i> <input type="text" value="0"/>	<i>of which:</i> <input type="text" value="0"/>	
34. Relief given to Case B hereditaments	<input type="text" value="0"/>		

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
35. Forecast of discretionary relief to be provided in 2019-20 (Sum of lines 27 to 32)	-77,963	0	
36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)	0	0	
37. Total forecast discretionary relief to be provided in 2019-20	-77,963	0	-77,963
DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT (See Note K) (All data should be entered as -ve unless specified otherwise)			
Rural Rate Relief			
38. Forecast of relief to be provided in 2019-20	-45,703	0	-45,703
Local Newspaper Relief			
39. Forecast of relief to be provided in 2019-20	0	0	0
Supporting Small Businesses Relief			
40. Forecast of relief to be provided in 2019-20	-22,000	0	-22,000
Discretionary Scheme			
41. Forecast of relief to be provided in 2019-20	-23,609	0	-23,609
Telecoms Relief (see Note L)			
42. Forecast of relief to be provided in 2019-20	0	0	0
Retail Discount			
43. Forecast of relief to be provided in 2019-20	-200,000	0	-200,000
44. Forecast of discretionary reliefs funded through S31 grant to be provided in 2019-20 (Sum of lines 38 to 43)	-291,312	0	
45. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)	0	0	
46. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2019-20	-291,312	0	-291,312
NET RATES PAYABLE			
47. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 15,755,364	£ 0	£ 15,755,364

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
**BA Area (exc.
Designated areas)**

Column 2
**Designated
areas**

Column 3
**TOTAL
(All BA Area)**

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1	Column 2	Column 3
	BA Area (exc. Designated areas) Complete this column	Designated Areas Do not complete this column	TOTAL (All BA Area) Do not complete this column
	£	£	£
NET RATES PAYABLE			
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	15,755,364	0	15,755,364
(LESS) LOSSES			
2. Estimated bad debts in respect of 2019-20 rates payable	-100,000	0	-100,000
3. Estimated repayments in respect of 2019-20 rates payable	-200,000	0	-200,000
COLLECTABLE RATES			
4. Net Rates payable less losses	15,455,364	0	15,455,364
DISREGARDED AMOUNTS			
5. Renewable Energy	126,327	0	126,327
6. Shale Gas (see Note C)	0	0	0
7. Transitional Protection Payment		0	
8. Baseline		0	
DISREGARDED AMOUNTS			
9. Total Disregarded Amounts		0	0
DESIGNATED AREAS IN 100% PILOT AREAS			
10. Designated Areas Qualifying Relief	0	0	0
DEDUCTIONS FROM CENTRAL SHARE			
11. Designated Areas Qualifying Relief	0	0	0
Growth Pilot Areas			
12. Net Rates payable for Growth Baseline comparison	0		0
13. Growth Baseline	0		0
14. Additional Growth in 'Growth Pilot' Areas	0		0
Port of Bristol			
15. In respect of Port of Bristol: Not applicable	0		0
DEDUCTIONS FROM CENTRAL SHARE			
16. Total Deductions	0	0	0

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.0

Local Authority : Mid Devon

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)

£

£

-771,892

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2018-19

15,571,903

3. Sums written off in excess of the allowance for non-collection

0

4. Changes to the allowance for non-collection

-90,000

5. Amounts charged against the provision for appeals following RV list changes

78,000

6. Changes to the provision for appeals

-961,996

7. Total business rates credits and charges (Total lines 2 to 6)

14,597,907

OTHER RATES RETENTION SCHEME CREDITS

8. Transitional protection payments received, or to be received in 2018-19

269,421

9. Transfers/payments to the Collection Fund for end-year reconciliations

0

10. Transfers/payments into the Collection Fund in 2018-19 in respect of a previous year's deficit

63,159

11. Total Other Credits (Total lines 8 to 10)

332,580

OTHER RATES RETENTION SCHEME CHARGES

12. Transitional protection payments made, or to be made, in 2018-19

-556,413

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2018-19

0

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2018-19

-9,162,081

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2018-19

-6,108,054

16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2018-19

-251,233

17. Transfers/payments from the Collection Fund for end-year reconciliations

-28,080

18. Transfers/payments made from the Collection Fund in 2018-19 in respect of a previous year's surplus

0

19. Total Other Charges (Total lines 12 to 18)

-16,105,861

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2018-19 - Surplus (positive), Deficit (Negative)

£

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11 & 19)

-1,947,266

Checked by Chief Financial / Section 151 Officer :

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Cabinet

7 February 2019

Budget for 2019/20

Cabinet Member: Cllr Peter Hare-Scott
Responsible Officer: Andrew Jarrett, Deputy Chief Executive (S151)

Reason for Report: This report provides the proposals for the General Fund and the Housing Revenue Account for the year 2019/20.

RECOMMENDATIONS:

That the Cabinet recommend to full Council that:

1. **Council Tax is increased by 2.996% (£5.93) to £203.84.**
2. **General Fund budget for 2019/20 is approved.**
3. **The 2019/20 budget requires no transfer from the General Fund Balance.**
4. **The General Fund Budget requires a temporary transfer of £253k from the New Homes Bonus EMR.**
5. **HRA budget for 2019/20 be approved – Appendix 5.**
6. **HRA fees/charges are approved based on the attached schedule shown as Appendix 5a and 5b.**
7. **Work on strategic planning for delivering balanced budgets in the future is commenced in the spring.**
8. **Continue to maintain a 25% General Fund Balance of our net operational expenditure as referred to in para 5.1**

Relationship to Corporate Plan: This report is driven by the key priorities contained within the current Corporate Plan, which seeks to deliver a wide range of cost effective services. All budget decisions have taken account of these priorities and pledges.

Financial Implications: Sound financial management underpins the entire report.

Legal Implications: It is a legal requirement to set a balanced budget under the Local Government Act 2003.

Risk Assessment: The production of the budget has taken full account of the following:

1. The outturn for 2017/18.
2. The 2018/19 monitoring and forecasted outturns.
3. Inflation levels.
4. Changes in legislation.
5. Major income flows have been prudently estimated.
6. Risk assessments of all significant budgets have been incorporated into the budget setting process.
7. Reserves will be maintained above minimum recommended levels.
8. The Medium Term Financial Plan.

Equality Impact Assessment: The impact of this report on equality related issues has been considered in section 3.0 Budget Consultation.

1.0 Introduction

- 1.1 Preparing the 2019/20 budget after 9 years of austerity measures was always going to be a difficult challenge. The Council's overall Formula Grant (which includes a Business Rate retention amount) has now been reduced from £6.2m in 2010/11 down to circa £3.7m for 2019/20 an overall reduction of **£2.5m or 40.3%**. See Section 6 for details of the Provisional Settlement.
- 1.2 At this juncture it is worth remembering that the Council has already secured significant savings during the past 9 years in order to “balance the books” and maintain service delivery. Therefore, to secure further savings from 2020/21 onwards will not be possible without making some difficult decisions that will alter the shape/quality/quantity/frequency of services in the future.
- 1.3 Leadership Team, Group Managers and the Finance Team have been involved in discussions to secure significant savings, without reducing service delivery. However it is now becoming a more difficult challenge year on year and therefore looking to the future a new more strategic process will be required to match service provision to available funding.
- 1.4 The draft budget considered at PDG and Cabinet meetings in October and November showed a budget deficit of £662k, based upon a number of key assumptions (e.g. Government funding, inflation rates, pay award, Council Tax level, use of balances/reserves, etc.), and embraced a number of savings/income increases totalling circa £1.7m offset by cost pressures together with funding reductions in excess of £2.2m.

2.0 January PDGs and Cabinet – Budget Update

- 2.1 The subsequent PDG and Cabinet meetings in January received an update report on the draft budget position which highlighted a reduced budget gap of £253k. This accounted for a number of additional changes to service costs/incomes and provided an update on the Provisional Settlement from Central Government, the increased referendum limit and confirmed the levy to NHB.

3.0 Budget Consultation

- 3.1 All budget decisions are clearly linked to our Corporate Plan priorities and are set against the context of annual budget consultation exercises.
- 3.2 The law also requires consultation with Business Ratepayers. This meeting was held on the 15 January 2019, where the current financial issues facing the Council were outlined to a group of our commercial ratepayers. This looked at the proposed budget for 2019/20 and talked through a number of assumptions which had been made in order to deliver a “balanced” budget.

4.0 The Corporate Plan

- 4.1 The most recent update of the Corporate Plan still maintains the Council's commitment to four key aims: economy, homes, community and the environment. All decisions made whilst compiling the draft 2019/20 budget had regard to the main aims and priorities of the Corporate Plan.

5.0 Key Assumptions for the 2019/20 Budget

- 5.1 The Council has carefully scrutinised all existing budgets and the service risks associated with delivering them. It has also examined all material income sources, especially the ones which are most at risk, due to the continuing fluctuations in demand and price movements e.g. recycling products; planning and; leisure services income. In addition to the above, regard has been made to our existing and future levels of balances which are required. We have a number of ongoing commitments already made against this balance (e.g. future capital contributions, economic development and building projects, "spend to save" projects, business transformation, town centre regeneration, future grant settlements). On this basis and looking forward it is strongly recommended that our General Fund Balance should be maintained at 25% of operational expenditure (circa £2.234m (£8,935,228 *25%)) which was last agreed by Full Council on the 21 February 2018.
- 5.2 With regard to all items of expenditure and income, Service Managers in conjunction with the Finance Team, review all areas for known increases/decreases based on both prevailing and predicted changes in demand, price inflation, contractual obligations, etc., when proposing the 2019/20 budget. More volatile budgets are subject to sensitivity analysis and a reasonably prudent assessment is made.
- 5.3 We have also now completed our Business Rates NNDR1 return which will accompany this report. This has shown further growth in our Business Rates but with the ever-present risk of appeals which the Valuation Office consider on a daily basis we have prudently set aside significant funds in a provision and our Business Rates Smoothing Reserve to mitigate this risk.

6.0 Local Government Finance Settlement

- 6.1 The 2019/20 Provisional Settlement was received on the 13 December 2018.
- 6.2 We were aware that RSG would be reduced to zero for 2019/20, but the Settlement did bring RSDG of £467k; a new Business Rates Levy Surplus Grant of £33k (likely to be one-off); New Homes Bonus of £1.243m and Retained Business Rates forecast to be £3.214m.

7.0 Requirements for Council Tax Setting

- 7.1 In recent years the Government (via the MHCLG) has become far more prescriptive with regard to acceptable levels of Council Tax increase. The

implementation of the Localism Act has effectively replaced Government set “capping limits” and replaced them with principles that allow the local electorate to call for a referendum if the Council is planning to increase its Council Tax above an acceptable level. The level for District Councils announced as part of the Settlement was set at a maximum of the greater of 3% or £5 for the 2019/20 budget year.

- 7.2 The Council Tax income included in the proposed budget includes a £5.93 (2.996%) increase. This equates to a band D charge of £203.84. (A 1% variation to our Council Tax changes the income generated by approximately £56k).

8.0 General Fund Budget 2019/20

- 8.1 The proposals contained in this report result in a balanced budget for the General Fund (see Appendix 1). After the updated budget report was considered by the PDGs and Cabinet in January there was still an outstanding budget gap of £253k. Despite additional analysis work and discussions with Members and Budget Holders, it was not possible to reduce this gap further. Therefore we will therefore have a requirement to take an additional £253k from the New Homes Bonus Earmarked Reserve.

9.0 Future Funding Concerns/Cost Pressures

- 9.1 Due to the increasing pressures on our budgets and the continuing reduction in our Central Government funding the Council will need to reassess its overall corporate priorities and therefore where it allocates future budgets, it will also need to consider:

- Statutory vs Discretionary service provision
- Reaffirm resident priorities
- How it can work more closely with Towns/Parishes
- Take on more commercial opportunities (but be aware of risks)
- Continue to consider any partnership possibilities
- Review Treasury options
- Maximise all income possibilities
- Impact of changes to New Homes Bonus

- 9.2 We are aware that Central Government intends to amend the mechanism behind the allocation of New Homes Bonus. We had expected the change to take effect from 2019/20 but this has been deferred due to other political priorities. We are yet to be advised of what form this change will take and how that is likely to impact on our funding. We are however prudently anticipating a reduction due to our rurality and the constraints we have (compared to other urban authorities) on pushing through developments and increasing our housing stock.

- 9.3 It's important to highlight how much New Homes Bonus is being used to help fund our General Fund and Capital Budgets in 2019/20, appendix 4 shows a total transfer of £334k to contribute towards various General Fund projects, this includes £189k towards the ICT equipment sinking fund; £145k towards

Business Development, in addition the £253k transfer referred to in recommendation 4 of this report to close the budget gap. The NHB used to fund the Capital Programme amounts to £613k, (please see individual report also on this agenda) which gives a total of £1.2m (£334k + £253 + £613k) to be utilised in 2019/20. As referred to in 9.2 above our allocation for 2019/20 is £1.243m and with this likely to reduce from 2020/21 onwards the Council will need to be mindful of the future funding available and agree service level changes accordingly.

10.0 Overall General Fund (GF) position at 31 March 2019

- 10.1 The monthly monitoring report to the end of December tabled to this Cabinet meeting shows an estimated GF overspend of £65k by the end of 2018/19. This will result in the Council ending this financial year with the General Fund balance showing £2.176m, which is slightly below its recommended minimum level of circa £2.231m (25% of 2018/19 operational expenditure) agreed by Full Council in February 2018. This is not deemed to be material but will be considered in year.

11.0 Transfers to and from earmarked reserves

- 11.1 Appendix 3 shows in detail which amounts are being contributed to various earmarked reserves in 2019/20, including significant amounts to fund the Tiverton EUE Masterplan and to fund urgent repairs and maintenance items. Appendix 4 shows which amounts are expected to be taken from earmarked reserves in 2019/20, the largest of which is £204k to be used to fund the Tiverton EUE (Masterplan Area B) and finalise the Local Plan process and £898k from the Business Rates Smoothing Reserve.

12.0 General Fund Budget Summary

- 12.1 The final budget summary for the 2019/20 General Fund is as follows:

- To provide a balanced budget
- without any transfer from the General Fund Balance
- To increase Council Tax by £5.93 or 2.996%
- To utilise New Homes Bonus receipts to balance the budget
- To continue to provide the current level of service provision

13.0 Housing Revenue Account Budget 2019/20

- 13.1 The Housing Revenue Account (HRA) is ring fenced and accounts for the income and expenditure associated with the Council's statutory housing obligations to its tenants.
- 13.2 The recent budget proposals that went before the Homes PDG have resulted in a balanced draft budget for the Housing Revenue Account for 2019/20 as shown at Appendix 5.

13.3 The main proposals for the 2019/20 budget can be summarised as follows:

- Legislation requires a 1% decrease in social housing rents for four years (2019/20 will be the fourth and final year)
- Freeze garage rents
- Increase garage plot ground rents by £25 to £250 per annum.

13.4 A more detailed analysis of the proposed rent **decrease** can be found in Appendix 5a & 5b that shows that the average housing rent will decrease to £77.46 on a 52 week basis.

13.5 The overall HRA budget has been constructed on a detailed line by line examination of expenditure and income, having regard to last year's outturn, this year's forecast position and the on-going improvement of the housing service.

13.6 Some items of expenditure can be defined quite accurately whilst others require managers to exercise business judgement based upon their experience, particularly in the case of new commitments. Where such judgement has been applied the proposals before Members are based upon realistic assumptions.

13.7 The main factors influencing this year's budget are broken down between the key national and local issues that are pertinent to next year's housing business plan as detailed below.

14.0 Key National Issues affecting the Housing Revenue Account

14.1 The key issues affecting the budget for the HRA are detailed below:

- Formula Rent (FR) reducing by 1% each year for four years
- Right to buy (RTB) discounts, resulting in higher sales volumes
- Universal Credit

14.2 In the Government budget announcement made in July 2015, we learnt that FR would reduce by 1% each year for the subsequent four years. Until that point, we had expected it to increase by CPI + 1% each year for the next nine years. Since dwelling rent is the largest number in the HRA, the impact this has is obviously significant.

14.3 The single biggest issue facing social housing is welfare reform. There was a recent announcement concerning the roll-out of Universal Credit in Mid Devon. Some tenants in the District are already receiving Universal Credit but as the roll out gathers pace we can anticipate that it will have significant implications for the income stream into the HRA.

14.4 Current legislation on Right to Buy means that we're likely to sell many properties in future years. This will have an impact on our rent income, which in turn affects our ability to fund property maintenance and development as well as servicing any existing or new debt.

15.0 Key Local Issues affecting Mid Devon's HRA

15.1 The key local issues facing the HRA are as follows:

- Building more stock
- Review our investment levels based on our 30 year Business Plan – in line with projected future demand
- Demand for increased housing stock and funding to deliver it

15.2 The prospect of building new social housing raises the issue of significant financing requirements. It means that reserves may need to be built up or additional debt taken on in the near future, increasing the need to manage the impact on the revenue budget each year.

16.0 HRA - Capital Works and Planned Maintenance

16.1 The major repairs allowance is determined by the level of depreciation charged on our properties. The latest stock condition survey (2010) identified a need to spend £3.5m per annum over the next 30 years, meaning any operating surpluses or savings generated by the new Self Financing system should be directed here.

17.0 Housing Benchmarking

17.1 The Council continues to undertake valuable benchmarking work in conjunction with Housemark. These findings are then used to inform the budget setting process. In doing so, MDDC are able to better identify their position in relation to other authorities in the sector and identify areas for improved efficiency.

18.0 Overall Financial Position of the Housing Revenue Account

18.1 It has been deemed as prudent to maintain the HRA reserve balance at £2.0m and it is expected to remain so throughout 2019/20. Other HRA reserves are expected to total £15.3m by the end of 2018/19.

18.2 This is made up of £14.7m in the Housing Maintenance Fund (HMF) and £0.6m in the Renewable Energy Fund (REF). It is intended that any expenditure funded from this money be used on renewable energy schemes.

19.0 Housing Revenue Account Budget Summary

19.1 The final budget summary for the 2018/19 HRA is shown in Appendix 5. It will continue to provide for an enhanced housing service which will allow for more capital investment and additions to our existing stock.

20.0 GF and HRA - Capital Programme 2019/20

20.1 This is discussed in a separate agenda item which shows that the 2019/20 programme totals £14.597m – the most significant funding source required to support this programme is the £6.442m (£3.8m GF and £2.642m HRA) of borrowing from the Public Works Loan Board. There are a number of projects proposed in the Capital Programme including 75 Affordable homes at

Waddeton Park (£2m); Redevelopment on Tiverton town centre (£1.2m); £1.5m to develop the Round Hill, Tiverton site (HRA); £2.285m to repair existing Housing Stock (HRA) and £4m to replace end of life HRA assets and create building schemes for new HRA developments.

21.0 Conclusion

HRA

- 21.1 The HRA has an obligation to provide a high quality, value for money service for its tenants coupled with affordable rent levels. The Government's legal requirement to cut housing rents by 1% has reduced the available income to fund both revenue and capital expenditure. In addition, the impact of the full roll-out of Universal Credit is a watching brief. We do however anticipate that this may have a significant impact upon revenue into the HRA due to the expected rise in the level of rent arrears.

General Fund

- 21.2 The General Fund budget has been set against a back drop of 9 consecutive years of cuts to Public Sector funding. Uncertainty is still the prevailing factor in Local Government funding. We have the abolition of RSG this year (with possible negative RSG in future years); the proposed change in "mechanics" of the New Homes Bonus scheme which has not yet been finalised but which may have a detrimental impact on our grant and the schemes which rely on this funding source and; the result of the Fair Funding Review and the impact on our grants and Business Rates baseline for 2020/21 onwards.
- 21.3 Nevertheless we need to prepare for the future in a timely manner and this is why we will continue to discuss how we can continue to provide a wide range of services in a much reduced funding envelope. The process will need to involve all staff, Members and our local residents/businesses.

Capital Programme

- 21.4 With few disposable assets and a greater reliance on Government grants our future capital programmes will come under greater pressure. If we continue to use a proportion of New Homes Bonus to help balance the General Fund there will be less available to help fund our annual capital programmes in the district. With anticipated reductions in New Homes Bonus in future years we will need to start planning the affordability of revenue contributions for capital, to maintain the level of our capital programme.

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Circulation of the Report: Leadership Team, Cllr Hare-Scott, Cllr Stanley

Background Papers: Oct, Nov & January Cabinet & PDG's (Budget Draft, MTFP and Budget Update reports)

GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2019/20

	2018/2019 Annual Budget	Movement	2019/2020 Proposed Budget
Notes	£	£	£
Cabinet	4,455,903	408,127	4,864,030
Community	2,927,657	598,401	3,526,058
Economy	(637,410)	171,330	(466,080)
Environment	2,400,680	334,370	2,735,050
Homes	979,890	189,190	1,169,080
TOTAL NET DIRECT COST OF SERVICES	10,126,720	1,701,418	11,828,138
Net recharge to HRA	(1,447,160)	(123,950)	(1,571,110)
Provision for the financing of capital spending	395,570	(62,290)	333,280
NET COST OF SERVICES	9,075,130	1,515,178	10,590,308
PWLB Bank Loan Interest Payable			
Finance Lease Interest Payable	41,370	3,050	44,420
Interest from Funding provided for HRA	(49,000)	-	(49,000)
Interest Receivable / Payable on Other Activities	147,000	20,580	167,580
Interest Received on Investments	(305,540)	(137,000)	(442,540)
Transfers into Earmarked Reserves	2,188,020	79,343	2,267,363
Transfers from Earmarked Reserves	(886,100)	(1,259,950)	(2,146,050)
Proposed Contribution from New Homes Bonus Reserve	(221,850)	(31,500)	(253,350)
TOTAL BUDGETED EXPENDITURE	9,989,030	189,701	10,178,731
Funded by: -			
Revenue Support Grant	(179,260)	179,260	-
Rural Services Delivery Grant	(374,510)	(92,185)	(466,695)
New Homes Bonus	(1,121,250)	(122,253)	(1,243,503)
BR Levy Re-distribution	-	(33,408)	(33,408)
Retained Business Rates	(2,744,437)	(469,160)	(3,213,597)
Business Rates Deficit	64,437	714,469	778,906
Business Rates Pooling Dividend	-	(100,000)	(100,000)
CTS Funding Parishes	16,920	(16,920)	-
Collection Fund Surplus	(50,520)	(20,810)	(71,330)
Council Tax (28,596.50 x £203.84)	(5,600,410)	(228,694)	(5,829,104)
TOTAL FUNDING	(9,989,030)	(189,701)	(10,178,731)
REQUIREMENT TO BALANCE THE BUDGET	-	-	-

Current Assumptions: -

1. Council Tax has been increased by 2.996% from £197.91 to £203.84 with an increased property growth of 299.
2. 2019/20 Salary budgets include an increase of 2% for SCP 20 and above and additional increases to those spinal points below SCP 20 per National Employers pay award offer.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been calculated in accordance with the annual process.
7. Car parking fees are based upon 2018/19 fees and vends.
8. New Homes Bonus receipts based on existing legislation changes.

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PDG SERVICE UNIT MOVEMENTS
Appendix 2

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2018/19	2019/20		
	Cabinet				
SCM01	Leadership Team	469,370	485,280	15,910	3.4%
SCM02	Corporate Functions	83,550	83,810	260	0.3%
SCM03	Corporate Fees/Charges	207,340	217,990	10,650	5.1%
SCM06	Pension Backfunding	890,060	909,440	19,380	2.2%
SFP01	Accountancy Services	361,230	411,470	50,240	13.9%
SFP02	Internal Audit	89,100	92,100	3,000	3.4%
SFP03	Procurement	74,330	111,400	37,070	49.9%
SFP04	Purchase Ledger	46,210	46,990	780	1.7%
SFP05	Sales Ledger	44,550	45,360	810	1.8%
SHR01	Human Resources	284,600	329,580	44,980	15.8%
SHR02	Mddc Staff Training	33,380	33,040	(340)	-1.0%
SHR03	Payroll	58,890	56,300	(2,590)	-4.4%
SHR04	Learning And Development	62,760	46,170	(16,590)	-26.4%
SIT01	It Gazetteer Management	70,310	70,580	270	0.4%
SIT03	It Information Technology	796,943	902,030	105,087	13.2%
SLD01	Electoral Registration	146,260	197,020	50,760	34.7%
SLD02	Democratic Rep And Management	466,240	477,680	11,440	2.5%
SLD04	Legal Services	270,780	347,790	77,010	28.4%
		4,455,903	4,864,030	408,127	9.2%
	Community PDG				
SCD01	Community Development	87,530	87,500	(30)	0.0%
SCS20	Customer Services Admin	107,230	110,360	3,130	2.9%
SCS22	Customer First	671,157	660,150	(11,007)	-1.6%
SES01	Emergency Planning	7,880	8,280	400	5.1%
SES04	Public Health	4,090	4,090	0	0.0%
SES11	Pool Cara	(590)	0	590	-100.0%
SES16	Es Staff Units/Recharges	681,610	760,700	79,090	11.6%
SES17	Community Safety	520	6,350	5,830	1121.2%
SES18	Food Safety	(17,870)	(21,140)	(3,270)	18.3%
SES21	Licensing	(7,340)	(3,250)	4,090	-55.7%
SES22	Pest Control	4,000	5,000	1,000	25.0%
SES23	Pollution Reduction	550	(720)	(1,270)	-230.9%
SPR01	Building Regulations	(8,790)	3,400	12,190	-138.7%
SPR02	Enforcement	101,650	105,820	4,170	4.1%
SPR03	Development Control	44,230	330,710	286,480	647.7%
SPR04	Local Land Charges	(30,200)	(20,530)	9,670	-32.0%
SPR09	Forward Planning	249,340	252,520	3,180	1.3%
SPR11	Regional Planning	348,940	116,000	(232,940)	-66.8%
SRB01	Collection Of Council Tax	238,470	294,730	56,260	23.6%
SRB02	Collection Of Business Rates	(100,870)	(102,250)	(1,380)	1.4%
SRB03	Housing Benefit Admin & Fraud	171,920	177,740	5,820	3.4%
SRB04	Housing Benefit Subsidy	(45,000)	(45,000)	0	0.0%
SRB06	Debt Recovery	98,380	105,180	6,800	6.9%
SRS01	Recreation And Sport	320,820	690,418	369,598	115.2%
		2,927,657	3,526,058	598,401	20.4%
	Economy PDG				
SCD02	Economic Development - Markets	53,760	50,180	(3,580)	-6.7%
SCP01	Parking Services	(561,200)	(531,710)	29,490	-5.3%
SES03	Community Safety - C.C.T.V.	(1,950)	2,310	4,260	-218.5%
SPR06	Economic Development	421,930	444,000	22,070	5.2%
SPS12	GF Properties Shops / Flats	(549,950)	(430,860)	119,090	-21.7%
		(637,410)	(466,080)	171,330	-26.9%

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2018/19	2019/20		
	<u>Environment PDG</u>				
SES02	Cemeteries	(74,060)	(86,540)	(12,480)	16.9%
SES05	Open Spaces	103,920	91,800	(12,120)	-11.7%
SGM01	Grounds Maintenance	576,870	633,740	56,870	9.9%
SPS01	Asset Management	0	30,000	30,000	N/A
SPS03	Flood Defence And Land Drain	26,430	26,430	0	0.0%
SPS04	Street Naming & Numbering	7,420	7,560	140	1.9%
SPS07	Public Transport	(13,220)	(13,220)	0	0.0%
SPS11	Public Conveniences	51,630	61,800	10,170	19.7%
SWS01	Street Cleansing	385,160	483,130	97,970	25.4%
SWS02	Waste Collection	370,210	369,210	(1,000)	-0.3%
SWS03	Recycling	689,880	824,550	134,670	19.5%
SWS04	Waste Management	276,440	306,590	30,150	10.9%
		2,400,680	2,735,050	334,370	13.9%
	<u>Homes PDG</u>				
SES15	Private Sector Housing Grants	(22,610)	(6,070)	16,540	-73.2%
SHG03	Homelessness Accommodation	195,400	212,630	17,230	8.8%
SPS05	Administration Buildings	229,360	257,790	28,430	12.4%
SPS06	Mddc Depots	58,120	38,040	(20,080)	-34.5%
SPS08	Office Building Cleaning	63,990	65,980	1,990	3.1%
SPS09	Property Services Staff Unit	455,630	600,710	145,080	31.8%
		979,890	1,169,080	189,190	19.3%
	GRAND TOTAL	10,126,720	11,828,138	1,701,418	16.80%

2019-20 BUDGETS

Appendix 3

Transfers into Earmarked Reserves

SERVICE		MAINT 19/20 BUDGET	PLANT 19/20 BUDGET	EQUIPMENT 19/20 BUDGET	VEHICLES 19/20 BUDGET	OTHER 19/20	NEW HOMES BONUS	
CP540	PAYING CAR PARKS (MACHINE REPLACEMENT SINKING FUND)			3,000.00				
EQ754	PHOENIX PRINTERS EQUIP SFUND			2,200				
ES100	CEMETERIES	25,000						
ES450	PARKS & OPEN SPACES	25,000						
ES580	POOL CAR RUNNING COSTS				2,640			
ES730	ENVIRONMENTAL ENFORCEMENT				2,640			
GM960	GROUNDS MAINTENANCE		14,360		38,760			
LD201	ELECTION COSTS - DISTRICT					20,000		
LD300	DEMOCRATIC REP & MANAGEMENT					5,000		
EQ660	STATUTORY DEVELOPMENT PLAN (PR810)					100,000		
PS350	PUBLIC CONVENIENCES				880			
PS880	BUS STATION	5,000						
PS980	PROPERTY SERVICES STAFF UNIT				7,690			
PS990	FORE STREET MAINT S.FUND	5,000						
PS992	MARKET WALK MAINT S.FUND	20,000						
RB100	COUNCIL TAX				880			
RS140	LEISURE SINKING FUND			75,000				
EQ737	STREET CLEAN VEHICLE SFUND				48,680			
EQ738	REFUSE VEHICLE SFUND				163,680			
EQ739	TRADE WASTE VEHICLE SFUND				16,890			
EQ740	RECYCLING VEHICLE SFUND				126,860			
EQ761	RECYCLING PLANT SFUND		20,000					
EQ763	RECYCLING MAINT SINKING FUND (DEPOT FLOOR)	2,700						
EQ839	WASTE PRESSURE WASHER			2,500				
EQ755	ICT EQUIPMENT SINKING FUND			189,500				
IE435	NEW HOMES BONUS GRANT						1,243,503	
EQ825	PROPERTY MAINTENANCE	100,000						
TOTAL		182,700	34,360	272,200	409,600	125,000	1,243,503	2,267,363
2018/19		82,700	34,360	269,700	555,010	125,000	1,121,250	2,188,020
Movement		100,000	-	2,500	(145,410)	-	122,253	79,343

2019-20 BUDGET

Appendix 4

Transfers from Earmarked Reserves

SERVICE		UTILISE NHB	OTHER	
EQ638	DEV CONT LINEAR PARK		(4,170)	
EQ640	W52 POPHAM CLOSE COMM FUND		(1,950)	
EQ641	W67 MOORHAYES COM DEV FUND		(1,630)	
EQ642	W69 FAYRECROFT WILLAND EX WEST		(4,620)	
EQ643	W70 DEVELOPERS CONTRIBUTION		(6,650)	
EQ644	DEV CONT WINSWOOD CREDITON		(3,080)	
ES733	PUBLIC HEALTH		(52,010)	
EQ820	TIVERTON EUE (PR220)		(203,920)	
EQ824	GARDEN VILLAGE PROJECT (PR225)		(54,310)	
PR400	BUSINESS DEVELOPMENT	(45,000)		
PR400	BUSINESS DEVELOPMENT	(100,000)		
EQ660	FORWARD PLANNING (PR600)		(15,000)	
EQ755	ICT EQUIPMENT SINKING FUND	(189,500)		
EQ660	STATUTORY DEVELOPMENT PLAN (PR810)		(81,000)	
EQ659	NNDR EMR		(898,210)	
	RELEASING OF RESERVES TO FUND THE 19/20 GF BUDGET	(253,350)	(485,000)	
TOTAL		(587,850)	(1,811,550)	(2,399,400)
2018/19		(891,090)	(216,860)	(1,107,950)
Movement		303,240	(1,594,690)	(1,291,450)

Appendix 5

Code	Service Unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2019/20
	Income				
SHO01	Dwelling Rents Inc	(12,387,165)	(12,118,490)	141,320	(11,977,170)
SHO04	Non Dwelling Rents Inc	(589,800)	(584,130)	19,260	(564,870)
SHO07	Leaseholders' Ch For Serv	(27,025)	(21,640)	0	(21,640)
SHO08	Contributions Towards Exp	(81,416)	(41,470)	13,750	(27,720)
SHO10	H.R.A. Investment Income	(38,319)	(59,000)	(24,000)	(83,000)
SHO11	Misc. Income	(226,533)	(19,350)	12,000	(7,350)
	Services				
SHO13A	Repairs & Maintenance	3,127,933	3,120,450	53,550	3,174,000
SHO17A	Housing & Tenancy Services	1,294,124	1,415,540	316,820	1,732,360
	Accounting entries below the line				
SHO29	Bad Debt Provision	52,696	25,000	28,000	53,000
SHO30	Share Of Corp And Dem	262,484	194,590	4,510	199,100
SHO32	H.R.A. Interest Payable	1,213,267	1,165,610	12,970	1,178,580
SHO34	H.R.A. Trf To/From Emr	2,773,727	2,448,470	(772,120)	1,676,350
SHO36	H.R.A. R.C.C.O.	505,056	130,000	(130,000)	0
SHO37	Capital Receipts Res Adj	(33,800)	(26,000)	0	(26,000)
SHO38	Major Repairs Allowance	2,273,075	2,101,000	184,000	2,285,000
SHO45	Renewable Energy Transactions	(169,905)	(169,000)	30,000	(139,000)
	NET DIRECT TOTAL	(2,051,601)	(2,438,420)	(109,940)	(2,548,360)

Subjective analysis

Code	Service Unit		Current Year Budget	Movement	Proposed Budget 2019/20
1000	Employees		2,409,300	212,250	2,621,550
2000	Premises		187,970	6,800	194,770
3000	Transport		224,840	41,670	266,510
4000	Cost Of Goods And Services		7,891,170	(532,990)	7,358,180
7000	Income		(13,151,700)	162,330	(12,989,370)
	NET DIRECT TOTAL		(2,438,420)	(109,940)	(2,548,360)
5000	Recharges		1,447,160	123,950	1,571,110
6000	Capital Charges		991,260	(14,010)	977,250
	TOTAL		0	0	0

HRA Rent Budget 2019/20

Description	Average rent (52 week basis) £	Average properties 2019/20	Annual rent total £	Void level	Annual rent total (less voids)	Budget (rounded)
Social rent (in use)	77.41	2,931	11,798,213	0.41%	11,749,909	11,749,910
Affordable rent properties	109.67	46	262,331	0.41%	261,257	261,260
Rent written off					(35,000)	(35,000)
Write-offs recovered					1,000	1,000
HO700 budget					11,977,166	11,977,170
Affordable rent surplus					72,962	72,960
TOTAL		2,977				

Formula Rent	77.46
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HRA: Proposed Fees and Charges 2019/20

	<u>2018/19</u>	<u>Increase</u>	<u>Increase %</u>	<u>2019/20</u>
Garage rents per week (48 week basis) <i>It should be noted that council tenants receive a discount of £2.00 per week on any garage rent</i>	£11.10	£0.00	0.00%	£11.10
Garage ground rents (Annual charge)	£225	£25	11.11%	£250

<u>N.B</u>				
MDDC Formula Rent on average (52 weeks)	£78.31			£77.46

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CABINET
07 FEBRUARY 2019

CAPITAL PROGRAMME 2019/20 – 2022/23

Cabinet Member Cllr Peter Hare Scott
Responsible Officer Andrew Jarrett, Deputy Chief Executive (S151)

Reason for Report: To seek approval of the 2019/20 Capital Programme and note the draft 2020/21, 2021/22 and 2022/23 programmes.

RECOMMENDATIONS: That the Cabinet recommend to Full Council:

- 1. The detailed Capital Programme for 2019/20 be approved and the estimated amounts for 2020/21, 2021/22 and 2022/23 be noted.**
- 2. To agree to earmark New Homes Bonus (NHB) monies of £613k to support the 2019/20 Capital Programme (see para 2.3).**

Relationship to the Corporate Plan: The Capital Programme identifies the capital investment proposed across all strands of the Corporate Plan over the next four years.

Financial Implications: The Capital Programme submitted for 2019/20 is fully funded; however this includes £6.442m (GF and HRA) anticipated PWLB borrowing to fund various asset acquisitions as part of the district wide redevelopment project. Future capital receipts are now estimated at such a low level that the Council needs to evaluate ways of making additional provision to fund its long term capital programme or reduce its property portfolio. This is especially relevant after recent announcements on the future of New Homes Bonus.

Legal Implications: See comments below in relation to spending of grants and receipts.

Risk Assessment: There is a risk of clawback of external funds if sums received are not spent in accordance with the terms on which they were given, or not within agreed timescales. Useable Capital Receipts for 2019/20 have been projected at a prudent level of £361k but there is a risk that if these do not materialise, the Authority may need to delay scheme start dates to the following financial year or to make a revenue contribution to Capital to ensure full programme delivery.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil.

1.0 Introduction

- 1.1** The proposed Capital Programme has been produced following detailed consultation with officers and is now mainly focused on essential asset maintenance, funding a range of private sector housing projects, ICT

replacement and investment and ensuring that our existing housing stock is maintained to the decent homes standard. The programme also includes Council House building projects and spend to save projects that will only be undertaken if a robust business case demonstrates an acceptable payback period. This year additional projects include: various asset acquisitions as part of the district wide redevelopment project and various proposed Economic Development schemes that are dependant on successful funding bids together with acceptable business cases.

- 1.2 A significant amount of work was undertaken when producing the Council's Medium Term Financial Plan (MTFP) during the late summer which helped to scope the size and funding of the 2019/20 capital programme. A number of subsequent meetings were held with Group managers which focused on the essential projects (in terms of end of life asset replacement or health and safety) and involved reprioritising or rescheduling expenditure to future years.

2.0 The 2019/20 Capital Programme

- 2.1 Through reprioritisation of capital projects the Council has been able to set a balanced capital programme for 2019/20. Appendix 1 shows the proposed Capital Programme for 2019/20 which totals £14.597m.

- 2.2 The 2019/20 Capital Programme is fully funded by a combination of:

General Fund Project Funding Sources	Amount of Funding £k
S106 & Affordable Housing Contributions	167
Capital Reserve	74
DCLG (Disabled Facilities Grant)	562
New Homes Bonus (NHB)	592
Contrib from Private Sector Housing EMR	34
Heritage Enterprise grant bid	600
Contribution from existing Useable Capital Receipts	31
Planning Delivery Grant	198
PWLB Borrowing	3,800
Other Funding (eg earmarked reserves and other grants)	204
Total Funding General fund Projects	6,262
HRA Project Funding Sources	Amount of Funding £k
Contribution from existing Useable Capital Receipts	104
Use of forecast Useable Capital Receipts to be generated in 19/20	361
Major Repairs Allowance	2,285
New Homes Bonus (NHB)	21
Use of forecast Replacement Homes Capital Receipts	600

Contrib from Renewable Energy fund EMR	250
Contrib from Housing Maintenance Fund	2,000
*Contrib from Affordable Rents Surplus EMR	72
PWLB Borrowing	2,642
Total Funding HRA Projects	8,335
Total Funding (GF & HRA)	14,597

* Note Affordable Rents Surplus is the additional amount generated from new Council Houses let at affordable rents as opposed to social rent historically charged for our Council Homes.

- 2.3 The 2019/20 Capital Programme requires £613k (£592k General Fund + £21k HRA) of New Homes Bonus (NHB) funding to ensure it is balanced. Further contributions from NHB are required over the life of the MTFP, with the forecast contributions amounting to £2.593m for 2020/21, 2021/22 and 2022/23.
- 2.4 We are aware that the mechanism behind allocating NHB is due to be changed in the near future. This is a major risk to the availability of funding for our future capital programme. The Revenue report highlights the need to explore other revenue income streams to try to mitigate reduction in NHB but this will of course be challenging.
- 2.5 A contribution is expected from the Housing Maintenance Fund (30 year maintenance plan) of £2m in order to deliver the HRA related projects identified in the 19/20 Capital Programme. Further contributions from this reserve will be required to deliver council house building aspirations identified in our MTFP amounting to £4.286m for 2020/21, 2021/22 and 2022/23. The remainder of these schemes will be mainly funded by a combination of useable capital receipts (general and replacement homes receipts) and PWLB.
- 2.6 A deliverable programme of £2.285m has been identified to maintain our existing council house stock, the balance of available monies will remain in the Housing Maintenance Fund in order to deal with future additional spend that has been identified by the stock condition survey.
- 2.7 Appendix 2 shows the MTFP, which was presented at the October 2018 Cabinet. Appendix 1 shows, the 19/20 Capital Programme that has evolved from the MTFP and has been refreshed with up to date information on expenditure and funding as referred to in paragraphs 2.1 to 2.6 above. A summary of the subsequent 3 years is shown in the table below.

MTFP summary 2020/21, 2021/22 & 2022/23

	2020/21 £k	2021/22 £k	2022/23 £k
Total General Fund Capital Projects	12,349	12,009	16,138
Total HRA Capital Projects	9,310	4,810	4,810
Total GF & HRA Capital Projects	21,659	16,819	20,948

For a detailed breakdown please refer to Appendix 2

- 2.8 The further into the future we try to predict the more difficult it is to do with the same level of certainty, therefore although 2021/22 and 2022/23 give an indication of the likely resource required during these years, we will know with a greater level of certainty nearer the time, therefore the predicted level of expenditure may well change.

3.0 Funding the Capital Programme

- 3.1 NHB funding forms a substantial amount of the funding of this programme (as referred to in para 2.3 above) (£3.206m over the four years which includes £613k in 19/20). The anticipated change in NHB funding (referred to in para 2.4), may impact on our future capital programmes and those proposed projects may need to be curtailed to match the funding we have available.
- 3.2 Due to the very low level of estimated new capital receipts for 2019/20, only a small number of new Council funded schemes have been incorporated in the Capital Programme. Council house sales have been predicted at 15 sales per annum for the life of this programme. The Government Pooling arrangements mean a proportion of the sale is pooled to the Government, a proportion is retained in a ring-fenced reserve for replacement house building (linked to the HRA self-financing arrangements that have been in place since 01/04/12) and the balance is retained by the authority as a useable capital receipt, which can be used to support our Capital Programme.
- 3.3 The projected level of usable capital receipts available for 2019/20 is £496k (this is made up of £361k, net of pooling, estimated to be generated from sales in 2019/20 and a contribution of £135k (£31k GF + £104k HRA) from existing Useable Capital Receipts). All other previously generated capital receipts have been used to balance the subsequent years of the MTFP.
- 3.4 The figures assumed for receipts from the sale of assets have been calculated prudently and therefore if any additional receipts are generated we can return to some of the projects which could not be funded in the first instance and consider their inclusion. Any such decision (subject to constraints within the financial rules) would require Full Council approval and be linked to the Corporate Plan priorities.

- 3.5 We continue to set aside sinking funds for future replacement of Leisure plant and equipment and for future replacement of ICT systems and equipment. This ensures the revenue base budget is more robust and that we are making adequate provision to replace assets in much the same way as we have in the past for our vehicle fleet.

4.0 Council Borrowing

- 4.1 Prudential borrowing has been estimated for 2019/20, this will be used to fund General Fund schemes amounting to £3.8m which include development schemes and land acquisition and HRA housing schemes amounting to £2.642m. All schemes will be subject to a rigorous business case assessment; their cost will determine the amount of prudential borrowing required which is currently budgeted at £6.442m for both the General Fund and the Housing Revenue Account.
- 4.2 Borrowing is also envisaged in 2020/21, 2021/22 and 2022/23 amounting to £37.842m to deliver General Fund projects (£34.500m for asset acquisition and redevelopment and £3.342m to deliver housing schemes). Borrowing is only considered in exceptional circumstances, whether in relation to the projects detailed above or for spend to save projects following a robust cost/benefit analysis exercise that would be able to demonstrate both an acceptable 'payback period' and that savings would be generated in excess of the annual revenue cost of servicing the debt.

5.0 Conclusion

- 5.1 As previously mentioned, the Capital Programme for the next four years is limited due to the scarce availability of funding (with the exception of borrowing). It is, therefore, imperative that capital funds are only spent on those projects which enable the Council to deliver its Corporate Plan objectives or reduce operational cost or generate a financial return.
- 5.2 Due to the continuing austerity programme being implemented by Central Government the Council is beginning to explore more commercial options in order to balance budgets. Examples include: regeneration projects and land or building acquisition; any such projects will need to be justified through robust business cases. Projects of this type will need significant capital funding either from existing receipts or from longer term borrowing. All Members will be kept informed of any developments in these areas.

Contact for more information:	Andrew Jarrett, Robert Fish 01884 234242, 01884 234313 ajarrettmiddevon.gov.uk
Background Papers:	Capital Bid Submissions and workings for MTFP
File Reference	None
Circulation of the Report:	Management Team

Budgeted Capital Programme

**2019/20
£k**

Estates Management

Leisure - Site Specific

Exe Valley Leisure Centre

Spinning Room - New window - improve light	20
Leisure Spinning Bike Replacement - all sites	60

Culm Valley sports centre

Fitness Gym Kit Replacement	185
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Total 265

Other MDDC Buildings

MSCP Improvements

MSCP-Top Deck surfacing	70
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MDDC Depot sites

Carlu Close - Air Conditioning units	25
Carlu Close - Interceptor upgrade	30
Carlu Close - Solar PV options	20

Cemeteries

Tiverton Cemetery - Infrastructure extension	80
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Other Projects

Land drainage flood defence schemes	25
Homeless Emergency Shelter Options Project	75
Tiverton Town Centre - Street scene improvements	100

*** General Fund Development Schemes**

Tiverton redevelopment project	1,200
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Total 1,625

*** All developments schemes are subject to acceptable Business Case**

Economic Development Schemes

* Hydro Mills Electricity Project	680
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Total 680

*** All Economic Development schemes are subject to acceptable Business Case**

ICT Projects

UPS Power supplies refresh	25
Continuous replacement/Upgrade of WAN/LAN (networking hardware switches)	100
Lalpac Licensing System replacement (SN)	80
Replacement Access Database - Property Services	100

Total 305

Affordable Housing Projects

Grants to housing associations to provide houses (covered by Commuted Sums) 117

Total 117

Private Sector Housing Grants

Empty homes and enforcement 108

Disabled Facilities Grants–P/Sector 562

Total 670

TOTAL GF PROJECTS 3,662

0

Other General Fund Development Projects

Housing Schemes

Waddeton Park - 75 Affordable Homes 2,000

Other

Land acquisition for operational needs 600

TOTAL GF OTHER DEVELOPMENT PROJECTS 2,600

GRAND TOTAL GF PROJECTS 6,262

HRA Projects

Existing Housing Stock

Major repairs to Housing Stock 2,285

Renewable Energy Fund 250

Home Adaptations - Disabled Facilities 300

* Housing Development Schemes

Replace end of life HRA Assets 2,000

Council Housing building schemes to be identified 2,000

*** Proposed Council House Building / industrial units schemes subject to full appraisal**

TOTAL HRA PROJECTS 6,835

OTHER HRA DEVELOPMENT PROJECTS

Housing Schemes

Round Hill Tiverton- Site 1,500

TOTAL OTHER HRA DEVELOPMENT PROJECTS 1,500

GRAND TOTAL HRA PROJECTS 8,335

GRAND TOTAL GF + HRA PROJECTS 14,597

MDDC Funding Summary

General Fund

	2019/20 £k
EXISTING FUNDS	
Capital Grants Unapplied Reserve	951
Capital Receipts Reserve	31
NHB Funding	592
Other Earmarked Reserves	288
Other Funding	600
Subtotal	2,462
NEW FUNDS	
PWLB Borrowing	3,800
Subtotal	3,800
Total General Fund Funding	6,262

Housing Revenue Account

	0 £k
EXISTING FUNDS	
Capital Receipts Reserve	1,065
NHB Funding	21
HRA Housing Maintenance Fund	2,000
Other Housing Earmarked Reserves	2,607
Subtotal	5,693
NEW FUNDS	
PWLB Borrowing	2,642
Subtotal	2,642
Total Housing Revenue Account Funding	8,335

TOTAL FUNDING	14,597
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Appendix 2

Estimated Capital Programme	Estimated Capital Programme	Estimated Capital Programme	Estimated Capital Programme	Total £k
2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	

Estates Management**Leisure - Site Specific****Lords Meadow Leisure Centre**

Pool Circulation Pumps - Replace or refit		20		20
Wetside Changing Rooms			100	100
Squash Court Climate Control		50		50

Exe Valley Leisure Centre

Pool tiling and balance tank repairs			150	150
Wetside Changing Rooms			100	100
Pool hall high level works (steel work etc)			60	60
Spinning Room - New window - improve light	20			20
Leisure Spinning Bike Replacement - all sites	60			60
Replace isolated CHP for Bio Mass Boiler (spend to save)		150		150
Plant Room/s flooring for flood prevention		25		25

Culm Valley sports centre

Main Hall (Ceiling & Floor)		75		75
Internal alterations		150		150
ATP Replacement			200	200
Fitness Gym Kit Replacement	185			185

Leisure - Other

ATP Rejuvenation (EVLC & LMLC)		50		50
Leisure management system review/replacement - cashless excess etc		150		150
Leisure 'Reception' infrastructure review		100		100

Total	265	770	210	400	1,645
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Other MDDC Buildings**Pannier Market**

Paving replacement		150		150
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Phoenix House

Replacement BMS software			20	20
AHU changes to allow cooling		100		100
Carpet replace incl tiles		25		25
Boiler replacement		100		100

General Car parks

P&D resurfacing and lining - Becks Square Tiverton		50		50
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MSCP Improvements

MSCP-Top Deck surfacing	70			70
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MDDC Depot sites

Old Road yard resurfacing		35		35
Old Road Depot - Asbestos panel replacement		50		50
Carlu Close - Air Conditioning units	25			25
Carlu Close - Interceptor upgrade	30			30
Carlu Close - Solar PV options	20			20

Play Areas

Open Space Infrastructure		50	50	50	150
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Cemeteries

Tiverton and Crediton Cemetery Chapel maintenance		50			50
Tiverton Cemetery - Infrastructure extension	80				80

Other Projects

Land drainage flood defence schemes	25	25	50	50	150
MDDC CCTV Review & replacement		50			50
Homeless Emergency Shelter Options Project	75				75
Tiverton Town Centre - Street scene improvements	100				100

*** General Fund Development Schemes**

Commercial property/Land Acquisition		2,500	2,500	2,500	7,500
Tiverton redevelopment project	1,200	3,000	5,000	5,000	14,200
Asset acquisition budget				4,000	4,000

Total	1,625	6,185	7,600	11,620	27,030
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* All developments schemes are subject to acceptable Business Case

	Estimated Capital Programme 2019/20	Estimated Capital Programme 2020/21	Estimated Capital Programme 2021/22	Estimated Capital Programme 2022/23	Total
Economic Development Schemes					
* Cullompton Townscape Heritage Initiative		300	300	300	900
* Hydro Mills Electricity Project	680	220			900
Total	680	520	300	300	1,800

* All Economic Development schemes are subject to acceptable Business Case

ICT Projects

Desktop estate replacement/refresh		50			50
Dual Factor Authentication System for remote connections		25			25
UPS Power supplies refresh	25				25
Continuous replacement/Upgrade of WAN/LAN (networking hardware switches)	100				100
Replacement of servers and storage hardware that provide the VMWare Virtual Server environment and associated systems.			90		90
Lalpac Licensing System replacement (SN)	80				80
Replacement Access Database - Property Services	100				100
Total	305	75	90	0	470

Affordable Housing Projects

Grants to housing associations to provide houses (covered by Commuted Sums)	117	117	117	117	468
Total	117	117	117	117	468

Private Sector Housing Grants

Empty homes and enforcement	108	110	115	120	453
Disabled Facilities Grants–P/Sector	562	572	577	581	2,292
Total	670	682	692	701	2,745

TOTAL GF PROJECTS	3,662	8,349	9,009	13,138	34,158
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Other General Fund Development Projects

Commercial Development Schemes

* Shapland Place Tiverton garage conversion (2-3 Units - Subject to design)		1,000			1,000
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Housing Schemes

Waddeton Park - 75 Affordable Homes	2,000	3,000	3,000	3000	11,000
Other					
Land acquisition for operational needs	600				600

TOTAL GF OTHER DEVELOPMENT PROJECTS	2,600	4,000	3,000	3,000	12,600
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GRAND TOTAL GF PROJECTS	6,262	12,349	12,009	16,138	46,758
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0

HRA Projects

Existing Housing Stock

Major repairs to Housing Stock	2,285	2,260	2,260	2,260	9,065
Renewable Energy Fund	250	250	250	250	1,000
Home Adaptations - Disabled Facilities	300	300	300	300	1,200

* Housing Development Schemes

Watery Lane - Garage conversion		1,000			1,000
Replace end of life HRA Assets	2,000	2,000			4,000
Council Housing building schemes to be identified	2,000	2,000	2,000	2000	8,000

* Proposed Council House Building / industrial units schemes subject to full appraisal

Total	6,835	7,810	4,810	4,810	24,265
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TOTAL HRA PROJECTS	6,835	7,810	4,810	4,810	24,265
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OTHER HRA DEVELOPMENT PROJECTS

Housing Schemes

Round Hill Tiverton- Site	1,500	1,500			3,000
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TOTAL OTHER HRA DEVELOPMENT PROJECTS	1,500	1,500	0	0	3,000
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GRAND TOTAL HRA PROJECTS	8,335	9,310	4,810	4,810	27,265
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GRAND TOTAL GF + HRA Projects	14,597	21,659	16,819	20,948	74,023
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Estimated Capital Programme	Estimated Capital Programme	Estimated Capital Programme	Estimated Capital Programme	Total
2019/20	2020/21	2021/22	2022/23	

MDDC Funding Summary

General Fund

	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	Total £k
EXISTING FUNDS					
Capital Grants Unapplied Reserve	951	689	694	698	3,032
Capital Receipts Reserve	31	0	0	0	31
NHB Funding	592	1,556	427	547	3,122
Other Earmarked Reserves	288	204	188	193	873
Other Funding	600	400	200	200	1,400
Subtotal	2,462	2,849	1,509	1,638	8,458
NEW FUNDS					
PWLB Borrowing	3,800	9,500	10,500	14,500	38,300
Subtotal	3,800	9,500	10,500	14,500	38,300
Total General Fund Funding	6,262	12,349	12,009	16,138	46,758

Housing Revenue Account

	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	Total £k
EXISTING FUNDS					
Capital Receipts Reserve	1,065	1,365	1,064	1,064	4,558
NHB Funding	21	21	21	21	84
HRA Housing Maintenance Fund	2,000	2,000	1,143	1,143	6,286
Other Housing Earmarked Reserves	2,607	2,582	2,582	2,582	10,353
Subtotal	5,693	5,968	4,810	4,810	21,281
NEW FUNDS					
PWLB Borrowing	2,642	3,342	0	0	5,984
Subtotal	2,642	3,342	0	0	5,984
Total Housing Revenue Account Funding	8,335	9,310	4,810	4,810	27,265

TOTAL FUNDING	14,597	21,659	16,819	20,948	74,023
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Cabinet
7 February 2019

Treasury Management Strategy Statement
Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019/20

Cabinet Member: Councillor Peter Hare-Scott
Responsible Officer: Deputy Chief Executive (S151), Andrew Jarrett

Reason for Report: To agree the proposed Treasury Management Strategy and Annual Investment Strategy for 2019/20.

RECOMMENDATION(S) that Cabinet recommend to Council that:

1. The proposed Treasury Management Strategy and Annual Investment Strategy for 2019/20 be approved.
2. The prudential indicators for the next 3 years be approved.
3. The Minimum Revenue Provision Statement (Appendix 1) be approved.
4. Funds loaned to subsidiaries do not have to be constrained to capital purposes to be approved.
5. The following options to be approved (Officer recommends all 3 options are approved):

Option 1: Increase the investment term to 2 years for Banks to obtain higher interest rates and returns. See paragraph: 5.2.7

Option 2: Diversify the investment portfolio to include non-UK banks with a minimum Sovereign Fitch rating of AAA (highest possible rating). This is to potentially negate the effects of Brexit post 29th March 2019. See paragraph: 5.2.4

Option 3: Diversify the borrowing portfolio to include short term loans (maximum 5 years) from other Local Authorities, Banks and Building Societies. See paragraph: 4.5.2

Relationship to the Corporate Plan: Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire strategy.

Legal Implications: Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

Risk Assessment: The S151 Officer is responsible for the administration of the financial affairs of the Council.

Equality Impact Assessment: No equality issues identified for this report.

1.0 BACKGROUND

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

- 1.3 CIPFA defines treasury management as:

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

- 1.4 The Prudential Code plays a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment that are central to the delivery of quality public services.

2.0 REPORTING REQUIREMENTS

- 2.1 The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

2.1.1 Prudential and treasury indicators and treasury strategy (this report)

The first, and most important report covers:

- The capital plans (including prudential indicators);
- A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An investment strategy (the parameters on how investments are to be managed).

2.1.2 **A mid-year treasury management report**

This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

2.1.3 **An annual treasury report**

This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.2 **Scrutiny**

2.2.1 The above reports are required to be adequately scrutinised before being recommended to the Council. The Cabinet undertakes this role.

2.3 **Capital Strategy**

2.3.1 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:-

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

2.3.2 The aim of this report is to ensure that all elected members of the Council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

2.3.3 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

2.4 **Treasury Management Strategy for 2019/20**

2.4.1 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital plans and the prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council

- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- the policy on use of external service providers

2.4.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

2.5 Training

2.5.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training requirements will be reviewed in 2019/20 and training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

2.6 Treasury management consultants

2.6.1 The Council uses Link Asset Services (previously Capita Asset Services), Treasury solutions as its external treasury management advisors.

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

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

3.0 THE CAPITAL PRUDENTIAL INDICATORS 2019/20-2021/22

3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

3.2 Capital expenditure

3.2.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Non-HRA	4,234	978	10,262	12,349	12,009
HRA	4,227	4,848	8,335	9,310	4,810
Commercial activities/ non-financial investments *	62	850	5,114		
Total	8,523	6,676	23,711	21,659	16,819

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

3.2.2 Other long-term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

3.2.3 The table below summarises how these plans are being financed; by capital or revenue resources. Any shortfall in resources results in a funding borrowing need.

Financing of capital expenditure £000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital receipts	2,400	1,456	1,096	1,365	1,064
Capital grants	1,196	1,558	1,551	1,089	894
Capital reserves	93	-	74	74	73
Revenue	4,627	3,662	5,434	6,289	4,288
Net financing need for the year	207	0	15,556	12,842	10,500

3.2.4 The net financing need for commercial activities / non-financial investments (included in the above table) against expenditure is shown below:

Commercial activities / non-financial investments £000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Expenditure	62	850	5,114		
Financing costs			45	83	75
Net financing need for the year			5,159	83	75
Percentage of total net financing need %			33.2%	0.6%	0.7%

3.3 The Council's borrowing need (the Capital Financing Requirement)

3.3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not been paid for immediately, will increase the CFR.

3.3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the revenue account with the economic consumption of capital assets as they are used.

3.3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £0.311m of such schemes within the CFR. (i.e Leisure Equipment and Energy Saving Equipment).

3.3.4 The Council is asked to approve the CFR projections below:

£000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Financing Requirement					
CFR - non housing	6,311	6,024	13,542	22,620	32,524
CFR - housing	43,166	42,189	43,854	46,166	45,985
CFR - Commercial activities / non-financial investments	750	1,610	6,724	6,724	6,724
Total CFR	50,227	49,823	64,120	75,510	85,233
Movement in CFR		(404)	14,297	11,390	9,723

Note that the movement in CFR will not directly match the Net Financing Need (see 3.23) due to slippage in the capital programme.

4.0 BORROWING

4.1 The capital expenditure budget forecasts set out in Section 3 provide an overview of the aggregate activities of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.2 Current portfolio position

4.2.1 The Council's treasury portfolio position at 31 March 2018, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
External Debt					
Debt at 1 April	42,822	41,027	39,182	37,300	35,382
Expected change in Debt			15,556	28,189	38,223
Other long-term liabilities (OLTL)					
Expected change in OLTL					
Actual gross debt at 31 March	42,822	41,027	54,738	65,489	73,605
The Capital Financing Requirement	50,227	49,823	64,120	75,510	85,233
Under / (over) borrowing	7,405	8,796	9,382	10,021	11,628

4.2.2 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

4.2.3 The Deputy Chief Executive (S151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

4.3 Treasury Indicators: limits to borrowing activity

4.3.1 **The operational boundary:** This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	54,000	68,000	80,000	89,000
Other long term liabilities				
Total	54,000	68,000	80,000	89,000

4.3.2 The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit:

Authorised limit £000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	59,000	73,000	85,000	94,000
Other long term liabilities		4,000	4,000	4,000
Total	59,000	77,000	89,000	98,000

4.3.3 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt limit £000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
HRA debt cap	53,744	53,744	n/a *	n/a *
HRA CFR	42,189	43,854	46,166	45,985
HRA headroom	11,555	9,890	n/a *	n/a *

*Abolition of HRA debt cap. In October 2018, the Government announced a policy change to abolish the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29.10.18.

4.4 Prospects for interest rates

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

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

4.4.2 The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken somewhat during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020 and May 2021 before ending up at 2.0% in February 2022.

4.4.3 A more thorough economic outlook is detailed in Appendices 2 and 3.

4.5 Borrowing strategy

4.5.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loan debt as some of the cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

4.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Deputy Chief Executive (S151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around a lapse into recession or of risks of deflation), then long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in

central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

- The Council will consider all external loan options available in the market including Public Works Loans Board, Market, Other Local Authorities and the LGA Bond Agency. The term and repayment profile of any loans will be determined by the periods we need finance. The level of borrowing will stay within the limits. ***This is Recommendation 5, Option 3. Proposed due to the inherent safety of Local Authorities (going concern isn't an issue).***

4.5.3 Any decisions will be reported to the Cabinet at the next available opportunity.

4.6 Policy on borrowing in advance of need

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

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

4.7 Debt rescheduling

4.7.1 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the debt repayment (premiums incurred).

4.7.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

4.7.3 Consideration will also be given to identifying if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.

- 4.7.4 All rescheduling will be reported to the Cabinet, at the earliest meeting following its action.

4.8 **Municipal Bond Agency**

- 4.8.1 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

5.0 ANNUAL INVESTMENT STRATEGY

5.1 Investment policy

- 5.1.1 The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).
- 5.1.2 The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).
- 5.1.3 The guidance from the MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-
- 5.1.4 The Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties that also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 5.1.5 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain monitoring on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 5.1.6 Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 5.1.7 Investment instruments identified for use in the financial year are listed in appendix 4 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.
- 5.1.8 Lending and transaction limits (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 5.2.7.

- 5.1.9 This Council will set a limit for the amount of its investments which are invested for longer than 365 days (see paragraph 5.4).
- 5.1.10 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating (see paragraph 5.3).
- 5.1.11 This Council has engaged external consultants (see paragraph 2.6) to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 5.1.12 All investments will be denominated in sterling.
- 5.1.13 As a result of the change in accounting standards for 2018/19 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MCHLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 18.)
- 5.1.12 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 5.5). Regular monitoring of investment performance will be carried out during the year.
- 5.1.13 The above criteria are unchanged from last year.

5.2 Creditworthiness policy

- 5.2.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a consideration. After this main principle, the Council will ensure that:-
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.2.2 The Deputy Chief Executive (S151) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

5.2.3 Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty with the minimum Council criteria will be considered carefully and alternatives sought, with all others being reviewed in light of market conditions.

5.2.4 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:-

- Banks 1 - good credit quality – the Council will only use banks which:
 - i. are UK banks; and / or
 - ii. are non-UK and domiciled in a Country which has a minimum Sovereign Long Term Fitch rating of AAA
 and the banks have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
 - i. Short Term – F1 (Fitch) *and regard for Moody's and Standard & Poor's*
 - ii. Long Term – F1 (Fitch) *and regard for Moody's and Standard & Poor's*

The current policy does not include investments with non-UK banks, Recommendation 5, Option 2 proposes this diversification. The basis for this is to spread the risk of investments should the UK Sovereign rating decrease post-Brexit.

- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised and it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.

- Building societies (The Council will *use* all societies which):
 - i. Meet the Fitch rating for banks outlined above;
 - ii. Have assets in excess of £1bn; and meet both criteria.
- Money Market Funds Fitch CNAV AAmmf/AAA
- Money Market Funds Fitch LNVAV AAmmf/AAA
- Money Market Funds Fitch VNAV AAmmf/AAA
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, Police, Fire, parish councils etc and other Public Bodies.
- Other Bodies.

5.2.6 Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be reviewed to compare the relative security of differing investment counterparties.

5.2.7 Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

Recommendation 5, Option 1 increases the term of deposits for UK Banks to 2 years, the current policy is 1 year. This is proposed to obtain higher interest rates and returns and to reduce the CHAPs payment charges.

	Fitch Short term Rating	Money and/or % Limit	Transaction Limit	Time Limit
Banks 1 higher quality	F1	£5m	£5m	2yr
Banks 1 medium quality	n/a	n/a	n/a	n/a
Banks 1 lower quality	n/a	n/a	n/a	n/a
Banks 2 – part nationalised	F1	£5m	£5m	1yr

Limit 3 category – Council’s banker (not meeting Banks 1)	F2/F3	£5m (call account)	£5m (call account)	1 day
Other institutions limit (including subsidiaries)	n/a	n/a	n/a	n/a
DMADF	UK sovereign rating	unlimited	unlimited	unlimited
Local authorities & other public bodies	N/A	unlimited	unlimited	unlimited
Other Bodies	N/A	£3m	£3m	unlimited
	Fund Rating	Money and/or % Limit	Transaction Limit	Time Limit
Money Market Funds - CNAV	AAAmmf/AAA	£2m	£2m	liquid
Money Market Funds - LVNAV	AAAmmf/AAA	£2m	£2m	liquid

Money market funds have undergone European reform & the above abbreviations and changes refer to Constant Net Asset Value (CNAV) for government funds, and introduce a new type of fund, the Low-Volatility NAV (LVNAV) fund. LVNAV is intended to replicate some of the functionality of CNAV funds, with greater sensitivity to market pricing, and extra controls built into the fund structure. VNAV is a variable form of CNAV.

5.2.8 The proposed criteria for specified and non-specified investments are shown in Appendix 4 for approval.

5.2.9 **UK banks – ring fencing.** The largest UK banks (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits) are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt in. Several banks are very close to the threshold already and so may come into scope in the future regardless.

5.2.10 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank (RFB) will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

5.2.11 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and any other metrics considered) will be considered for investment purposes.

5.3 Country and sector limits

5.3.1 Due care will be taken to consider the country, group and sector exposure of the Council’s investments.

5.3.2 **Country Limits.** The Council will require a sovereign rating at least equal to that of the United Kingdom for any UK based counterparty. At the time of writing this was AA long term and F1+ short term. If there were to be a disorderly Brexit, it is possible that the credit rating agencies could downgrade the sovereign rating for the UK but as we have no minimum sovereign rating applying to the UK this approach will not limit the number of UK counterparties available to the Council. To ensure our credit risk is not increased outside the UK, it is recommended that the sovereign rating requirement for investments is amended to “Non-UK countries with a minimum sovereign rating of AAA. The list of countries that (as at the date of writing this report) qualify using this credit criteria are shown in Appendix 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

5.3.3 Other limits. In addition: no more than 30% of overall investment balances will be placed with any non-UK country at any time, limits in place above will apply to the groups where investments are made with subsidiaries, sector limits will be monitored regularly for appropriateness.

5.3.4 We will not hold any more than £3m with any banking group.

5.3.5 No sector limits apply, that is no limit between building societies v banks.

5.4 Investment strategy

5.4.1 In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

5.4.2 Investment returns expectations

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

5.4.3 The suggested budgeted investment earnings rates for returns on investments placed for periods up to approximately three months during each financial year are as follows:

	Now
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

5.4.4 The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are likely to also be even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside and how quickly the Brexit negotiations move forward positively.

5.4.5 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements, to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Upper limit for principal sums invested for longer than 365 days	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)
Principal sum invested for longer than 365 days but not exceed 2 years.	5	5	5

Recommendation 5, Option 1 proposes to have no investments over two years (current policy 365 days). This does not include commercial and non-financial investments as they are generally over two years.

For its cash flow generated balances, the Council will seek to utilise the money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

5.5 Investment risk benchmarking

5.5.1 This Council will use an investment benchmark to assess the performance of its portfolio of 7 day LIBID.

5.6 End of year investment report

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

5.6 Commercial and Non-Financial Investments

5.6.1 **Property Investments.** A limit of £5m will be applied to the use of non-specified investments. This principally relates to property funds, which is within the Local Authorities' Property Fund via CCLA.

5.6.2 **Non-Financial Investments.** On the 30th March 2017, Cabinet approved the establishment of a Special Purpose Vehicle - 3 Rivers Limited (Ltd) and that the Council could lend to 3 Rivers Ltd. This company is a subsidiary of Mid Devon District Council and has the sole purpose of property development.

5.6.3 There is no cap on the amount of money that can be loaned to 3 Rivers Ltd. However, for each new project the company takes on, there is an individual loan agreement signed by the S151 Officer prior to any lending. All project spending / borrowing requirements are approved annually by Cabinet during March as part of the Annual Report.

5.6.4 Please refer to the capital strategy for a more detailed programme and borrowing streams.

6.0 APPENDICES

1. Prudential and treasury indicators and MRP statement
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the Section 151 Officer
8. Current list of eligible counterparties
9. Treasury Management Practices (TMPs)

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Circulation of the Report: Leadership Team, Cabinet members.

APPENDIX 1

1.0 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2019/20 – 2021/22 AND MRP STATEMENT

1.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1.2 Capital expenditure

1.2.1 See section 3.2.1 for the breakdown of capital expenditure.

1.2.2 Affordability prudential indicators. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Non-HRA	2.00%	0.85%	1.76%	7.15%	10.67%
HRA	16.45%	16.05%	16.29%	16.86%	15.86%
Commercial activities/ non-financial investments					

1.3 Minimum revenue provision (MRP) policy statement

1.3.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities & Local Government *Statutory Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently updated in 2018.

- 1.3.2 The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The Council is recommended to approve the following MRP Statement:
- 1.3.4 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
- **Based on CFR** – MRP will be based on the CFR;
- 1.3.5 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.
- 1.3.6 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:
- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)
- 1.3.7 These options provide for a reduction in the borrowing need over approximately the asset's life.
- 1.3.8 Finance leases will have their capital financing applied on a straight line basis over the life of the lease contract.
- 1.3.9 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
- 1.3.10 The MRP requirement for a finance lease or PFI contract is deemed to be equal to the element of the charge/rent that goes to write down the balance sheet liability.
- 1.3.11 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan.

- 1.3.12 Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

1.4 MRP Overpayments

- 1.4.1 A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £0m.

APPENDIX 2

2.0 INTEREST RATE FORECASTS 2018 – 2022

Link Asset Services Interest Rate View

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

- 2.1 PWLB forecasts are based on PWLB certainty rates.
- 2.2 The above forecasts are predicted on the assumption of an agreement being reached on Brexit between the UK and the EU. In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.
- 2.3 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment.

- 2.4 Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.00 – 2.25% in September 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets. Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.
- 2.5 From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.
- 2.6 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 2.7 The overall balance of risks to economic recovery in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.
- 2.8 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.
 - The Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
 - A resurgence of the Eurozone sovereign debt crisis, possibly in Italy, due to its high level of government debt, low rate of economic growth

and vulnerable banking system and due to the election in March of a government which has made a lot of anti-austerity noise.

- Weak capitalisation of some European banks.
- German minority government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- Other minority Eurozone governments. Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a sudden flight of investment funds from more risky assets e.g. shares, into bonds yielding a much improved yield. In October 2018, we have seen a sharp fall in equity markets but this has been limited, as yet. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of US corporate debt which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as

expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.

- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

2.8 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:-

- Brexit – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

2.9 Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- There will remain a cost of carry (the difference between higher borrowing costs and lower investment returns) to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

APPENDIX 3

3.0 ECONOMIC BACKGROUND

3.1 **GLOBAL OUTLOOK.** World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

3.2 **Inflation** has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

3.3 KEY RISKS - central bank monetary policy measures

3.3.1 Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

3.3.2 The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we did, indeed, see a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or

too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and is likely to cause a recession in the US economy.

- 3.3.3 The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt. In addition, the European Central Bank ended its QE purchases in December 2018.
- 3.4 **UK.** The flow of positive economic statistics since the end of the first quarter this year has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2; quarter 3 is expected to be robust at around +0.6% but quarter 4 is expected to weaken from that level.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring next year. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019. The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

- 3.5 **Inflation.** The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate.

- 3.6 As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.
- 3.7 In the **political arena**, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. It is unclear at the time of writing, how this situation will move forward. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.
- 3.8 **USA.** President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the speed and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed's actions, the trade war between the US and China and an expectation that world growth will slow.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China

- 3.9 **Eurozone.** Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.
- 3.10 **China.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.
- 3.11 **Japan** - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.
- 3.12 **Emerging countries.** Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

3.13 Brexit timetable and process

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 15.1.19 Brexit deal defeated in the Commons vote by a large margin
- By 29.3.19 second vote (?) in UK parliament
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 Either the UK leaves the EU, or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament has been unable to agree on a Brexit deal.
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020**.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

APPENDIX 4

4.0 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

- 4.1 **SPECIFIED INVESTMENTS:** All those with a high level of credit quality subject to a maturity limit of one year.
- 4.2 **NON-SPECIFIED INVESTMENTS:** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. A maximum of £5m will be held in aggregate in non-specified investment.
- 4.3 A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.
- 4.4 The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria	** Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	Any
UK Government gilts	UK sovereign rating	100%	Any
UK Government Treasury bills	UK sovereign rating	100%	Any
Money Market Funds - CNAV	AAAmmf/AAA	100%	Liquid
Money Market Funds - LNAV	AAAmmf/AAA	£2M	Liquid
Money Market Funds - VNAV	AAAmmf/AAA	£2M	Liquid
Local authorities	N/A	100%	Any

Term deposits with banks and building societies	F1 (Fitch)/£1bn asset base for building societies	£5m	2yr (Option 1)
Term deposits with Non-UK banks and building societies	Sovereign Fitch rating of AAA	£3m	1yr (Option 2)
Gilt funds	UK sovereign rating	100%	Any

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

4.6 **Non specified investments.** A maximum of £5M will be held in aggregate in non-specified investment.

4.7 Maturities of ANY period

	* Minimum Credit Criteria	** Max % of total investments	Max. maturity period
Property funds	LA Property Fund	£5m	Ongoing

APPENDIX 5

APPROVED COUNTRIES FOR INVESTMENTS

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

The sovereign rating shown above is at 8th Jan 2019 from Link.

APPENDIX 6

TREASURY MANAGEMENT SCHEME OF DELEGATION

- (i) **Full Council**
 - receiving and reviewing reports on treasury management policies, practices and activities;
 - approval of annual strategy.
- (ii) **Cabinet**
 - approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
 - budget consideration and approval;
 - approval of the division of responsibilities;
 - receiving and reviewing regular monitoring reports and acting on recommendations;
 - approving the selection of external service providers and agreeing terms of appointment.
- (iii) **Cabinet**
 - reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- (iv) **Delegation from the Deputy Chief Executive (S151) to the nominated post(s) for the taking of the investment decisions:**
 - Group Manager for Finance (Deputy S151)

APPENDIX 7- THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

7.1 The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe for example 25+ years.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

APPENDIX 8 - CURRENT LIST OF ELIGIBLE COUNTERPARTIES

Counterparty Lending List as at 23/01/19:

UK Banks	Fitch Credit Rating	Moody's Rating Short Term	S&P Rating
Bank	Short Term	Short Term	Short Term
HSBC Bank plc	F1+	P-1	A-1+
Bank of Scotland Plc	F1	P-1	A-1
Barclays Bank plc	F1	P-1	A-1
Close Brothers Ltd	F1	P-1	
Lloyds Bank Plc	F1	P-1	A-1
Goldman Sachs International	F1	P-1	A-1
Standard Chartered Bank	F1	P-1	A-1
Santander UK plc	F1	P-1	A-1
Sumitomo Mitsui Banking Corp Europe	F1	P-1	A-1
UBS	F1+	P-1	A-1
Nationalised/Part Nationalised Banks			
Royal Bank of Scotland Plc	F1	P-1	A-2
National Westminster Bank	F1	P-1	A-2

Building Societies

Group Asset Ranking		Society Assets £m	Fitch Short Term	Year end
1	Nationwide	227,303	F1	Apr-18
2	Yorkshire	49,063	F1	Dec-17
3	Coventry	41,910	F1	Dec-17
4	Skipton	19,567	F1	Dec-17
5	Leeds	18,937	F1	Dec-17
6	Principality	9,060	F2	Dec-17
7	West Bromwich	5,794	-	Mar-18
8	Newcastle	3,776	-	Dec-17
9	Nottingham	3,915	-	Dec-17
10	Cumberland	2,522	-	Mar-18
11	Progressive	1,788	-	Dec-17
12	National Counties	2,019	-	Dec-17
13	Saffron	1,018	-	Dec-17
14	Cambridge	1,234	-	Dec-17
15	Monmouthshire	1,059	-	Apr-18

Note:

Not all of the top 20 Building Societies are Fitch rated, therefore we use the overall asset base in conjunction with the Fitch Rating to assess the lending criteria. The above list does not include Non-UK Banks or Building Societies as this does not at present form part of the Treasury Strategy.

APPENDIX 9**TREASURY MANAGEMENT PRATICES (TMPs)**

CIPFA lists 12 TMPs that the council are recommended to adopt. The Deputy Chief Executive (S151) will have delegated approval over the TMPs. Any recommendations from the Deputy Chief Executive (S151) will be submitted to Cabinet for review.

Cabinet

7 February 2019

Capital Strategy 2019/20

Cabinet Member: Councillor Peter Hare-Scott
Responsible Officer: Deputy Chief Executive (S151), Andrew Jarrett

Reason for Report: To agree the proposed Capital Strategy for 2019/20.

RECOMMENDATION(S) that Cabinet recommend to Council that:

- 1. The proposed Capital Strategy for 2019/20 is approved.**

Relationship to the Corporate Plan: A strategic approach to Asset Management supports our Corporate Plan priorities of business retention; growth and development. Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire strategy.

Legal Implications: Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

Risk Assessment: The S151 Officer is responsible for the administration of the financial affairs of the Council. A co-ordinated approach to Asset Management and Financial Planning will help mitigate the risks associated with holding and utilising assets. Financial risk is mitigated by sound Treasury Management practices and defined limits.

Equality Impact Assessment: No equality issues identified for this report.

Overview

- 1.1** This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2** The strategy is designed to be a user-friendly document which can direct stakeholders to the relevant documents relating to Treasury decisions; Asset Management and the Capital Programme for the coming years. It provides a link between these activities and reiterates the need for these to be co-ordinated to support the objectives of the Corporate Plan.

2.0 Conclusion and Recommendation

- 2.1 That Cabinet recommend to Council that: The proposed Capital Strategy for 2019/20 is approved.

Contact for more Information: Jo Nacey, Group Manager for Financial Services
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Circulation of the Report: Leadership Team and Cabinet Member

Capital Strategy Report 2019/20

Introduction

This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance Members' understanding of these sometimes technical areas.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy/build assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £20k are not capitalised and are charged to revenue in year.

The detail of our approach to capitalisation is shown in our Accounting Policies in the Statement of Accounts that we produce each year.

<https://www.middevon.gov.uk/media/345544/mddc-accounts-2017-18.pdf>

In 2019/20, the Council is planning capital expenditure of £23.711m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m
General Fund services	4.234	0.978	10.262	12.349	12.009
Council Housing (HRA)	4.227	4.848	8.335	9.310	4.810
*Commercial activities/ non-financial investments	0.062	0.850	5.114	0	0
TOTAL	8.523	6.676	23.711	21.659	16.819

*Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

The main capital projects budgeted for in 2019/20 include the following General Fund Schemes: £680k Hydro Mills Electricity Project; £562k Disabled Facilities Adaptations; £5.114m Tiverton Town Hall Development; £2m Waddeton Park (75 Affordable Homes); £5.2m District-wide redevelopment project (£4m 18/19 and

£1.2m 19/20 programmes) and; HRA Schemes: £2.285m for major repairs to Housing Stock; £2m to replace end of life HRA Assets; £2m for Council House building schemes; and £1.5m for the Tiverton Round Hill Site project.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

Governance: Service managers bid annually to include projects in the Council's capital programme. Bids are collated by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The relevant PDGs appraise all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council the same month each year.

➤ For full details of the Council's capital programme see report on this Agenda.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m
PWLB Borrowing	0.207		15.556	12.842	10.500
New Homes Bonus	0.979	0.306	0.613	1.577	0.448
Housing Maint Fund	0.278	1.032	2.000	2.000	1.143
Capital Receipts Reserve	2.400	1.456	1.096	1.365	1.064
Other Housing EMRs	2.499	2.324	2.607	2.582	2.582
Capital Grants Unapplied	0.978	0.642	0.951	0.689	0.694
Heritage Enterprise Grant bid			0.600	0.200	0.000
Historic England Grant bid				0.200	0.200
Homes and Communities Agency Grant (HCA)	0.218	0.916		0.000	0.000

Other GF EMRs	0.964		0.288	0.204	0.188
TOTAL	8.523	6.676	23.711	21.659	16.819

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is as follows:

Table 3: Planned MRP payments £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
GF - MRP/Revenue	0.354	0.287	0.283	0.422	0.595
HRA - MRP/Revenue	0.977	0.977	0.977	1.030	1.097

- The Council's full minimum revenue provision / loans fund repayments statement is shown in Appendix 1 of the Treasury Management Strategy Statement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase by £14.297m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
General Fund services	6.311	6.024	13.542	22.620	32.524
Council housing (HRA)	43.166	42.189	43.854	46.166	45.985
Capital investments	0.750	1.610	6.724	6.724	6.724
TOTAL CFR	50.227	49.823	64.120	75.510	85.233

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council currently has £41.027m borrowing (inc Finance leases) at an average interest rate of c2% and £34m treasury investments at an average rate of 0.9%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, and leases are shown below, compared with the capital financing requirement (see above).

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Debt (incl. leases)	42.822	41.027	54.738	65.489	73.605
Capital Financing Requirement	50.227	49.823	64.120	75.510	85.233

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing/lease	59.0	77.0	89.0	98.0
Operational boundary – borrowing/lease	54.0	68.0	80.0	89.0

- Further details on borrowing are in pages 6 to 7 of the Treasury Management Strategy.

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury management investments in £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Near-term investments	21.0	18.5	20.0	20.0	20.0
Longer-term investments	5.0	5.0	5.0	5.0	5.0
TOTAL	26.0	23.5	25.0	25.0	25.0

- Further details on treasury investments are in the treasury management strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Deputy Chief Executive (S151) and staff, who must act in line with the treasury management strategy approved by Full Council annually. Reports on treasury management activity are presented to Cabinet three times per year.

Investments for Economic Development Purposes

The Council makes investments to assist local public services, including making loans to other public sector bodies and the Council's subsidiary to promote economic development and provide an income stream. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a profit after all costs, after conducting all appropriate due diligence.

Governance: Decisions on investments of this type are made by the relevant service manager in consultation with the Deputy Chief Executive (S151) and must meet the criteria and limits laid down in the Treasury Management Strategy Statement (TMSS). Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Commercial Activities

With Central Government financial support for local public services declining, the Council invests in Commercial Property for financial gain and for Economic Development purposes. It lends to its subsidiary 3 Rivers Ltd to develop land and commercial income generating projects. We charge interest on loans to 3 Rivers at a commercial rate.

With economic development being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include the timing of debt repayments; development market values; development costs and profitability of the subsidiary. These risks are managed by due diligence of business cases. Although there is no cap to the level of lending between the Authority and the subsidiary, advance approval of the level of lending is required from Cabinet before the start of each financial year, with reference to the company's Annual Report.

Governance: Decisions on commercial investments are made by the Deputy Chief Executive (S151) in conjunction with the Leadership Team members, in line with the criteria and limits approved by Council in the Treasury Management Strategy Statement. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved alongside the capital programme.

The Council also has commercial activities in retail properties, which expose it to normal commercial risks. The over-arching ethos behind these activities is economic regeneration and retention of premises within the town centre rather than the income stream.

Asset Management

In order to ensure we are allocating our resources in the most effective way, we maintain an Asset Management Plan. The Asset Management Plan (AMP) sets out the Council's approach to the Strategic Management of its land and building assets. It has been developed in consultation with the Senior Officers and members of the Council that form the Capital Strategy Asset Management Group (CSAG). The AMP seeks to ensure that assets are used in the most effective and efficient way to support the delivery of the Corporate Plan. The AMP can be found here. <https://www.middevon.gov.uk/media/343202/20160707amp-2016-2020-cabinet-2.pdf>

The AMP enables us to consider the best use of our assets by identifying those that require investment in planned maintenance; those that we should consider disposal of; those that could generate additional income from leasing out etc. These considerations will then inform our capital programme and funding decisions.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £0.361m of capital receipts in the coming financial year as follows:

Table 8: Capital receipts in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Asset sales	3.491	1.876	0.361	0.361	0.361
Loans repaid	0	0	0	0	0
TOTAL	3.491	1.876	0.361	0.361	0.361

- Further details of planned asset disposals are in the attached capital programme.

Liabilities

In addition to debt of £41.027m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £60.009m 2017/18).

Governance: The risk of liabilities crystallising and requiring payment is monitored by Finance and Legal. Any new material liabilities would be reported to Full Council for approval/notification as appropriate.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

General Fund	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£m)	0.153	0.075	0.157	0.661	1.014
Proportion of net revenue stream	2%	0.85%	1.76%	7.15%	10.67%

- Further details on the revenue implications of capital expenditure are found in the attached Revenue Budget report.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Deputy Chief Executive (S151) is satisfied that the proposed capital programme is prudent, affordable and sustainable because the Council has adequate means of financing and repaying any required borrowing.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Deputy Chief Executive (S151) is a qualified accountant with 15 years' of experience and the Group Manager for Corporate Property and Commercial Assets is experienced across the full range of Property responsibilities. The Council employs eight finance staff who hold one or more of the following qualifications CIPFA, CIMA, ACCA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Asset Services as treasury management advisers and Ichabod Industries as technical advisers on accountancy matters. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

CABINET

7 FEBRUARY 2019

POLICY FRAMEWORK

Cabinet Member Cllr C J Eginton - Leader
Responsible Officer Stephen Walford - Chief Executive

Reason for Report: To endorse the policy framework.

RECOMMENDATION(S): To recommend to Council that the Policy Framework be adopted.

Financial Implications: None arising from this report.

Legal Implications: The report is required by the constitution

Risk Assessment: Not updating the strategic policies of the Council would result in policies not being aligned to corporate objectives and an inefficient use of resources.

Equality Impact Assessment: There are no concerns with regard to equalities impact relating to the content of this report.

Relationship to Corporate Plan: An efficient and effective policy framework helps provide the infrastructure to deliver the corporate plan

1.0 Introduction

- 1.1 The Policy Framework consists of both statutory documents that have to be adopted or approved by the Council as well as locally determined policies and strategies that form an integral part of the decision making process and their subsequent implementation.
- 1.2 A list of Strategies and Policies covered by the Framework is attached at Annex 1.
- 1.3 It is recommended that these Strategies and Policies be formally approved as the Council's Policy Framework in accordance with the Constitution so far as they still apply and are relevant.
- 1.4 As new policies are approved by Council they will automatically be added to the Policy Framework.

2.0 Way Forward

- 2.1 Under the Budget and Policy Framework Procedure Rules, the Cabinet will be responsible for the implementation of the Budget and Policy Framework.
- 2.2 The purpose of this report therefore is to inform the Cabinet of their role in the implementation of the budget and policy framework highlighting to the

Scrutiny Committee, Audit Committee and Policy Development Groups its work for the coming year.

- 2.3 The table therefore covers all strategic rather than operational policies and highlights those which are for Cabinet only approval and those which require full Council approval.

Contact for more Information:

Stephen Walford – Chief Executive

Sally Gabriel - Member Services Manager sgabriel@middevon.gov.uk 01884 234229

Circulation of the Report: Councillor C J Eginton and Leadership Team

Community Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Air Quality Action Plan	Director of Operations	Nov-17	Community PDG	Nov-21	Cabinet	4 yearly
Community Engagement <u>Strategy</u> (including Action Plan)	Director of Corporate Affairs & Business Transformation	Nov-18	Community PDG	Nov-20	Cabinet	2 yearly
Community Safety Partnership Plan	Director of Operations	Nov-18	Community PDG	Nov-20	Council	2 yearly
Corporate Anti Social Behaviour Policy	Director of Operations	Jan-18	Community PDG	Jan-21	Cabinet	3 yearly
Corporate Health & Safety Policy	Director of Corporate Affairs and Business Transformation	Mar-18	Community PDG	Mar-19	Cabinet	Annually
Customer Care Policy	Director of Corporate Affairs & Business Transformation	Sep-18	Community PDG	Oct-21	Cabinet	3 yearly
Grant payments to external organisations (the strategic grants review process)	Group Manager for Growth, Economy & Delivery	Oct-16	Community PDG	Mar-20	Cabinet	4 yearly
Public Health Enforcement Policy	Director of Operations	Aug-16	Community PDG	Jan-19	Cabinet	2 yearly
Regulation of Investigatory Powers	Director of Corporate Affairs and Business Transformation	Mar-18	Community PDG	Mar-19	Cabinet	Annually
Safeguarding Children & Adults at Risk Policy and Procedures	Director of Corporate Affairs and Business Transformation	Aug-17	Community PDG	Jun-20	Cabinet	3 yearly
Single Equalities Policy and Equality Objective	Director of Corporate Affairs and Business Transformation	Jul-18	Community PDG	Jul-19	Cabinet	Annually
Town and Parish Charter	Director of Corporate Affairs and Business Transformation	Jan-18	Community PDG	Jan-21	Cabinet	3 yearly

Environment Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Bereavement Services Fees and Charges	Deputy Chief Executive (S151)	May-18	Environment PDG	Mar-19	Cabinet	Annually
Climate Strategy and Action Plan	Director of Operations	Mar-16	Environment PDG	Mar-20	Cabinet	4 yearly
Contaminated Land Cost Recovery Policy	Director of Operations	Mar-15	Environment PDG	Mar-20	Cabinet	5 yearly
High Hedges Policy	Director of Operations	Aug-16	Environment PDG	Aug-23	Cabinet	7 yearly
Litter and Dog Bin Policy	Director of Operations	Jun-17	Enviornment PDG	Mar-20	Cabinet	3 yearly
National Assistance Burial Procedure	Deputy Chief Executive (S151)	Jun-16	Environment PDG	Jun-19	Cabinet	3 yearly
Open Space and Play Area Strategy (2013 - 2033)	Director of Operations	Jan-15	Environment PDG	Jan-33	Cabinet	18 yearly
Parks and Open Spaces 10 Year Management Plan and Design Principles	Director of Operations	Nov-17	Environemnt PDG	Nov-27	Cabinet	10 yearly
Play Area Safety Inspection Policy	Deputy Chief Executive (S151)	Mar-16	Environment PDG	Mar-19	Cabinet	3 yearly
Street Scene Enforcement Policy	Director of Operations	Mar-17	Environment PDG	Mar-20	COUNCIL	3 yearly
Tree Policy	Deputy Chief Executive (S151)	Apr-17	Environment PDG	May-21	Cabinet	5 yearly

Economy - Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Destination Management Plan for Mid Devon	Chief Executive and Director of Growth	Mar-18	Economy PDG	Mar-23	Economy PDG - Cabinet	Every 5 years
Economic Strategy	Chief Executive and Director of Growth	Work in progress - expected completion - end of 2018				
Joint Exeter and the Heart of Devon (EHOD) Economic Development Strategy (review progress against action plan only, Strategy to be reviewed by the Cabinet)	Chief Executive and Director of Growth	Mar-18	Economy PDG	Mar-19	Economy PDG - Cabinet	Annually
Market Environmental Strategy 2017-2022	Chief Executive and Director of Growth	Feb-18	Economy PDG	Feb-22	Economy PDG - Cabinet	Every 5 years
Market Schedule of Tolls	Chief Executive and Director of Growth	Mar-18	Economy PDG	Mar-19	Economy PDG - Cabinet	Annually
Strategy for Tiverton 2017/27	Chief Executive and Director of Growth	Feb-17	Economy PDG	Feb-27	Economy PDG - Cabinet	Every 10 years

Homes Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Aids and Adaptations Policy	Director of Operations	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Allocations Policy and Procedures	Director of Operations	March 2016	Homes PDG	Mar-19	Cabinet	3 yearly
Asbestos Policy, Corporate	Director of Operations	Oct-15	Homes PDG	Jan-19	Cabinet	3 yearly
ASB Policy and Procedures	Director of Operations	Jul-15	Homes PDG	Mar-19	Cabinet	3 yearly
Car Parking Management Policy (housing amenity, residential and permit holder car parks).	Director of Operations	Jan-16	Homes PDG	Jan-20	Cabinet	4 yearly
Community Housing Fund Grant Policy	Director of Operations	May-18	Homes PDG	May-22	Cabinet	4 yearly
Compensation Policy	Director of Operations	Sep-17	Homes PDG	Sep-19	Cabinet	2 yearly
Decant Policy	Director of Operations	Jan-17	Homes PDG	Jan-21	Cabinet	4 yearly
Domestic Abuse Policy	Director of Operations	Jul-15	Homes PDG	Jun-19	Cabinet	4 yearly
Fire Risk in Communal Areas Policy	Director of Operations	Jul-17	Homes PDG	Jul-21	Cabinet	4 yearly
Garage Management Policy	Director of Operations	Jan-16	Homes PDG	Jan-20	Cabinet	4 yearly
Gas Safety Policy	Director of Operations	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Harrassment Policy	Director of Operations	Jul-15	Homes PDG	Jun-19	Cabinet	4 yearly
Hoarding Policy	Director of Operations	Jul-15	Homes PDG	Jun-19	Cabinet	4 yearly
Homelessness Strategy	Director of Operations	Mar-14	Homes PDG	Mar-19	Cabinet	5 yearly
Housing Assistance Policy, Devon wide (previously known as the Private Sector Renewal Policy)	Director of Operations	Jan-18	Homes PDG	Jan-19	Cabinet	Annually
Housing Enabling - SPD (S106 - Housing Need Allocation - Exception Sites)	Director of Operations	May-17	Homes PDG	May-20	Cabinet	3 yearly
Housing Revenue Account Asset Management Strategy	Director of Operations	May-14	Homes PDG	May-19	Cabinet	5 Yearly
Housing Strategy	Director of Operations	Jan-16	Homes PDG	Jan-21	Cabinet	5 yearly
Improvements to Council Property Policy	Director of Operations	Dec-15	Homes PDG	Dec-19	Cabinet	4 yearly
Income Management Policy	Director of Operations	Aug-15	Homes PDG	Aug-19	Cabinet	4 yearly
Introductory Tenancies Policy	Director of Operations	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Leasehold Management policy	Director of Operations	Dec-15	Homes PDG	Dec-19	Cabinet	4 yearly
Neighbourhood Management Policy	Director of Operations	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Pets and Animals policy	Director of Operations	Jul-15	Homes PDG	Jun-19	Cabinet	4 yearly
Recharge Policy	Director of Operations	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Service Standards Review	Director of Operations	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Severe Weather Emergency Protocol and Extended Winter Provision Protocol	Director of Operations	Jan-18	Homes PDG	Sep-20	Cabinet	2 yearly
Supply and Demand Policy	Director of Operations	Dec-15	Homes PDG	Dec-18	Cabinet	3 yearly
Telecare Policy	Director of Operations	Mar-17	Homes PDG	Mar-21	Cabinet	4 yearly
Tenancy Policy	Director of Operations	Aug-15	Homes PDG	Aug-19	Cabinet	4 yearly
Tenancy Changes Policy (formerly known as the 'Succession and Assignment Policy')	Director of Operations	Jun-16	Homes PDG	May-20	Cabinet	4 yearly
Tenancy Agreement	Director of Operations	Jul-16	Homes PDG	Jul-21	Cabinet	5 yearly

Tenancy Inspection Policy	Director of Operations	Jul-16	Homes PDG	Jul-20	Cabinet	4 yearly
Tenant Involvement Policy	Director of Operations	May-18	Homes PDG	May-22	Cabinet	4 yearly
Tenant Involvement Strategy	Director of Operations	May-18	Homes PDG	May-22	Cabinet	4 yearly
Tenancy Strategy (Formerly known as the Strategic Tenancy Policy) - <i>Awaiting Government Regulations on Tenancy Policies</i>	Director of Operations	Nov-12	Homes PDG	Mar-19	Cabinet	4 yearly
Void Management Policy	Director of Operations	Jul-16	Homes PDG	Jan-19	Cabinet	2 yearly
Vulnerability Policy	Director of Operations	Mar-17	Homes PDG	Mar-21	Cabinet	4 yearly

Licensing Committee						
Policy	Responsible Officer	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Hackney Carriage and Private Hire Policy and Conditions	Director of Operations	Nov-18	Regulatory Committee	Nov-21	Regulatory Committee	3 Yearly
Licensing Policy	Director of Operations	Nov-18	Licensing Committee	Oct-23	Council	5 yearly
Statement of Principles for Gambling Act 2005	Director of Operations	Oct-18	Licensing Committee	Oct-21	Council	3 Yearly

Audit Committee						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Annual Governance Statement and Governance Framework	Director of Corporate Affairs and Business Transformation	Jul-18	Audit Committee	Jul-19	Audit Committee	Annually
Anti-fraud and Corruption and Anti-Money Laundering Policies	Director of Corporate Affairs and Business Transformation	Nov-18	Audit Committee	Dec-22	Audit Committee	4 yearly
Debt Collection Policy	Deputy Chief Executive (S151)	Mar-18	Audit Committee	Mar-21	Cabinet	3 yearly
Data Quality Policy	Director of Corporate Affairs and Business Transformation	Nov-18	Audit Committee	Dec-22	Audit Committee	4 yearly
Financial and Contract Procedure Rules	Deputy Chief Executive (S151)	Oct-16	Audit Committee	Sep-19	Audit Committee - Full Council	3 yearly
Four year Strategic Audit Plan and Work Programme	Director of Corporate Affairs and Business Transformation	Mar-18	Audit Committee	Mar-19	Audit Committee	Annually
Internal Audit Charter	Director of Corporate Affairs and Business Transformation	Jan-18	Audit Committee	Jan-21	Audit Committee	3 yearly
Internal Audit Strategy	Director of Corporate Affairs and Business Transformation	Jan-18	Audit Committee	Jan-21	Audit Committee	When legislation changes
Risk and Opportunity Management Strategy	Director of Corporate Affairs and Business Transformation	Mar-18	Audit Committee	Mar-19	Audit Committee	Annually
Whistleblowing Policy	Director of Corporate Affairs and Business Transformation	Mar-17	Audit Committee	Mar-21	Audit Committee	4 yearly

Cabinet						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Statement of Community Involvement	Head of Planning, Economy and Regeneration	Aug-12	PPAG	Feb-19	Cabinet - Council	5+ years
Area of Special Control for advertisements	Head of Planning, Economy and Regeneration	Dec-11	PPAG	Mar-19	Cabinet - Council	5 years
Asset Management and Capital Strategy Plan 2016-2020	Deputy Chief Executive (S151)	Jul-16	Cabinet	Jul-20	Cabinet	4 years
Capital Strategy & Asset Management Plan 2016 - 2020	Deputy Chief Executive (S151)	Jul-16	Cabinet	Jul-20	Cabinet	4 yearly
Channel Access Strategy 2014-2017	Director of Corporate Affairs and Business Transformation	Sep-18	Cabinet	Oct-21	Cabinet	3 years
Community Infrastructure Levy	Head of Planning, Economy and Regeneration	Dec-16	PPAG	As and when required as part of the Local Plan	Cabinet - Council	As and when required as part of the Local Plan
Complaints and Feedback policy	Director of Corporate Affairs and Business Transformation	Oct-18	Cabinet	Sep-21	Cabinet	3 years
Corporate Debt Recovery Policy	Deputy Chief Executive (S151)	Feb-18	Audit Committee - Cabinet	Feb-21	Cabinet	3 years
Corporate Plan (2016 - 2020)	Director of Corporate Affairs and Business Transformation	Mar-16	Cabinet	Mar-20	Cabinet - Council	4 yearly
Council Tax Reduction Scheme	Deputy Chief Executive (S151)	Dec-16	Cabinet	Dec-19	Council	When required
Data Protection Policy	Director of Corporate Affairs and Business Transformation	Jun-18	Cabinet	Jun-19	Cabinet	Annually for the first year (2019) and then 3 yearly after that.
Discretionary Rate Relief Scheme	Deputy Chief Executive (S151)	Sep-17	Cabinet	Feb-19 as part of the NNDR	Cabinet	Annually
Email Policy	Director of Corporate Affairs and Business Transformation	Dec-15	Cabinet Member for the Working Environment and Head of ICT	Mar-19	Cabinet Member for the Working Environment	3 Yearly
The Establishment	Director of Corporate Affairs and Business Transformation	Feb-18	Cabinet	Feb-19	Cabinet	Annually

Freedom of Information Policy	Director of Corporate Affairs and Business Transformation	Jul-18	Cabinet or Cabinet Member	Jul-19	Cabinet	Annually for the first year (2019) and then 3 yearly after that.
ICT Strategy	Director of Corporate Affairs and Business Transformation	Oct-11	Cabinet	Feb-19	Cabinet	5 yearly
Internet Policy	Director of Corporate Affairs and Business Transformation	Dec-15	Cabinet Member for the Working Environment and Head of ICT	Dec-18	Cabinet Member for the Working Environment	3 Yearly
Joint Exeter and Heart of Devon (EHOD) Economic Development Strategy	Chief Executive and Director of Growth	Jan-17	Cabinet	Jan-20	Cabinet	3 Yearly
Leisure Pricing Policy	Director of Operations and Director of Finance, Assets and Resources	Feb-18	Individual Decision by the Cabinet Member for Community Well Being	Feb-19	Cabinet	Annually
Local Development Scheme	Head of Planning, Economy and Regeneration	May-18	PPAG	As and when required as part of the Local Plan or GESP	Cabinet	As and when required as part of the Local Plan or GESP
Local Enforcement Plan (replaces Development Control Enforcement Policy)	Head of Planning, Economy and Regeneration	Jan-18	PPAG	Jan-21	Cabinet - Council	3 yearly
Media and Social Media Policy	Director of Corporate Affairs and Business Transformation	Jun-15	Cabinet	May-19	Cabinet	4 yearly
Medium Term Financial Strategy	Deputy Chief Executive (S151)	Oct-18	Cabinet	Oct-19	Cabinet	Annually
Pay Policy	Director of Corporate Affairs and Business Transformation	Mar-18	Cabinet	Mar-19	Cabinet - Council	Annually
Records Management Policy	Director of Corporate Affairs and Business Transformation	Jun-18	Cabinet	Jun-22	Cabinet	4 yearly
Treasury Management Strategy and Annual Investment Strategy	Deputy Chief Executive (S151)	Mar-18	Cabinet	Mar-19	Cabinet	Annually
Information Security and Information Security Incident Policies	Director of Corporate Affairs and Business Transformation	Oct-18	Cabinet	Oct-21	Cabinet	3 yearly

CABINET

7 February 2019

The Establishment

Cabinet Member: Cllr. Margaret Squires

Responsible Officer(s): Jane Cottrell, Group Manager for Human Resources

Reason for Report: To inform Members of the overall structure of the Council showing the management and deployment of officers. This report should be read in conjunction with the functions of individual officers highlighted in the Constitution.

RECOMMENDATION: The Cabinet is asked to recommend to Council the Establishment.

Relationship to Corporate Plan: This report highlights the Establishment figures and, as such, supports our aim to reduce costs without affecting service quality and continuity.

Financial Implications: Financial risk will only occur where the structure of a service changes without adherence to allocated budgets.

Legal Implications: In accordance with Article 14 of the Constitution.

Risk Assessment: If changes to the method of providing service delivery are not implemented the Council will find it more difficult to achieve the required budget cuts and quality and continuity may be affected.

Equalities: No equality issues identified for this report.

1.0 Introduction

- 1.1 Under Article 14 of the Mid Devon District Council Constitution, the Chief Executive is required to report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required and the organisation of officers. Structure Charts

2.0 Structure of the Council

- 2.1 A significant amount of positive change has been undertaken over the past 12 months and this continues to deliver a more effective and efficient service. It is clear, however, that more needs to be done and changes to the structure of the Council will be ongoing. This is being done in a way that minimises staff redundancies and provides additional challenge to allow them to grow in more demanding roles. As the structure continues to evolve we need to be more efficient and the consultation process with the Unions will need to be quicker.

3.0 Resources

- 3.1 The total number of Full Time Equivalents (FTE) varies throughout the year. It is the responsibility of the Council's management to ensure that we do not overspend on the allocated budget unless that revenue expenditure has been authorised. Some services have much more movement of staff than others.
- 3.2 The FTE as at 1 December 2018 was 419.92 (including 15 Apprentices) compared to 406.76 (including 11 Apprentices) as at 1 December 2017.

Directorate	FTE 2018	FTE 2017
Chief Executive	4.86	6.00
Corporate Affairs	62.01	58.58
Finance & Assets	49.87	48.45
Operations	259.81	248.73
Planning	43.38	45.00
Total	419.92	406.76

- 3.3 During the monitoring period the implementation of change, as a result of service restructures, can impact on the distribution of staff which subsequently impact on the FTE figures for each directorate

Chief Executive: End of Apprenticeship
Corporate Affairs: New Communications roles and new apprentices
Finance & Assets: New Apprentice
Operations: Additional posts identified during restructure of Health and Street Scene Services, *including a move to reduce agency staff by increasing FTE's in waste.*

4.0 Sickness Absence.

- 4.1 Sickness absence continues to be managed and support is provided to assist employees on long term sickness back to work. The current data below indicates an increase 0.3 days lost per employee during the monitoring period compared to last year.

Monitoring Period	Days Lost	Long Term Absence (15+ days)	Short Term Absence (less than 15 days)
1 Dec 2017 – 30 Nov 2018	3635 (average 8.6 per employee)	1884 (average 4.4 per employee)	1750 (average 4.1 per employee)
1 Dec 2016- 30 Nov 2017	3385 (average 8.3 per employee)	1539 (average 3.8 per employee)	1846 (average 4.5 per employee)

Whilst the pressures of work are rising, the Council continues to provide support for staff suffering from stress by offering stress awareness sessions for both managers and individuals, free confidential counselling is also offered. Any member of staff who shows signs of stress is given support via Occupational Health, review of workload and if necessary a different working pattern.

- 4.2 Out of an average headcount of 495 members of staff, 273 had no recorded sickness absence during the 12 month monitoring period which equates to 55% of the workforce.
- 4.3 The table below provides a breakdown of both Long and Short Term absence by reason with two highest highlighted in red during the period 1 December 2017 to 30 November 2018.

Reason	Long Term days	Short Term days	Total Days Lost
Back & Neck	124	92	217
Chest & Respiratory	53	173	226
Eye, ear, nose & mouth	19	181	200
Genitourinary/gynaecological	99	36	135
Heart, Blood Pressure	108	42	150
Infection	203	397	600
Musculo-skeletal	485	202	687
Neurological	40	56	96
Pregnancy related	0	33	33
Stomach, liver, Kidney	226	300	526
Stress, mental health	388	110	498
Industrial Injury	0	21	21
Other	139	107	246
Total	1884	1750	3635
Days Lost per employee (total days/FTE)	4.4	4.1	8.6

5.0 Turnover

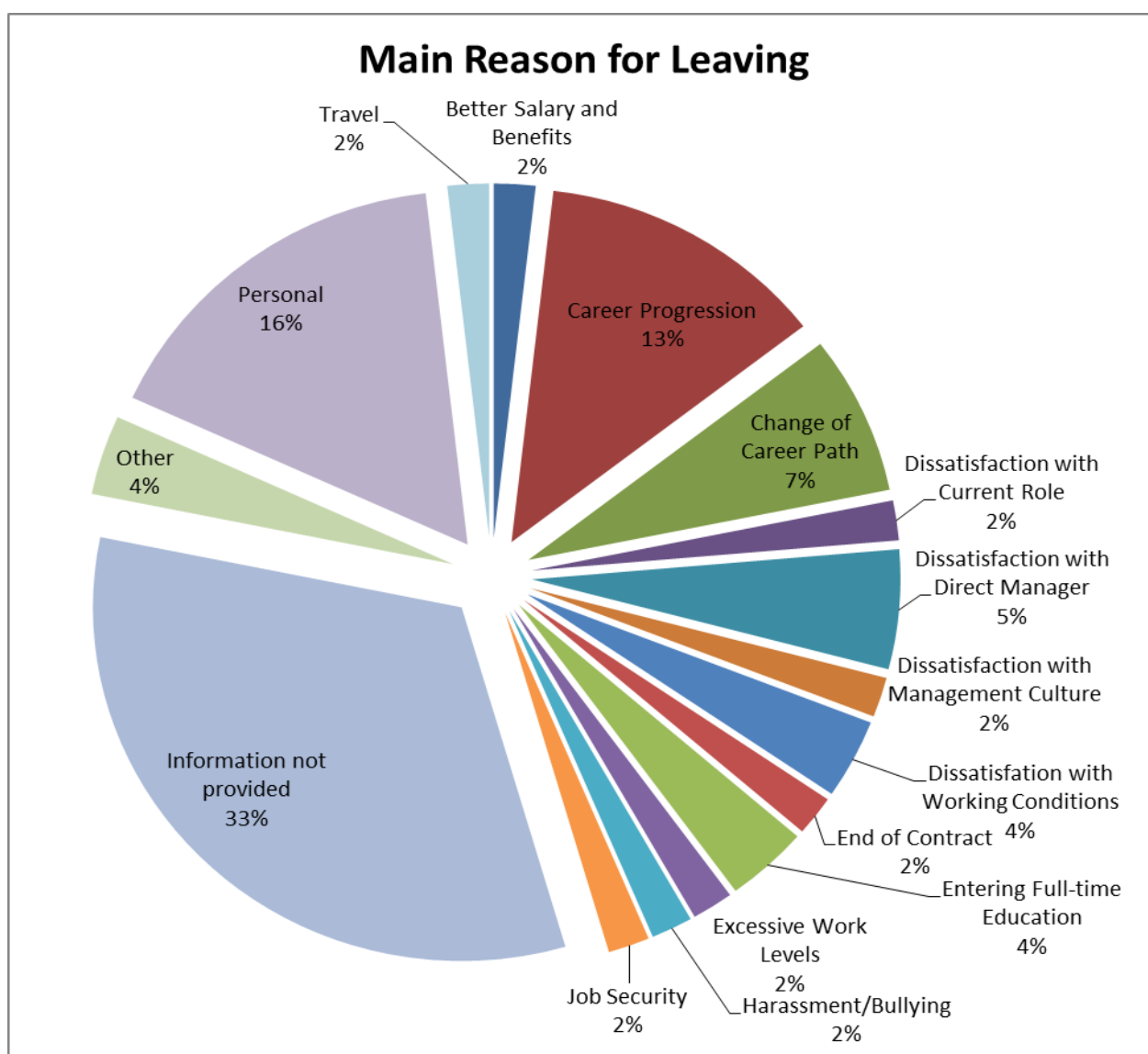
- 5.1 The annual turnover rate to December 2018 is 11.73%. During the 12 month monitoring period 74 employees left the council; 54 were resignations, 11 were retirements, 5 dismissals and 4 end of fixed term contract.

6.0 Leavers

- 6.1 As an aid to improving recruitment and retention strategies Mid Devon use Exit Interviews to help obtain information about why an employee is leaving the authority. It is not anticipated that Exit Interviews will be conducted in

relation to dismissal, retirement or for a casual leaver. There will be a list of reasons on the questionnaire for the employee to choose from, more than one reason can be selected but the employee is required to identify the main reason for leaving.

- 6.2 The chart below provides a breakdown of these main reasons by percentage of the 48 resignations received together with where information was not provided via this process. A copy of the completed form is forwarded to Human Resources and any highlighted concerns are subsequently raised with the manager.



7.0 Looking Forward

- 7.1 Leadership Team will scrutinise all vacancies that arise and attempt to meet the work requirements by alternatives to normal recruitment such as flexible working, joint appointments with other councils, or use of part time or fixed term posts. Once this process has been exhausted consideration will be given to external recruitment.
- 7.2 The Chief Executive, in conjunction with the Leadership Team, will continue to reorganise the workforce to best reflect the needs and priorities of the Council as and when the opportunity arises.
- 7.3 Support will be provided to staff as we continue to train and develop staff and encourage a more flexible approach to working, enabling employees to develop and take on more challenging roles in the future.
- 7.4 The Council's workforce will continue to become more complex in terms of full time/part time/job sharing/flexible working etc. as well as in terms of increased use of working from home and use of more flexible job descriptions.

8.0 Training

- 8.1 In order to encourage staff to work more flexibly and take on different roles and responsibilities we need to provide or enable them with the necessary skills to achieve this. It is important that everyone is aware that change, innovation or adaptation is needed to deliver the Council's objectives.

9.0 Use of Consultants

- 9.1 Consultants are only used where there is a need to deliver a specific project or piece of work for which expertise is required which is not available within the Council's existing resource. These areas include pure professional advice, for example barristers' advice, engineering calculations and landscaping advice.

Contact for more information: Jane Cottrell, Group Manager for Human Resources – 01884 234919 / jcottrell@middevon.gov.uk

Circulation of the Report: Cllr M Squires; Leadership Team

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PAY POLICY REPORT

Cabinet Member Cllr Clive Eginton
Responsible Officer Jane Cottrell, Group Manager for Human Resources

Reason for Report: To comply with the legislative requirements of the Localism Act 2011 relating to senior pay in particular the role of the Chief Executive, Directors and other senior officers. The Localism Act 2011 requires an annually published Pay Policy which has been adopted by full Council.

RECOMMENDATION(S): That the Council agree to adopt the Pay Policy 2019.

Relationship to Corporate Plan: To have a robust Pay Policy which ensures good use of public money in respect of the salaries of the most senior employees of the Council that is both transparent and visible. To ensure the Council is able to recruit and retain staff of a sufficiently high calibre who are able to deliver the objectives of the Corporate Plan.

Financial Implications: None arising from this report which aims to ensure that the Council pays enough to recruit and retain senior staff, but avoids excessive pay levels.

Legal Implications: None directly arising from this report.

Risk Assessment: The risk to the Council of not complying with the legislative requirement is mitigated by this report and having a robust performance management system.

Equalities: No equality issues identified for this report.

1.0 Introduction

- 1.1 Local authorities must publish a pay policy statement for each financial year. A relevant authority's pay policy statement must be approved by resolution of that authority before it comes into force.

2.0 Current Performance Management Arrangements

- 2.1 At the present time, the Chief Executive is appraised on an annual basis by a group of Members as set out in the Constitution. The Leader consults Cabinet colleagues and the other two main party leaders on the objectives to be set and these are agreed with the Chief Executive.
- 2.2 Cabinet and Leadership Team meet on a monthly basis to monitor progress within each service area. Cabinet members can raise issues with the Chief Executive and Directors on performance in any area of the Council.

Contact for more Information: Jane Cottrell, Group Manager for Human Resources – 01884 234919/ jcottrell@midddevon.gov.uk

Circulation of the Report: Cllr Clive Eginton, Leadership Team, Cabinet, All Members of the Council

Human Resources Policy

Version Control Sheet

Title: Pay Policy 2019

Reference No: HRI

Purpose: The Localism Bill requires that all local authorities publish a Pay Policy on an annual basis. The Policy should be agreed by a meeting of Council and be published on the Council's website.

The purpose of having a Pay Policy is so that the pay and related rewards structure of the Council is transparent.

Owner: Group Manager for Human Resources
jcottrell@middevon.gov.uk

Date: Feb 2019

Version Number: 3

Status: Final

Review Frequency: Every year

Next review date: February 2019 to be published by March 2019

Pay Policy

1. INTRODUCTION

Local authorities must publish a pay policy statement for each financial year. This must be approved by a Council resolution before 31 March each year. The Act specifies a number of elements that must be covered by the statement including: the level and elements of remuneration for each chief officer, remuneration of chief officers on recruitment, increases and additions to remuneration for each chief officer, the use of performance-related pay for chief officers, the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and the publication of and access to information relating to remuneration of chief officers.

The specific part of the Localism Act 2011 relating to a pay policy is Section 38 (1). Pay is an emotive issue for staff, Councillors and also for the public at large. Transparency in what and how we pay our senior staff particularly, but also all council employees is of paramount importance.

A pay policy statement will be updated and taken to full Council each year in March in this way a clear view of the salaries and benefits paid to the most senior staff at the Council can be tracked.

2. REFERENCES

Equal Pay Act
Equality Act 2010
Localism Act 2011

3. SCOPE

This policy applies to:-

- Chief Executive Officer including Head of Paid Service responsibilities
- Directors, Heads of Service and certain Group Managers including Monitoring Officer responsibilities and Section 151 Officer responsibilities

4. POLICY

Clarity in the provision of pay and other benefits is essential to ensure that the Council can attract and retain good calibre employees at all levels but particularly so at the most senior level.

In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.

This pay policy statement applies specifically to chief officers (a term which includes both statutory and non-statutory chief officers which for the purposes of this policy are the Directors, Heads of Service, Monitoring Officer and certain Group Managers) and addresses the legal requirement to set out how the policy for agreement of chief officer remuneration differs to that of other Council employees. For the purposes of this statement this includes:

- **Chief Executive Officer (Head of Paid Service)**
- **Deputy Chief Executive (151)**
- **Director of Corporate Affairs & Business Transformation**
- **Director of Operations**
- **Head of Planning and Regeneration**
- **Group Manager for Legal Services & Monitoring Officer**
- **Group Managers**

The definition of chief officers (as set out in section 43(2) of the Localism Act 2011) is not limited to Directors, Heads of Paid Service or statutory chief officers. It also includes those who are their direct reports (who may or might not be statutory chief officers and those who report directly to non-statutory chief officers (deputy chief officers).

The metric used for pay dispersion is the multiple of chief executive to mean earnings. Tracking this multiple will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce. Through this pay policy statement Mid Devon will track this multiple annually. **(This is shown as Officer Remuneration in accounts)**

- the level and elements of remuneration for each chief officer
- the remuneration of the lowest paid employees
- the relationship between the remuneration of its chief officers and other officers
- other specific aspects of chief officer remuneration.

In respect of Officer Remuneration Note in accounts: It should be noted that this information will relate to the previous year as shown in the annual accounts.

- Salary, fees and allowances
- Bonuses
- Expenses allowance
- Compensation for loss of employment
- Employers pension contribution
- Any other emoluments

Pay multiple

This is calculated by comparing all taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of benefits in kind) for the Chief Executive compared to mean earnings and the lowest paid in the organisation.

Specific Policy Areas

The National Joint Negotiating Committee has previously emphasised that 'it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.'

The remuneration package payable to the Chief Executive, Directors and Group Managers is negotiated through the National Joint Council and more specifically each role is subject to job evaluation. The job evaluation that the Council uses is the Green Book Scheme. However, unlike the remainder of the Council's employees for whom the process of evaluation is entirely self-contained within the Council, all job evaluation requests for the Chief Executive, Directors and Group Managers are addressed externally via South West Councils. South West Councils are expert in the field of job evaluation and in particular the Green Book Scheme and also give a transparency and impartiality to the process.

The Leader of the Council may recommend to Full Council changes to the remuneration package following an annual review. Any changes to the remuneration packages will be subject to Full Council approval.

Salary increases in relation to cost of living will be made in line with National Joint Council recommendations.

The cost of living increase does not apply automatically to the Chief Executive and the three Director roles. Any increase given to them will be determined by the Leader of the Council, having sought the views of the Cabinet, and will be based on performance. The annual assessment/pay award for the Chief Executive and Directors has been delayed until the end of June each year, in order to allow for adequate reflection on the previous year's performance. As such any increase will take effect from 1st July annually (salary increases for all other employees continue to take effect from 1st April each year).

The use of market supplements may be applied in certain circumstances but at present are not considered necessary for any senior role.

At present, there are no additional payments made to senior officers which specifically relate to performance such as performance bonuses; neither is there an element of pay which can be enhanced for performance, other than those already mentioned in respect of the Chief Executive and Director roles.

Performance issues will be dealt with through the achievement of agreed objectives and appraisal review process.

Any termination payments to chief officers on ceasing office will comply with Mid Devon District Council's Redundancy Policy and no additional payments will be made without the express approval of Full Council.

Through this policy the pay multiple of the Chief Executive will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual salary paid to the Chief Executive be greater than 10, this will be reported by the Leader of the Council to Full Council for consideration.

Our support for apprenticeships, which may be considered a temporary employment, will not be used to skew the pay multiple metric and we will therefore be using the same pay level measure as before. In order to ensure complete transparency however we have also included the salary of apprentices.

There are no arrangements currently in place for tax and national insurance payments to be paid other than through the normal channels, ie through the normal PAYE route for all officers of the Council.

5. PAYMENT OF RETURNING OFFICER

Additional payments are set and made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and although fixed, do vary according to the type of election for which the payment is made. These payments are not within the scope of this policy.

6. OUTCOMES

In introducing this policy Mid Devon District Council will ensure that the process for setting pay at a senior level is transparent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.

7. PERFORMANCE MONITORING

Annual monitoring of this policy will take place in March. Monitoring of the Chief Executive's performance takes place through an annual appraisal process.

8. POLICY/STRATEGY CONSULTATION

This policy will be agreed with the Council's Leadership Team, Cabinet and Full Council.

9. EQUALITY IMPACT CONSIDERATIONS

The principles of equal pay are integral to this policy. 'Equal work' is defined as:

- Like work where the woman and the man are doing the same job or
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme (JES) at the same level/grade or
- Work of equal value where the jobs are again different but an argument is made that both jobs should be regarded as being of equal value or worth.

10. RESPONSIBILITIES

The Group Manager for Human Resources will be responsible for this policy and for updating information on an annual basis.

11. RECORDS

Documents and records generated as a result of the application of this policy will be held electronically and retained as legally required.

All records will be maintained and processed in compliance with the Data Protection Act.

12. DOCUMENT HISTORY

Date	Version	Update
10/02/2017	1	Pay Policy
05/04/2018	2	Pay Policy
07/02/2019	3	Pay Policy

1. The level of remuneration for all officers earning over £50,000 is shown below:

Post Title	Remuneration	
	2018/19	2017/18
Chief Executive	£109,650	£107,500
Deputy Chief Executive (S151)	£80,000	£74,750
Director of Corporate Affairs and Business Transformation	£76,250	£74,750
Director of Operations	£76,250	£74,750
Head of Service: Planning and Regeneration	Grade 17 £62,605 to £66,436	Grade 17 £61,378 to £65,134
Head of Service: Housing and Property Services (left on 3/9/17)	N/A	Grade 17 £61,378 to £65,134
Head of Service: Customer Services (left on 31/12/17)	N/A	Grade 15 £52,384 to £55,591
Group Manager: Legal Services and Monitoring Officer (new post from 10/4/17)	Grade 15 £53,431 to £56,702	Grade 15 £52,384 to £55,591
Group Manager: Street Scene and Open Spaces (new post from 4/9/17)	Grade 14 £49,363 to £52,384	Grade 14 £48,396 to £51,357
Group Manager: Building Services (new post from 4/9/17)	Grade 14 £49,363 to £52,384	Grade 14 £48,396 to £51,357
Group Manager: Corporate Property and Commercial Assets (new post from 4/9/17)	Grade 14 £49,363 to £52,384	Grade 14 £48,396 to £51,357
Group Manager: Financial Services (new post from 1/2/18)	Grade 14 £49,363 to £52,384	Grade 14 £48,396 to £51,357
Group Manager: Public Health and Regulatory Services (new post from 4/9/17)	Grade 14 £49,363 to £52,384	Grade 13 £44,730 to £47,447

2. The full time remuneration of the lowest paid employee.

Post Title	Remuneration		Other Allowances	
	2018/19	2017/18	2018/19	2017/18
Office Cleaner	£16,398	£15,014	None	None
Apprentice	£7,215	£6,752	None	None

3. The multiplier of the remuneration of the Chief Executive based upon taxable earnings.

Category	Total Remuneration	
	2018/19	2017/18
Pay multiple of Chief Executive to Mean	5.64	5.81
Pay multiple of Chief executive to lowest paid FT employee	6.69 (based on office cleaner)	7.03 (based on office cleaner)
	15.21 (based on apprentice rate)	15.64 (based on apprentice rate)
Annual Mean Pay of all employees (Total Salaries/Number of contracts)	£19,437	£18,493

Officer Remuneration Note in Accounts

Publication of Officers Remuneration

We are required to publish the following information in respect of officer remunerations:

- The number of employees whose remuneration in the year was greater or equal to £50,000, grouped in rising bands of £5,000.
- An analysis by job title of the remuneration and employer's pension contributions in respect of senior employees whose salary is £50,000 or more per year (or by name and job title where the salary is £150,000 per year)

4. Officers' Emoluments

This table includes all statutory and non-statutory posts whose overall remuneration exceeds £50k excluding pension contributions and non-taxable allowances as published in [Mid Devon District Council Statement of Accounts 2018](#)

Remuneration Band	2016/17		2017/18	
	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	0	0	1	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	1	0	1	0
£65,000 - £69,999	1	0	0	0
£70,000 - £74,999	2	0	2	0
£75,000 - £79,999	1	1	2	0
£80,000 - £84,999	0	0	1	1
£85,000 - £89,999	1	1	0	0
£95,000 - £99,999	1	0	0	0
£105,000 - £109,999	0	0	1	0

Note – The above table includes one employee who received a termination payment in 2017/18. This employee is also included in the termination benefits note. In completing the 2017/18 Accounts we have complied with the statutory instrument regarding officer emoluments. The statutory instrument requires the individual naming of any officers with an annual salary of £150,000 or more and the post title of any officers earning £50,000 or more who occupy statutory roles or are responsible for managing the strategic direction of services.

The Council had no officers earning at or in excess of £150,000 in 2017/18.

5 Termination Benefits

2017/18				
Exit Package Cost Band	Number of Compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
				£'000
£0 - £19,999	2	10	12	33
£20,000 - £39,999	0	1	1	33
£40,000 - £59,999	0	0	0	0
£60,000 - £79,999	0	0	0	0
				66
A number of settlement agreements and redundancies associated with service restructures and change during 2017/18 in order to reduce future employee costs to match ongoing expenditure against the well documented cuts in Central Government funding.				

6 Gender Pay Gap

6.1 Pay quartiles by gender

The Mid Devon District Council figures set out below have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

Quartile	Males	Females	Description
1	32%	68%	Includes all employees whose standard hourly rate places them at or below the lower quartile
2	54%	46%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
3	44%	56%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
4	40%	60%	Includes all employees whose standard hourly rate places them above the upper quartile

6.2 Mid Devon District Council's Gender Pay Gap

	Mean Average Hourly Rate	Median Average Hourly Rate
Male	£12.05	£10.71
Female	£11.80	£10.71
HMRC % gap	2.08%	0.00%

The mean gender pay gap for the whole economy (according to the October 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 17.4%; at 2.08% Mid Devon District Council's mean gender pay gap is, therefore, significantly lower than that for the whole economy.

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COUNCIL 27 FEBRUARY 2019

COUNCIL TAX RESOLUTION 2019/20

Cabinet Member: Cllr Peter Hare-Scott
Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Reason for Report: The Council as a billing authority is required to set the Council Tax for 2019/20.

RECOMMENDATION: To approve the formal Council Tax Resolution.

Relationship to Corporate Plan: The 2019/20 budget shows the costs of delivering the key priorities of the Council's Corporate Plan.

Financial Implications: This report sets out the Council's Council Tax Requirement for 2019/20 which is derived from its aggregate budget requirement which was finally recommended by Cabinet on the 7 February 2019.

Legal Implications: The Council has a statutory duty to approve a Council Tax Requirement.

Risk Assessment: The Council is required under the Local Government Finance Act 1992 to set a Council Tax.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil.

1.0 Introduction

- 1.1 The introduction of the Localism Act has seen some minor amendments to the legislative process of approving a Council Tax Requirement and has also removed the formal capping rules. These capping rules have now been replaced by a range of maximum percentage increases based upon the relevant precepting body, which if exceeded, would result in the need for a local referendum (this limit was provisionally confirmed as part of the overall grant settlement announcement made in late December 2018), the additional flexibility this gives has been increased to a maximum of 3% or a £5 cash increase, whichever is higher, on a Band D bill for District Councils.
- 1.2 In addition to the Council Tax levels permissible for a District Council, Central Government has also increased the referendum limit for County Councils to 3% with the additional flexibility for those with Adult Social Care responsibilities to allow a further increase of 2% (on condition that their use of the additional Adult Social Care precept flexibility does not exceed a total of 6% for 2017-18, 2018-19 and 2019-20. These additional funds have to be ring-fenced for Adult Social Care costs. Fire Authorities also

have the increased 3% referendum limit, whereas Police and Crime Commissioners are able to increase a Band D bill by £24.

- 1.3 Within this Resolution the billing authority has to indicate whether any of the major precepting bodies have exceeded their specified limit (see Appendix A paragraph 6.0).

2.0 2019/20 Council Tax Resolution

- 2.1 Since the meeting of the Cabinet on the 7 February 2019 the precept levels of other precepting bodies have been received. These are detailed below:

Town and Parish Councils

The Town and Parish Councils precepts for 2019/20 are detailed in Appendix A, paragraph 3.1, and total £1,714,992.66. The increase in the average Band D Council Tax for Town and Parish Councils is 10.28% and results in an average Band D Council Tax figure of £59.97 for 2019/20 (£54.38 for 2018/19). These figures are all based on the total precepts received from the Town and Parish Councils. (2018/19 was the final year that the CTR grant was awarded as it has been reduced in line with our RSG grant which has reduced to zero for 2019/20).

Devon County Council

Devon County Council met on the 21 February 2019 and set their precept at £39,585,807 adjusted by a Collection Fund surplus of £376,372. This results in a Band D Council Tax of £1,384.29, a 3.99% increase on the previous year. This precept includes additional 1% Adult Social Care premium (introduced by Central Government in 2017/18, 6% max over 3 years).

Devon & Cornwall Police & Crime Commissioner

Devon & Cornwall Police & Crime Commissioner met on the 8 February 2019 and set their precept at £6,070,459 adjusted by a Collection Fund surplus of £53,233. This results in a Band D Council Tax of £212.28, being a 12.75% increase on the previous year.

Devon and Somerset Fire & Rescue Authority

Devon and Somerset Fire & Rescue Authority met on the 19 February 2019 and set their precept at £2,474,167 adjusted by a Collection Fund surplus of £23,752. This results in a Band D Council Tax of £86.52, being a 2.99% increase on the previous year.

- 2.2 The recommendations of the Cabinet are set out in the formal Council Tax Resolution in Appendix A. If the formal Council Tax Resolution at Appendix A is approved, the total Band D Council Tax will be as follows:

Table 1 – Council Tax Levies in Mid Devon

Council Tax Levies	2018/19 £	2019/20 £	Variation % (1)
Mid Devon District Council	197.91	203.84	3.00
Parish & Town Councils (Average)	54.38	59.97	10.28
Sub Total	252.29	263.81	
Devon County Council	1,331.19	1,384.29	(includes 1% for ASC) 3.99
Devon & Cornwall Police & Crime Commissioner	188.28	212.28	12.75
Devon & Somerset Fire & Rescue Authority	84.01	86.52	2.99
TOTAL	1,855.77	1,946.90	

(1) Note - rounded to 2 decimal places. MDDC increase is 2.996%

3.0 2019/20 General Fund Budget

- 3.1 On the 7 February 2019 the Cabinet considered the budget for the financial year 2019/20 which included our final settlement for Formula Grant as confirmed by the Secretary of State. This meeting recommended a balanced General Fund budget and a 2.996% increase in Council Tax (as detailed in table 1 in para 2.2 above).
- 3.2 Precepts from the Town and Parish Councils within Mid Devon have now all been received and their total is confirmed as £1,714,992.66 (£1,555,699 for 2018/19).
- 3.3 In making decisions in relation to the setting of Council Tax, the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to it on the robustness of the estimates and the adequacy of the financial reserves. This statement is presented in the following sections of this report.

4.0 Section 151 Officer's Report

- 4.1 The Local Government Act 2003 imposes a duty on the Council's Section 151 Officer to comment, as part of the budget setting process, on:
- The robustness of the estimates, and
 - The adequacy of reserves

5.0 Robustness of the estimates

- 5.1 The estimate process adopted by the Council for 2019/20 is concerned with the mitigation of risk when approving the budget.
- 5.2 Construction of the estimates for 2019/20 has taken full account of the following:
- a. Previous years outturn
 - b. Current year revised estimates
 - c. Regular budget monitoring up to and including December 2018
 - d. Inflation levels
 - e. Current income levels
 - f. Changes in legislation
 - g. Service prioritisation linked to the current Corporate Plan
 - h. Feedback from Budget Consultation
 - i. Changes to RSG, NHB and Business Rates.

NB. The possible implications of the 2020/21 Fair Funding Review are not yet known.

- 5.3 Budget monitoring throughout 2018/19 has informed the forward year budget process. In particular regular reviews of income streams and expenditure patterns at variance with profiles of expected activity are identified at the earliest opportunity to Members and officers so that corrective action can be initiated.
- 5.4 The Council has sought to involve all Members throughout the budget setting process. The first round of PDG and Cabinet meetings in October/November took place and an initial budget gap of circa £662k was estimated for 2019/20. This was as a result of a number of factors including inflation; the new National pay scales and; reduction in Revenue Support Grant. This process gave all Members the opportunity to challenge and review all draft budget proposals and also recommend where further savings could be made. Further savings were proposed and following the receipt of the Final Settlement from Central Government and the completion of our Business Rates estimates (NNDR1) the budget gap was reduced to £253k. This is proposed to be closed by a temporary transfer from the New Homes Bonus Reserve.
- 5.5 All budgets were compiled on a prudent basis, bearing in mind the level of risk associated with certain income sources (e.g. car parking, planning, leisure and interest receipts). We also have increased volatility and risk in the Council's overall budget (i.e. the Council Tax Reduction scheme (CTR), the localisation of Business Rates and our commercial rental portfolio). These budgets have been carefully monitored during 2018/19 and this process will continue during 2019/20.
- 5.6 The Finance Team have liaised with all Service Managers, Senior Management and Members during this process and have ensured a robust challenge process of all proposed budgets. Two additional all member budget briefings were arranged and a meeting with the Business Rates Consultative Committee was also held in January.
- 5.7 In all respects the estimates are prepared on the best information available. We review current experience, for example, the estimates of income have been rebased, especially where the income stream is demand led. In a similar way all salary estimates have been

constructed on an individual officer basis because this element of the budget is such a significant expenditure heading.

- 5.8 Finally, in preparing the detailed estimates the Council takes advice from third party organisations concerning a number of discrete areas. In particular Treasury Management decisions are informed with reference to interest rate movements forecast by Capita and similarly external guidance on insurance and pension contributions is also used.
- 5.9 Once the draft budget has been reviewed by the four PDGs and the Cabinet it is then taken to the Scrutiny Committee for further review and challenge, prior to a final Cabinet meeting which has recommended the budget for approval by Full Council on 27 February.
- 5.10 The key component for ensuring the estimates are reviewed and deliver the priorities of the Council is the budget monitoring process. The ability to manage and control spending within the approved budgets during the course of the forward year mitigates the Council's level of financial risk.

6.0 Adequacy of Reserves

- 6.1 Reserves are held for three main purposes:
 - a. A contingency to cushion the impact of unexpected events
 - b. As a cushion against uneven cash flows
 - c. As a means of building up funds to meet known or predicted liabilities (earmarked reserves)
- 6.2 CIPFA makes it clear that the level of reserves for each Council cannot be decided by the application of a formula. Each Council must assess their own reserve levels based on the specific risks and pressures they face.
- 6.3 The General Fund balance brought forward into 2018/19 amounted to £2.241m. The 2018/19 budget monitoring reports are predicting a year end deficit of approximately £65k, giving a forecast General Fund balance of £2.176m.
- 6.4 We received the Final Grant Settlement on 29 January 2019. There remains, however, a great deal of uncertainty over the levels of Government funding with the proposed changes to Business Rates Retention which are still unclear, the removal of RSG and whether this figure actually becomes negative (we would owe money to the Government); the new mechanism for the allocation of New Homes Bonus Grant which is concerning and; the Fair Funding Review which is due to be delivered for 2020/21.
- 6.5 Therefore, it is my strong recommendation that the Council aims to maintain its level of reserves at 25% of our operational spend moving into 2019/20 (e.g. £10.179m * 25% = £2.545m).

7.0 Conclusion

- 7.1 As noted above a great deal of work has been carried out to ensure the robustness of the estimates. Because of this work, combined with the increased awareness by Members and officers of the Council's financial position, and the availability of reserves, it is my considered opinion as Section 151 Officer that the budget for 2019/20 has been set within a robust framework and the impact of this resolution will maintain an adequate level of the financial reserves held by the Council.

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Background Papers: Cabinet Report – 07 February 2019

Circulation of Report: Full Council

The Council is recommended to resolve as follows:

- 1.0 It be noted that on 3 January 2019 the Cabinet calculated the Council Tax Base for 2019/20
- (a) for the whole Council area as 29,180.07 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
- (b) for dwellings in those parts of its area to which a Parish Precept relates as detailed in 1.1 below.
- 1.1 Taxbase for Councils area adjusted from overall Council Tax Base of 29,180.07 reduced to 98% (28,596.47), to allow for less than full collection. (subject to rounding)

Bampton	744.05
Bickleigh	109.09
Bow	455.59
Bradninch	740.26
Brushford	22.04
Burlescombe	322.41
Butterleigh	50.91
Cadbury	61.39
Cadeleigh	84.25
Chawleigh	247.83
Cheriton Bishop	274.86
Cheriton Fitzpaine	329.72
Clannaborough	23.11
Clayhanger (B Gate)	55.53
Clayhidon	226.23
Coldridge	152.21
Colebrooke	172.14
Copplestone	444.34
Crediton	2,573.17
Crediton Hamlets	521.73
Cruwys Morchard	202.96
Cullompton	3,448.28
Culmstock	353.31
Down St Mary	146.83
Eggesford	30.41
Halberton	609.57
Hemyock	829.28
Hittisleigh	58.96
Hockworthy (B Gate)	84.66
Holcombe Rogus	212.40
Huntsam (B Gate)	65.32
Kennerleigh	40.21
Kentisbeare	365.92
Lapford	392.03
Loxbeare	76.68
Morchard Bishop	404.45
Morebath	145.48
Newton St Cyres	360.81
Nymet Rowland	49.65
Oakford	176.16
Poughill	79.85
Puddington	85.76
Sampford Peverell	473.99
Sandford	488.80
Shobrooke	205.03
Silverton	758.11
Stockleigh English	28.09
Stockleigh Pomeroy	56.61
Stoodleigh	143.50
Templeton	63.78
Thelbridge	133.02
Thorverton	388.00
Tiverton	7,104.68
Uffculme	1,054.68
Uplowman	150.15
Upton Hellions	33.04
Washfield	158.83
Washford Pyne	41.26
Wembworthy	105.45
Willand	1,152.67
Woolfardisworthy	69.63
Zeal Monachorum	157.30

Total Tax Base **28,596.47**

- 2.0 As a preliminary step, calculate that the Council Tax requirement for the Council's own purposes for 2019/20 (excluding Parish precepts) is £5,829,100 (subject to rounding to nearest £10)
- 3.0 That the following amounts be calculated for the year 2019/20 in accordance with Sections 30 and 31A to 36 of the Act:
- (a) £ 53,632,741 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £ 46,088,648 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £ 7,544,093 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £ 263.81 being the amount at 3(c) above (item R), all divided by Item T (1.0 (a) above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £ 1,714,993 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act as detailed in column 2 of table in 3.1 below.
 - (f) £ 203.84 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1.0(a) above), calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
 - (g) See text across The amounts stated in valuation Band D in table at 3(h) below given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the council area specified in column 3 of table in 3.1 divided in each case by the amount in 1(a) above (result in column 3 of table in 3.1 below), calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its are set out in column 2 of table in 1.1 to which one or more special items relate.
- e.g. Silvertown - table 3h column 5 = £230.22 this is made up of 3f = £203.84 + £26.38 in table 3.1 column 3. The £26.38 is calculated by taking the Parish Precept in Column 2 of table 3.1 and dividing by the relevant taxbase figure detailed in column 2 of the table in 1.1 above (in this example £20,000.00/758.11 = £26.38).

- 3.1 This table shows the full precept for each parish and the band D equivalent charge which is determined by dividing the total precept in column 2 by the relevant parishes taxbase detailed in column 2 table 1.1 above.

	Total Precept £	Band D Equivalent £
Bampton	56,905.00	76.48
Bickleigh	3,000.00	27.50
Bow	10,000.00	21.95
Bradninch	37,190.00	50.24
Brushford	0.00	0.00
Burlescombe	11,200.00	34.74
Butterleigh	250.00	4.91
Cadbury	510.00	8.31
Cadeleigh	0.00	0.00
Chawleigh	12,297.00	49.62
Cheriton Bishop	13,020.00	47.37
Cheriton Fitzpaine	12,000.00	36.39
Clannaborough	0.00	0.00
Clayhanger (B Gate)	1,273.50	22.93
Clayhidon	9,000.00	39.78
Coldridge	6,000.00	39.42
Colebrooke	11,000.00	63.90
Copplestone	14,000.00	31.51
Crediton	238,378.00	92.64
Crediton Hamlets	9,500.00	18.21
Cruwys Morchard	4,500.00	22.17
Cullompton	369,600.00	107.18
Culmstock	29,218.00	82.70
Down St Mary	3,750.00	25.54
Eggesford	0.00	0.00
Halberton	12,612.00	20.69
Hemyock	80,700.00	97.31
Hittisleigh	1,850.00	31.38
Hockworthy (B Gate)	1,786.50	21.10
Holcombe Rogus	11,000.00	51.79
Huntsham (B Gate)	1,440.00	22.04
Kennerleigh	100.00	2.49
Kentisbeare	27,439.00	74.99
Lapford	19,373.00	49.42
Loxbear	0.00	0.00
Morchard Bishop	7,524.00	18.60
Morebath	5,926.66	40.74
Newton St Cyres	12,768.00	35.39
Nymet Rowland	800.00	16.11
Oakford	5,250.00	29.80
Poughill	2,800.00	35.07
Puddington	1,500.00	17.49
Sampford Peverell	10,500.00	22.15
Sandford	17,915.00	36.65
Shobrooke	5,358.00	26.13
Silverton	20,000.00	26.38
Stockleigh English	0.00	0.00
Stockleigh Pomeroy	0.00	0.00
Stoodleigh	4,000.00	27.87
Templeton	5,300.00	83.09
Thelbridge	1,521.00	11.43
Thorverton	15,602.00	40.21
Tiverton	429,561.00	60.46
Uffculme	90,000.00	85.33
Uplowman	3,000.00	19.98
Upton Hellions	0.00	0.00
Washfield	1,438.00	9.05
Washford Pyne	500.00	12.12
Wembworthy	3,700.00	35.09
Willand	56,137.00	48.70
Woolfardisworthy	500.00	7.18
Zeal Monachorum	4,500.00	28.61
Total Parish Precepts	1,714,992.66	2,048.33

- 3(h) The amounts set out in table below given by multiplying the amounts at 3g above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that particular proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Valuation Bands £

	A	B	C	D	E	F	G	H
Bampton	186.88	218.02	249.17	280.32	342.62	404.91	467.20	560.64
Bickleigh	154.22	179.93	205.63	231.34	282.75	334.16	385.56	462.68
Bow	150.52	175.61	200.70	225.79	275.97	326.15	376.31	451.58
Bradninch	169.38	197.62	225.85	254.08	310.54	367.01	423.46	508.16
Brushford	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Burlescombe	159.05	185.56	212.07	238.58	291.60	344.62	397.63	477.16
Butterleigh	139.16	162.36	185.55	208.75	255.14	301.53	347.91	417.50
Cadbury	141.43	165.00	188.58	212.15	259.30	306.44	353.58	424.30
Cadeleigh	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Chawleigh	168.97	197.13	225.30	253.46	309.79	366.11	422.43	506.92
Cheriton Bishop	167.47	195.38	223.30	251.21	307.04	362.86	418.68	502.42
Cheriton Fitzpaine	160.15	186.84	213.54	240.23	293.62	347.00	400.38	480.46
Clannaborough	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Clayhanger(B Gate)	151.18	176.37	201.57	226.77	277.17	327.56	377.95	453.54
Clayhidon	162.41	189.48	216.55	243.62	297.76	351.90	406.03	487.24
Coldridge	162.17	189.20	216.23	243.26	297.32	351.38	405.43	486.52
Colebrooke	178.49	208.24	237.99	267.74	327.24	386.74	446.23	535.48
Copplestone	156.90	183.05	209.20	235.35	287.65	339.95	392.25	470.70
Crediton	197.65	230.59	263.54	296.48	362.37	428.25	494.13	592.96
Crediton Hamlets	148.03	172.70	197.38	222.05	271.40	320.74	370.08	444.10
Cruwys Morchard	150.67	175.78	200.90	226.01	276.24	326.46	376.68	452.02
Cullompton	207.34	241.90	276.46	311.02	380.14	449.26	518.36	622.04
Culmstock	191.02	222.86	254.70	286.54	350.22	413.90	477.56	573.08
Down St Mary	152.92	178.40	203.89	229.38	280.36	331.33	382.30	458.76
Eggesford	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Halberton	149.68	174.63	199.58	224.53	274.43	324.33	374.21	449.06
Hemyock	200.76	234.23	267.69	301.15	368.07	435.00	501.91	602.30
Hittesleigh	156.81	182.95	209.08	235.22	287.49	339.77	392.03	470.44
Hockworthy(B Gate)	149.96	174.95	199.95	224.94	274.93	324.92	374.90	449.88
Holcombe Rogus	170.42	198.82	227.23	255.63	312.44	369.25	426.05	511.26
Huntsham(B Gate)	150.58	175.68	200.78	225.88	276.08	326.28	376.46	451.76
Kennerleigh	137.55	160.48	183.40	206.33	252.18	298.04	343.88	412.66
Kentisbeare	185.88	216.87	247.85	278.83	340.79	402.76	464.71	557.66
Lapford	168.84	196.98	225.12	253.26	309.54	365.82	422.10	506.52
Loxbeare	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Morchard Bishop	148.29	173.01	197.72	222.44	271.87	321.31	370.73	444.88
Morebath	163.05	190.23	217.40	244.58	298.93	353.29	407.63	489.16
Newton St Cyres	159.48	186.07	212.65	239.23	292.39	345.56	398.71	478.46
Nymet Rowland	146.63	171.07	195.51	219.95	268.83	317.71	366.58	439.90
Oakford	155.76	181.72	207.68	233.64	285.56	337.48	389.40	467.28
Poughill	159.27	185.82	212.36	238.91	292.00	345.10	398.18	477.82
Puddington	147.55	172.14	196.74	221.33	270.52	319.70	368.88	442.66
Sampford Peverell	150.66	175.77	200.88	225.99	276.21	326.43	376.65	451.98
Sandford	160.32	187.05	213.77	240.49	293.93	347.38	400.81	480.98
Shobrooke	153.31	178.86	204.42	229.97	281.08	332.18	383.28	459.94
Silverton	153.48	179.06	204.64	230.22	281.38	332.54	383.70	460.44
Stockleigh English	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Stockleigh Pomeroy	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Stoodleigh	154.47	180.22	205.96	231.71	283.20	334.70	386.18	463.42
Templeton	191.28	223.17	255.05	286.93	350.69	414.46	478.21	573.86
Thelbridge	143.51	167.43	191.35	215.27	263.11	310.95	358.78	430.54
Thorverton	162.70	189.81	216.93	244.05	298.29	352.52	406.75	488.10
Tiverton	176.20	205.56	234.93	264.30	323.04	381.77	440.50	528.60
Uffculme	192.78	224.91	257.04	289.17	353.43	417.69	481.95	578.34
Uplowman	149.21	174.08	198.95	223.82	273.56	323.30	373.03	447.64
Upton Hellions	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68
Washfield	141.92	165.58	189.23	212.89	260.20	307.51	354.81	425.78
Washford Pyne	143.97	167.97	191.96	215.96	263.95	311.95	359.93	431.92
Wembworthy	159.28	185.83	212.38	238.93	292.03	345.13	398.21	477.86
Willand	168.36	196.42	224.48	252.54	308.66	364.78	420.90	505.08
Woolfardisworthy	140.68	164.12	187.57	211.02	257.92	304.81	351.70	422.04
Zeal Monachorum	154.96	180.79	206.62	232.45	284.11	335.77	387.41	464.90

- 3(i) This table shows the proportions payable for the MDDC element of Council Tax and would be the amount payable for those Parishes who's Precept has been set at zero.

Valuation Bands £

	A	B	C	D	E	F	G	H
All other parts of the Council's area	135.89	158.54	181.19	203.84	249.14	294.44	339.73	407.68

- 4.0 That it be noted that for the year 2019/20 the Devon County Council, Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire Authority have stated the following amounts in precepts issued to the District Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands £

Precepting Authority	A	B	C	D	E	F	G	H
Devon County Council	922.86	1,076.67	1,230.48	1,384.29	1,691.91	1,999.53	2,307.15	2,768.58
Devon & Cornwall Police and Crime Commissioner	141.52	165.11	188.69	212.28	259.45	306.63	353.80	424.56
Devon & Somerset Fire Authority	57.68	67.29	76.91	86.52	105.75	124.97	144.20	173.04

- 5.0 That, having calculated the aggregate in each case of the amounts at 3h and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings shown below:

Valuation Bands £

	A	B	C	D	E	F	G	H
Bampton	1,308.94	1,527.09	1,745.25	1,963.41	2,399.73	2,836.04	3,272.35	3,926.82
Bickleigh	1,276.28	1,489.00	1,701.71	1,914.43	2,339.86	2,765.29	3,190.71	3,828.86
Bow	1,272.58	1,484.68	1,696.78	1,908.88	2,333.08	2,757.28	3,181.46	3,817.76
Bradninch	1,291.44	1,506.69	1,721.93	1,937.17	2,367.65	2,798.14	3,228.61	3,874.34
Brushford	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Burlescombe	1,281.11	1,494.63	1,708.15	1,921.67	2,348.71	2,775.75	3,202.78	3,843.34
Butterleigh	1,261.22	1,471.43	1,681.63	1,891.84	2,312.25	2,732.66	3,153.06	3,783.68
Cadbury	1,263.49	1,474.07	1,684.66	1,895.24	2,316.41	2,737.57	3,158.73	3,790.48
Cadeleigh	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Chawleigh	1,291.03	1,506.20	1,721.38	1,936.55	2,366.90	2,797.24	3,227.58	3,873.10
Cheriton Bishop	1,289.53	1,504.45	1,719.38	1,934.30	2,364.15	2,793.99	3,223.83	3,868.60
Cheriton Fitzpaine	1,282.21	1,495.31	1,709.62	1,923.32	2,350.73	2,778.13	3,205.53	3,846.64
Clannaborough	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Clayhanger(B Gate)	1,273.24	1,485.44	1,697.65	1,909.86	2,334.28	2,758.69	3,183.10	3,819.72
Clayhidon	1,284.47	1,498.55	1,712.63	1,926.71	2,354.87	2,783.03	3,211.18	3,853.42
Coldridge	1,284.23	1,498.27	1,712.31	1,926.35	2,354.43	2,782.51	3,210.58	3,852.70
Colebrooke	1,300.55	1,517.31	1,734.07	1,950.83	2,384.35	2,817.87	3,251.38	3,901.66
Copplestone	1,278.96	1,492.12	1,705.28	1,918.44	2,344.76	2,771.08	3,197.40	3,836.88
Crediton	1,319.71	1,539.66	1,759.62	1,979.57	2,419.48	2,859.38	3,299.28	3,959.14
Crediton Hamlets	1,270.09	1,481.77	1,693.46	1,905.14	2,328.51	2,751.87	3,175.23	3,810.28
Cruwys Morchard	1,272.73	1,484.85	1,696.98	1,909.10	2,333.35	2,757.59	3,181.83	3,818.20
Cullompton	1,329.40	1,550.97	1,772.54	1,994.11	2,437.25	2,880.39	3,323.51	3,988.22
Culmstock	1,313.08	1,531.93	1,750.78	1,969.63	2,407.33	2,845.03	3,282.71	3,939.26
Down St Mary	1,274.98	1,487.47	1,699.97	1,912.47	2,337.47	2,762.46	3,187.45	3,824.94
Eggesford	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Halberton	1,271.74	1,483.70	1,695.66	1,907.62	2,331.54	2,755.46	3,179.36	3,815.24
Hemyock	1,322.82	1,543.30	1,763.77	1,984.24	2,425.18	2,866.13	3,307.06	3,968.48
Hittesleigh	1,278.87	1,492.02	1,705.16	1,918.31	2,344.60	2,770.90	3,197.18	3,836.62
Hockworthy(B Gate)	1,272.02	1,484.02	1,696.03	1,908.03	2,332.04	2,756.05	3,180.05	3,816.06
Holcombe Rogus	1,292.48	1,507.89	1,723.31	1,938.72	2,369.55	2,800.38	3,231.20	3,877.44
Huntsman(B Gate)	1,272.64	1,484.75	1,696.86	1,908.97	2,333.19	2,757.41	3,181.61	3,817.94
Kennerleigh	1,259.61	1,469.55	1,679.48	1,889.42	2,309.29	2,729.17	3,149.03	3,778.84
Kentisbeare	1,307.94	1,525.94	1,743.93	1,961.92	2,397.90	2,833.89	3,269.86	3,923.84
Lapford	1,290.90	1,506.05	1,721.20	1,936.35	2,366.65	2,796.95	3,227.25	3,872.70
Loxbeare	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Morchard Bishop	1,270.35	1,482.08	1,693.80	1,905.53	2,328.98	2,752.44	3,175.88	3,811.06
Morebath	1,285.11	1,499.30	1,713.48	1,927.67	2,356.04	2,784.42	3,212.78	3,855.34
Newton St Cyres	1,281.54	1,495.14	1,708.73	1,922.32	2,349.50	2,776.69	3,203.86	3,844.64
Nymet Rowland	1,268.69	1,480.14	1,691.59	1,903.04	2,325.94	2,748.84	3,171.73	3,806.08
Oakford	1,277.82	1,490.79	1,703.76	1,916.73	2,342.67	2,768.61	3,194.55	3,833.46
Poughill	1,281.33	1,494.89	1,708.44	1,922.00	2,349.11	2,776.23	3,203.33	3,844.00
Puddington	1,269.61	1,481.21	1,692.82	1,904.42	2,327.63	2,750.83	3,174.03	3,808.84
Sampford Peverell	1,272.72	1,484.84	1,696.96	1,909.08	2,333.32	2,757.56	3,181.80	3,818.16
Sandford	1,282.38	1,496.12	1,709.85	1,923.58	2,351.04	2,778.51	3,205.96	3,847.16
Shobrooke	1,275.37	1,487.93	1,700.50	1,913.06	2,338.19	2,763.31	3,188.43	3,826.12
Silverton	1,275.54	1,488.13	1,700.72	1,913.31	2,338.49	2,763.67	3,188.85	3,826.62
Stockleigh English	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Stockleigh Pomeroy	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Stoodleigh	1,276.53	1,489.29	1,702.04	1,914.80	2,340.31	2,765.83	3,191.33	3,829.60
Templeton	1,313.34	1,532.24	1,751.13	1,970.02	2,407.80	2,845.59	3,283.36	3,940.04
Thelbridge	1,265.57	1,476.50	1,687.43	1,898.36	2,320.22	2,742.08	3,163.93	3,796.72
Thorverton	1,284.76	1,498.88	1,713.01	1,927.14	2,355.40	2,783.65	3,211.90	3,854.28
Tiverton	1,298.26	1,514.63	1,731.01	1,947.39	2,380.15	2,812.90	3,245.65	3,894.78
Uffculme	1,314.84	1,533.98	1,753.12	1,972.26	2,410.54	2,848.82	3,287.10	3,944.52
Upplowman	1,271.27	1,483.15	1,695.03	1,906.91	2,330.67	2,754.43	3,178.18	3,813.82
Upton Hellions	1,257.95	1,467.61	1,677.27	1,886.93	2,306.25	2,725.57	3,144.88	3,773.86
Washfield	1,263.98	1,474.65	1,685.31	1,895.98	2,317.31	2,738.64	3,159.96	3,791.96
Washford Pyne	1,266.03	1,477.04	1,688.04	1,899.05	2,321.06	2,743.08	3,165.08	3,798.10
Wembworthy	1,281.34	1,494.90	1,708.46	1,922.02	2,349.14	2,776.26	3,203.36	3,844.04
Willand	1,290.42	1,505.49	1,720.56	1,935.63	2,365.77	2,795.91	3,226.05	3,871.26
Woolfardisworthy	1,262.74	1,473.19	1,683.65	1,894.11	2,315.03	2,735.94	3,156.85	3,788.22
Zeal Monachorum	1,277.02	1,489.86	1,702.70	1,915.54	2,341.22	2,766.90	3,192.56	3,831.08

- 6.0 The Council has determined that its relevant basic amount of Council Tax for 2019/20 is not excessive in accordance with principles approved under section 52ZB Local Government Finance Act 1992.

As the billing authority has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2019/20 is excessive and therefore that the billing authority is not required to hold a referendum in accordance with section 52ZK Local Government Finance Act 1992.

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **SCRUTINY COMMITTEE** held on 14 January 2019 at 2.15 pm

Present

Councillors

F J Rosamond (Chairman)
Mrs H Bainbridge, Mrs F J Colthorpe, R M Deed,
Mrs G Doe, Mrs S Griggs, T G Hughes, Mrs B M Hull,
F W Letch and N A Way

Apologies

Councillor(s)

Mrs C P Daw and T W Snow

Also Present

Councillor(s)

R J Dolley, C J Eginton, R Evans, R L Stanley,
Mrs M E Squires and Mrs N Woollatt

Present

Officer(s):

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Jill May (Director of Corporate Affairs and Business Transformation), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer), Maria De Leburne (Solicitor), Carole Oliphant (Member Services Officer) and Kevin Swift (Public Health Officer)

112 APOLOGIES AND SUBSTITUTE MEMBERS (00.01.00)

Apologies were received from Cllr T W Snow & Cllr Mrs C P Daw.

113 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00.01.39)

Cllr F W Letch declared a personal interest in item 9 on the agenda as he was Chairman of the Crediton Community Well-being Hub.

Cllr N A Way declared a personal interest in item 9 on the agenda as he was the Vice Chair of the DCC Health and Adult Care Scrutiny Committee.

Cllr F J Colthorpe declared a personal interest in item 17 on the agenda as she was Vice Chair of the DCC Corporate Infrastructure and Regulatory Services Scrutiny Committee to which the Head of Economy, Enterprise and Skills, Devon County Council reported to.

114 PUBLIC QUESTION TIME (00.02.56)

There were no members of the public present.

115 MEMBER FORUM (00.03.05)

There were no issues raised under this item.

116 MINUTES OF THE PREVIOUS MEETING (00.03.21)

The minutes of the meeting held on 3rd December 2018 were approved as a correct record and **SIGNED** by the Chairman.

117 DECISIONS OF THE CABINET (00.03.56)

The Committee **NOTED** that none of the decisions made by the Cabinet on 3rd January had been called in.

118 CHAIRMAN'S ANNOUNCEMENTS (00.04.10)

The Chairman informed the Committee of the recent passing of Honorary Alderman Alan Griffiths who had been a long standing member of the Scrutiny Committee.

He and the Chief Executive had recently attended an awards ceremony at Tiverton Petroc College and they would both be attending a meeting at the College on 21st January 2019 to discuss future A-Level provision in Tiverton.

119 CABINET MEMBER FOR FINANCE (00.05.19)

The Chairman advised that apologies had been received from the Cabinet Member for Finance and requested that the Cabinet Members report be presented by the Deputy Chief Executive (S151). This was agreed.

The Committee received and **NOTED** the *report of the Cabinet Member for Finance presented by the Deputy Chief Executive (S151).

He outlined the main points in the report including:

- Excellent levels of collections
- Medium Term Financial Plan
- Draft Budget
- Budget monitoring position at October
- Highlights over the past 12 months
- Initiatives/changes/achievements
- Bid for 75% Business Rates retention (new pilot potential) and Fairer Funding

He explained the need for the council to focus on the delivery and growth agenda and that the council must accept an increased portfolio of risk as it explored more commercial opportunities.

Members asked for clarification on a statement on page 10 of the report and the Deputy Chief Executive (S151) confirmed that the statement should read as follows:

‘Secured more capital receipts from the sale of surplus assets (circa £1.6m in 2017/2018) – now utilising these funds for commercial acquisitions to help our budgetary position’.

Note: *Report previously circulated and attached to the minutes.

120 CREDITON NHS HUB (00.13.20)

Councillor R M Deed had requested that a discussion take place with regard to the decision made on 18th December 2018. He stated that he fully supported the NHS Crediton Hub project but requested a discussion on the process used for the urgent decision.

He stated that he had asked for the discussion to be included within the agenda so that Members could:

- Fully understand the decision route
- Understand the project details
- Discuss the process for urgent decisions

The Committee discussed the reasons why the decision was urgent and the reason that it had not been presented to a Full Council meeting which was held the day after the urgent decision was made.

The Monitoring Officer explained that the urgent decision was made in line with the Constitution and that Full Council would not have had the power to make the decision as only the Cabinet could do this. Therefore there would have been no reason to raise this at the Full Council meeting when the urgent decision had already been made. She explained that if Members were unhappy with the urgent decision process they would need to amend the Constitution.

There was further discussion regarding the Crediton NHS Hub project and Members expressed their backing for the council to support the creation of the Crediton NHS Hub. Members expressed concerns about exactly which entity the council were lending money to and the due diligence that had taken place.

The Chairman of the Scrutiny Committee explained that before he had signed the decision he had been fully briefed by the Deputy Chief Executive (S151) and had been presented with a business case which outlined the due diligence that had already been completed and which was yet to be completed by both the council and the NHS before the decision was to be implemented. He explained that the urgent decision made was in principle.

Officers were questioned about the information stated on the published decision and requested that the declaration that planning permission had already been granted for the Hub be explained. The Deputy Chief Executive (S151) stated that the information would be clarified to Members.

In response to a question about why the council should be getting involved in this project, the Chief Executive explained that officers felt that this commercial decision was not only of low risk financially, but that he believed there to be significant policy alignment on the issue given that the NHS Hub was generally supported by Members, as had already been stated by members of the Committee.

The Chairman of the Audit Committee explained that the only reason that the decision could have been referred to the Audit Committee was to understand the risk and to ensure that the Constitution had been followed. He said that he did not feel

that members of the Audit Committee had enough experience to complete due diligence on their own and would have had to defer to the officers who had already completed this as part of the urgent decision business case.

121 POLICY FRAMEWORK (01.01.11)

The Committee received and **NOTED** a *report from the Chief Executive detailing the policy framework which was due to be presented to Cabinet on 7th February 2019.

He explained that the policy framework detailed the Strategies and Policies that went through the council and was for Members to understand what was included within the framework. He stated that the framework could be used by the Committee to form a future work plan of what Scrutiny may wish to consider in the future.

Members asked when the Strategies for Cullompton and Crediton were going to be included within the framework and the Chief Executive indicated that he believed this would be after the relevant master planning work in those towns had been completed.

The Chairman informed the Committee that the policy framework would be included within a future informal meeting to discuss and agree what should be included within a future Scrutiny work plan.

Note: *Report previously circulated and attached to the minutes.

122 MEMBER DEVELOPMENT ANNUAL UPDATE (01.05.50)

The Committee received and **NOTED** a *report of the Member Services Manager presented by the Director of Corporate Affairs and Business Transformation.

She confirmed that the action plan for the South West Charter for Member Development stated that member development opportunities should be monitored.

She stated that Member Services were currently organising three potential councillor evenings in Tiverton, Cullompton and Crediton and she urged Members to encourage potential councillors to attend.

She explained that the induction programme was being constructed for the new council and confirmed that it had been designed with input from the Member Development Group.

She agreed to send out the details of the induction programme to all members when it had been completed.

Note: *Report previously circulated and attached to the minutes

123 WHISTLEBLOWING 6 MONTHS UPDATE (01.11.59)

The Group Manager for Performance, Governance and Data Security informed the Committee that there had been one potential whistle-blowing incident in the last 6 months and that the issues raised were looked into and found to be without substance so were not pursued.

In response to Members questions the Chief Executive gave assurances that individuals raising concerns would not be victimised.

124 **SAFEGUARDING POLICY AND PROCEDURES (01.13.14)**

The Committee received and **NOTED** the revised *Safeguarding Policy and Procedures from the Director of Corporate Affairs and Business Transformation who explained that they had previously been presented to and approved by the Community PDG on 20th November 2018.

Members expressed concerns that some of the wording in the document was grammatically incorrect and requested that the document was re-examined. The Director of Corporate Affairs and Business Transformation confirmed that officers would ensure the wording was corrected where required.

Note: *Policy previously circulated and attached to the minutes.

125 **UNIVERSAL CREDIT UPDATE (01.17.38)**

The Committee received and **NOTED** a *report from the Deputy Chief Executive (S151) on the impact of Universal Credit.

He outlined the contents of the report stating that it was still very early in the roll out of Universal Credit in the district so it was difficult to gauge the final impact. He confirmed that he would bring a more detailed analysis back to the Committee in six month time. He explained that he could only provide details of the finance and how it affected the council but not the detail on actually how it affected claimants but offered to invite a representative from the DWP to speak to the Committee.

Consideration was given to Members concerns about Alternative Payment Arrangements and the Deputy Chief Executive (S151) said he would provide members with additional information.

Note: *Report previously circulated and attached to the minutes.

126 **BUSINESS RATES REBATES (01.31.36)**

The Committee received and **NOTED** a *report from the Deputy Chief Executive (S151) detailing the business rate rebates.

He explained that a TV item in December had named and shamed the council as giving back one of the lowest levels of rebates.

He explained the rules around the rebate process and that only businesses who had seen a significant level of increase could claim a rebate. The council had set limits of a maximum £1000 and minimum £100 rebate per business.

He further explained that once the policy had been agreed in November 2017 officers had written to the 177 eligible businesses in the district and had sent chaser letters to all non-responders in January 2018 to try to ensure all businesses who were entitled to rates relief had the opportunity to claim.

Note: *Report previously circulated and attached to the minutes.

127 **DRAFT BUDGET 2019-2020 (01.38.58)**

The Committee had before it and **NOTED** a report * from the Deputy Chief Executive (S151) in order that the Scrutiny Committee review the draft 2019/2020 budget and make any necessary comments/recommendations to the Cabinet to be considered at its meeting on the 7th February 2019 and Full Council on 27th February 2019.

The officer outlined the contents of the report explaining that since the first round of Cabinet and PDG meetings the finance team and service managers had been revisiting a range of budgets to deliver more savings or increase income levels.

He explained that the initial £662k budget deficit had now been closed to £253k and that officers were continuing to work hard to reduce the deficit without reducing levels of service.

There were no recommendations or comments to Cabinet from Members of the Committee with regard to the draft 2019/2020 budget.

Note: *Report previously circulated and attached to the minutes.

128 **SCRUTINY OFFICER UPDATE (01.49.49)**

The Scrutiny Officer gave an update on the following:

- Community Engagement Working Group – An update on the progression of the recommendations of the working group would be brought to a future meeting
- Brexit – This was pending on what was happening nationally
- Broadband – A representative from DCC would be attending the March meeting to give an overview of broadband roll out across the district
- An informal meeting would be arranged after the February meeting to discuss Broadband roll out and to look at the policy framework for inclusion within a future work programme

129 **FORWARD PLAN (01.53.57)**

The Committee had before it and **NOTED** the Cabinet Forward Plan*

Note: Forward Plan* previously circulated and attached to the minutes

130 **IDENTIFICATION OF ITEMS FOR FUTURE MEETINGS (01.55.38)**

No items were identified.

(The meeting ended at 4.10 pm)

CHAIRMAN

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 22 January 2019 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, R M Deed, B A Moore,
R F Radford and R Wright

Apologies

Councillors

Mrs J B Binks, T G Hughes and L D Taylor

Also Present

Officers

Stephen Walford (Chief Executive), David Curnow (Deputy Head of Devon Audit Partnership), Joanne Nacey (Group Manager for Finance), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Green (Group Manager for Development) and Sarah Lees (Member Services Officer)

Also in

attendance

Julie Masci and Andrew Davies (Grant Thornton)

52. APOLOGIES

Apologies were received from Cllr Mrs J B Binks who was substituted by Cllr B A Moore and Cllr L D Taylor who was substituted by Cllr R Wright.

53. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

There were no interests declared under this item.

54. PUBLIC QUESTION TIME

There were no members of the public present.

55. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 20 November 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

56. CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that because of the need to rotate external auditors on a regular basis he had been due to meet with Geraldine Daly from Grant Thornton for the last time prior to the meeting to discuss the handover with her replacement Associate Director. However, due to illness Ms Daly had been unable to make the meeting. Ms Masci had been in attendance however and the Chairman stated that

she would introduce herself formally to the Committee when the Grant Thornton items were reached on the agenda.

57. **REVIEW OF OFFICER RESPONSIVENESS TO MEMBERS IN PLANNING**

The Chief Executive had been requested by the Chairman to attend the meeting to provide an update on the responsiveness to Members queries within the Planning service.

The Chairman introduced the item stating that he had contacted all Members of the Committee inviting feedback and comment on this issue, however, he had only received comment from two Members. He reiterated his belief that responsiveness ought to work in both directions.

The Chief Executive stated that the Chairman had written to him informing him of the concerns of the Committee and that they had subsequently met with the Leader of the Council, the Cabinet Member for Planning and Economic Regeneration and the Head of Planning, Economy and Regeneration to discuss the detail of the concerns. The Chief Executive had then met with the Development Management team and reiterated what the expectations were with regard to responding to Members' queries, that is, that Members should receive an initial response within 48 hours. That meeting had taken place in November and he had explained to the team that he would be reporting back to the Audit Committee in January to ascertain whether there had been any improvement.

Several members of the Committee commented that they had seen an improvement and their concerns had dissipated. Particular members of staff were complimented and it was acknowledged that the enforcement service area was a particularly difficult area to work within due to its very nature.

The Chief Executive concluded by stating that he was disappointed that the matter had needed to be formalised and brought to the Committee but he was pleased that officers had recognised the issues being raised and that the Committee's concerns had now been addressed.

58. **PERFORMANCE & RISK 2018/19**

The Committee had before it, and **NOTED** a report * from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2018-2019 as well as providing an update on the key business risks.

Discussion took place regarding:

- It was explained that the recycling rate for the whole of England for 2017-18 was 44.8% (2016-17 45.1%). The Council's rates were 51.9% for 2017-18 (2016-17 53.3%) so exhibiting the same pattern (i.e. 2017-18 being lower than 2016-17) but with much better results.
- The risks in connection with the 3 Rivers Development Company were identified within the report as being 'high'. It was explained that the company had been included in the accounts for the first time last year and that there was a need to be as transparent as possible with regard to technical

disclosure within the public accounts, it was possible therefore that officers were being over cautious with regard to scoring risks in this area. It was further explained that, in line with CIPFA guidance, the services of an independent technical expert had been engaged who was consulted on a regular basis to provide advice. Advice was also regularly sought from the Group Manager for Legal Services and Monitoring Officer as well as the Group Manager for Performance, Governance and Data Security. Legislation, particularly with regard to procurement arrangements was strictly adhered to. Internal audit had also recently undertaken a review of the company's governance arrangements.

- The Chairman commented that there were still some review notes missing within the risk report and that some of the notes that were there contained comments that were not very helpful. He asked that this be conveyed back to Service Managers.

Note: * Report previously circulated; copy attached to the signed minutes

59. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

The Committee had before it, and **NOTED**, a report * from the Group Manager for Performance, Governance and Data Security providing it with an update on progress made against the Annual Governance Statement 2017/18 Action Plan.

It was explained that there had been ten issues identified within the action plan and that there had been some slippage on completion dates but progress had also been made.

A Sickness Absence Action Plan had been developed by HR and the Health and Safety Officer. This had been approved by the Leadership Team in October 2018. HR had rolled out 'return to work interview' training for managers although this plan was not yet fully implemented.

The Chief Executive reminded the Committee that sickness statistics were reported on a regular basis to the Cabinet and Council through the annual Establishment report which was due in February.

Note: * Report previously circulated; copy attached to the signed minutes.

60. **FINANCIAL REGULATIONS REVIEW**

The Committee had before it a report * from the Deputy Chief Executive (S151) making recommendations for amendments to the Financial Regulations of the Authority to ensure they were appropriate, reflecting the Authority's latest structure and delegations.

The Group Manager for Financial Services had received an update from the Group Manager for Legal Services and Monitoring Officer with regard to the legal implications of a revision to the Financial Regulations. This was cited as being as follows:

“The Financial Regulations, as revised, include appropriate references to the latest applicable laws, regulations and guidance, as well as acknowledged industry best practice. Outside of those parameters, it is entirely a matter for the Council to determine the rules and thresholds which apply, including the level of decision making. It is important the regulations are clear and precise to avoid any doubt about their application in any given scenario and staff training is advisable.”

It was further explained by the Group Manager for Financial Services that this was an important working document which ensured that the Council adhered to proper working practices with the right levels of authorisation. Updates and changes to the document had been tracked changed making it easier to see where the revisions had taken place.

Discussion took place with regard to:

- The significance of IR35 tax legislation to the Council and its operations.
- When it came to the disposal of land, Ward Members were not always informed. However, the Chief Executive confirmed that disposal of land over 0.25 of a hectare was reported through CSAG (which had Member representation on it) and also the Cabinet. Officers needed to be reminded that anything under this amount needed to be reported to individual Ward Members.

RECOMMENDED to Council that the revisions to the Financial Regulations are approved.

(Proposed by the Chairman)

Note: * Report previously circulated, copy attached to the signed minutes.

61. **INTERNAL AUDIT PROGRESS REPORT 2018-19**

The Committee had before it, and **NOTED**, a report * from the Deputy Head of the Audit Partnership providing an update on work within the Internal Audit area.

Consideration was given to:

- The Internal Audit Manager’s opinion continued to be that there was ‘Significance Assurance’ on the adequacy and effectiveness of the Authority’s internal control framework.
- Core Audits were on track to be completed by the year end. There were no major concerns on controls although system user access controls were still not fully reviewed on staff changes.
- Performance monitoring had received increased focus from Leadership Team.
- Comments had been made by Internal Audit on succession planning in the areas of Procurement, Council Tax, and leisure where staff changes had increased business continuity risks.
- Good progress had been made against the Audit Plan for 2018/19.
- A summary of the audits that had taken place since the last update was provided showing that they had all been of a ‘good standard’ and one being of a ‘high standard’.

- An amber direction of travel had been identified in the area of ICT as periodic checks were not being carried out to confirm the ability to restore key business systems in the event of an emergency. However a plan was in place to address this.
- In the area of 'Cyber Security' it was noted that this had received a 'Good Standard' assurance opinion but that no computer network connected to the internet could ever be completely secure and mitigation measures could never fully prevent incidents from occurring.
- It was requested that again, recommendations outstanding from pre 2018 be addressed as a matter of urgency and either dealt with or, if no longer applicable, removed.

The Chairman requested that for those service areas receiving a 'Good Standard' internal audit that the thanks and congratulations of the Committee be conveyed back to the staff working in those areas.

Note: * Report previously circulated; copy attached to the signed minutes.

62. **ASSURANCE MAPPING**

The Committee had requested at the previous meeting that further consideration be given to the concept of 'assurance mapping'. The Deputy Head of the Audit Partnership had provided the Committee with some additional information setting out the concept in more detail.

It was explained that the Committee already received information via many assurance processes, however, using the assurance mapping process could make this process simpler thereby providing further clarity and allowing officers and Members to see where the gaps were. The Committee were invited to comment on whether they considered this additional assurance procedure provided any significant value.

The Chief Executive explained that officers were already mindful of the 'nuts and bolts' behind particular areas of risk at operational level and that the strategic risk register contained details of how these are mitigated and managed at a corporate level, however, it might be useful for Members to see 'a snap shot' on one page.

The Committee discussed the concept and felt that it could get over complicated when they were essentially satisfied that adequate risks and mitigation measures were already in place. However, it was felt that this was something that needed further consideration by officers and the new Audit Committee following the election in May.

63. **DEVON AUDIT PARTNERSHIP REVIEW**

The Committee had before it, and **NOTED**, a briefing paper * providing some feedback regarding the Devon Audit Partnership.

The Chairman introduced the item detailing the background of the Partnership and Mid Devon's involvement with it. He stated that the meetings at Devon County Council were very professional, well attended and the subject matter was relevant each time they met. Five authorities were now signed up to the Partnership and

everybody had an opportunity to have their say. He invited the Committee to provide any observations or comments on the revised arrangements.

It was felt that the service was efficient and provided opportunity to feedback on areas which could be improved. Reports were timely, understandable and constructive. This could be seen as a 'dry' area, however, reports were delivered by the Deputy Head of the Devon Audit Partnership with enthusiasm and commitment. Mid Devon audit staff had had an opportunity to gain additional skills and the transition had gone well.

Members were reminded that the original decision to move to the partnership had not been in order to save money but to provide a better quality audit service and outcomes for the Council.

64. **EXTERNAL AUDIT PLAN - GRANT THORNTON**

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing it with an overview of the planned scope and timing of the statutory audit of the Council.

Julie Masci introduced herself as the new Grant Thornton Engagement Lead for Mid Devon. She provided a brief summary of her professional background, relevant experience and the need for a rotation of staff within the professional framework.

She explained that Grant Thornton had a responsibility to express an opinion on the Council and group's financial statements as well as the Value for Money arrangements. The precise details of the level of audit work needed in relation to the 3 Rivers Development Company were not known at the moment but it was expected to be a high level review.

They had responsibility to report on significant risks to the authority, including the valuation of land, buildings and pension liabilities. All material balances and transaction streams would also be audited. She briefly outlined the timetable of the audit explaining that it would be commencing next month. The fee for the audit was also outlined which had reduced due to savings made in a procurement exercise.

Note: * Report previously circulated, copy attached to the signed minutes.

65. **EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (INCLUDING GRANT CERTIFICATION OUTTURN FOR 2017/18)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing an update on progress in delivering their responsibilities as the Council's external auditors.

Planning for the audit had commenced and interim work was due to start next month with attention being focussed on understanding the Council's financial systems, emerging accounting issues and a review of management's assessment of going concern. The results of this work would be reported to the Committee at its next meeting.

A brief summary was provided of the audit work undertaken with regard to the Housing Benefit subsidy claim and the certification of other claims and returns.

Note: * Report previously circulated, copy attached to the signed minutes.

66. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

It was requested that, in addition to the items already identified in the work programme, the following item/s be placed on the agenda for the next meeting:

- The Internal Audit Charter and Strategy.

(The meeting ended at 7.15 pm)

CHAIRMAN

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AUDIT COMMITTEE

22 JAN 2019

REVIEW AND REVISION OF THE FINANCIAL REGULATIONS

Cabinet Member(s): Cllr Peter Hare-Scott

Responsible Officer: Deputy Chief Executive (S151): Andrew Jarrett

Reason for Report: To make recommendations for amendments to the Financial Regulations of the Authority, to ensure they are appropriate, reflecting the Authority's latest structure and delegations.

RECOMMENDATION: That the revisions to the Regulations are recommended by this Committee for approval by Full Council.

Financial Implications: This is a financial document and the implications are contained within it.

Approved by Finance: Yes. Jo Nacey, Group Manager for Financial Services

Legal Implications: The Financial Regulations form part of the Constitution and are referred to in Article 16. The review has incorporated updated legislative requirements eg. EU Procurement thresholds.

Risk Assessment: Failure to comply with legislation could lead to prosecution and claims for damages. Failing to review thresholds and procedures could lead to inefficient practices damaging value for money assessments.

Equality Impact Assessment: None applicable

Relationship to Corporate Plan: The safeguarding of assets and the provision of practical efficient processes to provide value for money are intrinsic to the Corporate Plan.

1.0 Introduction/Background

1.1 It is now over two years since the last review of Financial Regulations and during that time a number of changes have occurred. This report highlights the most pertinent changes to the delegations of authority proposed for Officers. The Regulations have also been updated to reflect the change in title of the S151 Officer and the new Group Manager Structure.

1.2 The pertinent revisions have been highlighted in the document using "tracked changes" for easy of review by Members.

2.0 Contract Management and Procurement

2.1 The sections relating to Contract Management and the Procurement thresholds have been updated to reflect the latest legislation and our internal processes. These can be found at Section 5 and Appendix A. The table in 5.1.23 proposes a change to the procurement thresholds to reflect a more appropriate level for operational purposes.

3.0 Delegated Authority Thresholds (Appendix A)

- 3.1 The authorisation to order goods and to pay invoices is an important safeguard to protect the public purse. The existing limits need to be revised to reflect operational demands. Appendix A shows the updated position. Group Managers have been included here to approve invoices, orders etc. (within budget) up to £250k.
- 3.2 It is also proposed that the Group Manager for Financial Services may approve write offs up to £10k alongside the relevant Group Manager for the Service. The S151 Officer would need to approve any write off over £10k.
- 3.3 In section 5.1.10 it is proposed that the Deputy S151 Officer, the Group Manager for Financial Services, be authorised to approve procurement waiver forms where appropriate.

4.0 Conclusion

- 4.1 The various recommendations above are proposed to ensure compliance with current legislation and maintain best practice. Improving the efficiency of our operations, whilst safeguarding the Council's assets remains an ongoing commitment. Going forward therefore, further revisions will need to be made from time to time to ensure these goals continue to be met.

Contact for more Information: Jo Nacey, 01884 234254,
jnacey@middevon.gov.uk

Circulation of the Report: Cllr Peter Hare-Scott and Leadership Team

MID DEVON DISTRICT COUNCIL

FINANCIAL REGULATIONS

Chief Officer: s151 Officer

Revision History

Version	Date	Main Amendment
1.0	Apr 2013	First Release
1.1	Oct 2016	Chapter 5 Procurement/App A Financial Limits
1.2	Jan 2019	Update <u>Full update incl. amended App A</u>

MDDC Financial Regulations

Contents – Overview

1.0	<u>Introduction</u>
1.0	Introduction and overview
1.1	Status of Financial Regulations
1.2	Financial roles and responsibilities
1.3	Awareness of existence and content of Financial Regulations
1.4	Reviewing and changing Financial Regulations
1.5	Compliance
2.0	<u>Systems and Internal Control</u>
2.1	Accounting records
2.2	Controlled stationery
2.3	Officer authorisation procedures
2.4	Security of cash, tills, safes and keys
2.5	Document retention
2.6	Segregation of duties
2.7	Business continuity
2.8	New electronic systems
3.0	<u>Financial Planning</u>
3.1	Overall strategic policy framework
3.2	Service performance plans for financial years
3.3	Asset and vehicle management
3.4	Year end balances - earmarked reserves
3.5	Maintenance of reserves
3.6	Ring fencing of reserves
3.7	Medium term financial planning
3.8	Reports with financial implications
4.0	<u>Budgetary Control</u>
4.1	Resource allocation
4.2	Budget preparation
4.3	Budget approval
4.4	Responsibility for budgets
4.5	Budgetary control and monitoring
4.6	Budget changes (Virements)

5.0	<u>Procurement and Contracts</u>
5.1	Procurement - Contract Procedure Regulations
5.2	Employment status - Use of consultants and others
5.3	Construction industry scheme
5.4	Receipt of goods and services
5.5	Authorisation for payment
5.6	Payments
5.7	Contracts register
6.0	<u>Expenditure</u>
6.1	Housing and council tax benefit payment
6.2	Housing renovation and associated grants
6.3	Purchase cards
6.4	Credit cards
6.5	Petty cash
6.6	Asset leasing arrangements
6.7	Urgent payments
6.8	Emergency action
7.0	<u>External Expenditure Arrangements</u>
7.1	Work by third parties
7.2	Partnerships with external entities
7.3	Projects
8.0	<u>Staff and Member Related Expenditure</u>
8.1	Payroll
8.2	Travel and subsistence
8.3	Personal telephone calls
8.4	ICT auctions
9.0	<u>Income</u>
9.1	Setting fees and charges
9.2	Rent reviews and annual increases
9.3	Invoicing
9.4	Income collection
9.5	Postal remittances
9.6	Debt collection procedures and the write off of bad debts
9.7	Refunds
9.8	Government subsidies, grants and claims
9.9	External funding

<u>Income continued</u>	
9.10	Housing advances and council house sales
9.11	Asset sales
10.0	<u>Stocks (Inventory)</u>
10.1	Stock (Inventory)
10.2	Stocktakes
10.3	Write off of damaged / obsolete stock
11.0	<u>Taxation</u>
11.1	Value added tax (VAT) basic guidance
11.2	Tax points - vat returns
11.3	Construction industry scheme
11.4	Responsibility
12.0	<u>Asset Management</u>
12.1	Land and buildings property register
12.2	Fixed asset register
12.3	Equipment register
12.4	Additions of assets
12.5	Disposals of assets
13.0	<u>Capital Programme</u>
13.1	Selection and Compilation of the Capital Programme
13.2	Capital Strategy Asset Group
13.3	Budgetary Control of the Capital Programme
13.4	The Prudential Code – Impact of financing of capital projects
13.5	Utilisation of Capital Receipts
14.0	<u>Banking and Treasury Management</u>
14.1	Banking arrangements
14.2	Treasury management policy
14.3	Investments
14.4	Loans
14.5	Loans to external bodies (including soft loans)
15.0	<u>Insurance</u>
15.1	Insurance
15.2	Notification of new risks
15.3	Incident reporting and claims handling

16.0	Postage
16.1	Postage
17.0	Financial Statements and External Reports
17.1	The annual statement of accounts
17.2	Accounting policies
17.3	Reports containing financial information
18.0	Risk Management and Governance
18.1	Prevention of fraud and corruption
18.2	Risk management, internal control and corporate governance
18.3	Internal audit
18.4	External audit
18.5	Financial irregularities
18.6	Money laundering
Definitions / Glossary of Terms	
Appendix A - Financial Limits	

1.0 GENERAL INTRODUCTION

- 1.0 Introduction and overview**
- 1.1 Status of Financial Regulations**
- 1.2 Financial roles and responsibilities**
- 1.3 Awareness of existence and content of Financial Regulations**
- 1.4 Reviewing and changing Financial Regulations**
- 1.5 Compliance**

1.1 Status of Financial Regulations

- 1.1.1** The Financial Regulations provide the framework for managing the Authority's financial affairs and contribute to good corporate governance, internal control and the management of risks. In addition they assist sound administration, reduce the risk of irregularities and support delivery of effective, efficient and economical services. Article 16 of The Constitution provides for their authority.
- 1.1.2** The Financial Regulations, which include Contract Procedure Rules and financial aspects of the Constitution, are formally adopted by the Council and provide the framework for the financial administration of the Council. The framework is designed to promote sound and proper financial management of the Council's financial affairs, meet Best Value principles and to safeguard the interests of the Council, its employees, or any person acting on behalf of the Council.
- 1.1.3** The Financial Regulations apply to all officers and Members of the Council and anyone acting on behalf of the Council. They also apply to any partnerships that the Council is a member of and for which the Council is the accountable body. Where the Council is not the accountable body then the lead Council officer is responsible for ensuring propriety and proper processes are followed so that the Council's reputation is not at risk.
- 1.1.4** All elected Members, employees of the Council and persons acting on behalf of the Council are responsible for ensuring that they use the Council's resources and assets in a responsible and lawful manner. The Council is under a statutory obligation to secure Best Value and everyone should strive to achieve the principles of Best Value and avoid any legal challenge to the Council.
- 1.1.5** These Financial Regulations cover all areas of Council activity and to assist Members and officers, the Financial Regulations are set out in self-contained sections. Any financial values are summarised in **Appendix A** to allow ease of update.
- 1.1.6** All decisions with financial implications must have regard to proper financial propriety. Where there is any doubt as to the appropriateness of a financial proposal or correctness of a financial action, clarification must be sought from the Deputy Chief Executive (S151) in **advance** of any decision or action.
- 1.1.7** To help you understand the terminology used in the Financial Regulations, a Glossary of Terms is located after Section 18.

1.2 Financial Roles and Responsibilities

1.2.1 Chief Executive

The Chief Executive, as the Head of Paid Service, is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to, and provide

information for, the Cabinet, the Full Council, the Scrutiny Committee and other committees. He/she is responsible for establishing a framework for management direction, style and standards, and for monitoring the performance of the organisation.

1.2.2 Deputy Chief Executive (S151) Deputy Chief Executive (s151 Officer)

These Regulations (in conjunction with the remainder of the Council's Constitution) identify the financial responsibilities of Council, Cabinet, Scrutiny and Audit Committee Members, the Head of Paid Service, the Monitoring Officer, the Deputy Chief Executive (S151) and other Service managers. The functions of the Deputy Chief Executive (S151) are detailed in the Constitution at section 12.04.

Section 151 of the 1972 Local Government Act requires that every local authority shall make arrangements for the proper administration of its financial affairs. Every authority shall make one officer responsible for the administration of those affairs. Within Mid Devon District Council (MDDC) this role has been assigned to the Deputy Chief Executive (S151). The Financial Regulations assist the Deputy Chief Executive (S151) in discharging his/her duties under the 1972 Act and the Accounts and Audit Regulations [2015-2016](#).

The Deputy Chief Executive (S151) is responsible for issuing advice and guidance to underpin the Regulations that Members, Officers and others acting on behalf of the authority are required to follow.

His/her responsibilities include:

- (a) To report to Council Members or the Cabinet, in consultation with the Monitoring Officer and Chief Executive, if there is likely to be unlawful expenditure or an unbalanced budget (Section 114, Local Government Finance Act 1988, as amended).
- (b) To advise Members or relevant Officers, in consultation with the Monitoring Officer, about particular decisions where those decisions are likely to be contrary to the agreed policy framework or budget (Local Government Act 2000).
- (c) To ensure the adequacies of accounting records and supporting information, control systems and the statement of accounts (Accounts and Audit Regulations [1996-2003](#) [2015](#)).
- (d) To ~~maintain~~ ~~undertake~~ an ~~adequate and~~ effective system of internal audit (Accounts and Audit Regulations [1996-2003](#) [2015](#)).
- (e) To report to the Council, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves (Section 25, Local Government Act 2003).
- (f) To report to the Council where, in relation to the previous financial year, it appears that a controlled reserve is or is likely to be inadequate (Section 27, Local Government Act 20[15](#) [93](#)).
- (g) To set affordable borrowing limits and to arrange the Council's affairs to remain within those limits (Section 3, Local Government Act 2003).
- (h) To prepare ~~three~~ [five](#) year capital and revenue forecast plans with their consequential impact on Council Tax, taking account of affordability in both the short and long term (The medium term financial plan).

- (i) To keep the Council's finances under review during the year and to take action if there is evidence that financial pressures will result in budget overspend or if there is a shortfall in income (Section 28(3) Local Government Act 2003).
 - (j) Maintaining strong financial management underpinned by effective financial controls.
 - (k) Contributing to corporate management and leadership by the provision of financial advice for service delivery, strategic planning and policy making across the authority.
 - (l) Supporting and advising Members on financial matters and decisions.
 - (m) Supporting and advising Officers in their operational role on financial matters and decisions.
 - (n) To produce Financial Regulations for adoption by the Council.
 - (o) To advise Group Managers and Directors of any amendments to Financial Regulations.
 - (p) To either act as or appoint a Money Laundering Officer in compliance with the Money Laundering, [Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations, 2017](#).
 - (q) To produce a robust Financial Plan, in consultation with all Group Managers and Directors, to achieve efficiency targets set by the Council and facilitate their delivery.
 - (r) To provide advice on the optimum use of available resources in the management of capital and revenue budgets;
 - (s) To provide financial management information in a timely manner;
 - (t) The preparation of statutory and other accounts, associated grant claims and supporting records;
 - (u) The provision of effective financial management systems and procedures
 - (v) The provision of effective income collection and payments systems;
 - (w) To advise on treasury, investment and cash-flow management;
- To ensure that the Deputy Chief Executive (S151) is able to fulfil the responsibilities identified, the post holder shall:
- (x) Be able to contribute to papers for corporate management meetings in advance and have access to decisions made.
 - (y) Have the right to attend meetings of corporate management where financial issues are being considered.
 - (z) Have unrestricted access to the Chief Executive, the Monitoring Officer, Group Managers and Directors and to Members whenever they consider it appropriate to do so.
 - (aa) Have unrestricted access to external organisations where the Council acts either as Accountable Body or enjoys an external relationship with a Specific Entity.
 - (bb) Have the right to report to Full Council, the Cabinet and the Scrutiny Committee whenever they consider it appropriate to do so.

- (cc) Have unrestricted access to the Council's Internal Audit team, to external auditors and to other inspectorates.

1.2.3 Group Managers and Directors

Group Managers and Directors duties include:

- (a) Consulting with the Deputy Chief Executive (S151), or his/her Departmental Representative, on any matter, including submission of plans and/or bids for external funding or potential costs identified through external financial relationships, that is likely to have a financial impact on the capital programme or revenue budget, prior to committing the Council to that impact.
- (b) Managing the financial activities of their Departments, within the agreed budgets and procedures determined by the Deputy Chief Executive (S151). Group Managers and Directors must therefore ensure that: Departmental financial arrangements are adequate and effective in order to comply with these Financial Regulations
- (c) Departmental measures are taken to confirm the legality of all financial activities.
- (d) Implementing financial administration and accounting procedures determined by the Deputy Chief Executive (S151) and adopting detailed financial records as agreed with the Deputy Chief Executive (S151).
- (e) Ensuring the operational use of the Council's main financial systems, except in exceptional circumstances, are agreed with the Deputy Chief Executive (S151) prior to use.
- (f) Providing departmental support in the keeping and closing of the Council's accounts, in particular that background documentation is available, which meets the standards set by the Deputy Chief Executive (S151) in liaison with the Council's external auditors.
- (g) Obtaining the approval of the Deputy Chief Executive (S151), or his/her Departmental Representative, prior to introducing or significantly changing financial administration/accounting procedures or associated financial records.
- (h) Ensuring that the Deputy Chief Executive (S151) and/or his/her Departmental Representative are provided with all necessary data to allow the timely submission of grant claims, financial returns or publication of financial information.
- (i) [Ensuring the security](#) and confidentiality of financial information within their Department, including adherence to guidance issued relating to data protection legislation.
- (j) Where staff have financial responsibilities to ensure wherever possible that separation of duties exist.
- (k) Acting to implement the recommendations of reports issued by the external and internal auditors in consultation with the Deputy Chief Executive (S151) and their Departmental Representative and the appropriate Service Cabinet Member where relevant.
- (l) Group Managers and Directors may vest their responsibilities to other Officers provided that such authorisation is given in writing. Group Managers and Directors must ensure that they always retain accountability for their responsibilities.

1.2.4 Service Managers/Budgetholders

Service Managers/Budgetholders duties include:

- (a) To plan and agree budget and corresponding service provision with Group Managers and Directors on an annual basis.
- (b) To ensure that financial objectives within their area of responsibility are achieved and Best Value secured.
- (c) To report adverse variances to budget and to agree remedial actions with Group Managers and Directors.
- (d) To vire between cost centres/budgets in their areas of responsibility, subject to Financial Regulations (See Section 4)
- (e) Managers are responsible for ensuring adequate records, financial and otherwise, have been maintained for all externally funded schemes subject to audit by the European Commission or grant awarding bodies.

1.2.5 Personal Responsibility

All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the Council's assets under their control, and for ensuring that the use of these resources is legal, ~~properly~~properly authorised, provides value for money and achieves Best Value.

All employees shall inform their line manager immediately about any matter that involves or is thought to involve irregularities concerning cash, stores, income, expenditure, assets (including data held by the Council) or any suspected irregularity concerning the exercise of the functions of the Council. Line managers should consult with their Group Managers and/or Directors without delay.

As an alternative to the Financial Regulation above, employees may raise concerns under the Whistle-Blowing Procedures confidentially.

1.2.6 Emergency Action

In the event of an emergency, the Chief Executive, Group Managers or Directors are empowered to authorise all necessary actions. The Chief Executive, Group Managers or Directors shall notify the Deputy Chief Executive (S151), in writing, of the circumstances and estimated financial impact and report formally to Cabinet subsequently.

1.2.7 Powers of Delegation

The powers of delegation in respect of the Deputy Chief Executive (S151) are detailed in the Constitution at Section 5, page 65. Group managers are required to maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to responsible budgetholders/service managers or other designated officers, references to the Service Manager in the Regulations should be read as referring to them.

1.2.8 Money Laundering Reporting Officer

The Group Manager for Performance, Governance and Data Security is appointed as the Money Laundering Reporting Officer. He/ she is responsible for notifying the Serious Organised Crime Unit (SOCA) of any suspected cases of money laundering committed within the Council as soon as possible and fulfilling other duties as defined by legislation or regulations.

1.3 Awareness of Existence and Content of Financial Regulations

1.3.1 Service managers are responsible for ensuring that all of their staff are fully aware of the existence and content of the Regulations and other internal regulatory documents (such as Human Resource and ICT policies and procedures) and that they comply with them.

1.3.2 Any non-compliance with the Regulations must be reported to the Deputy Chief Executive (S151) and the Group Manager for Performance, Governance and Data Security immediately.

1.4 Reviewing and Changing Financial Regulations

1.4.1 The Deputy Chief Executive (S151) is responsible for maintaining a continuous review of these Regulations and submitting any additions or changes necessary to the Council for approval. The Deputy Chief Executive (S151) is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council via the Audit Committee.

1.5 Compliance

1.5.1 A failure to comply with these Financial Regulations, or procedures issued under them may constitute misconduct in the case of Officers, or a breach of the Members Code for Members. Reported breaches will be investigated by Internal Audit in the first instance and could lead to disciplinary action. The Deputy Chief Executive (S151) is to be advised immediately.

1.5.2 If you have any queries, comments or concerns on the content of the Regulations, please contact either the Deputy Chief Executive (S151) or the Group Manager for Performance, Governance and Data Security.

2.0 SYSTEMS AND INTERNAL CONTROL

- 2.1 Accounting records**
- 2.2 Controlled stationery**
- 2.3 Officer authorisation procedures**
- 2.4 Security of cash, tills, safes and keys**
- 2.5 Document retention**
- 2.6 Segregation of duties**
- 2.7 Business continuity**
- 2.8 New electronic systems**

2.0 Systems and Internal Control Procedures

Why are these important?

Maintaining proper accounting records is the way in which the Council evidences its responsibility for the stewardship of public resources.

The Council has a statutory responsibility to “present fairly” the financial consequences of its operations during the year, which are subject to external audit. This audit provides assurance that the accounts have been prepared in accordance with the current [Code of Practice on Local Authority Accounting in the United Kingdom](#) ~~Statement of Recommended Practice (SORP)~~ and the Service Reporting Code of Practice for Local Authorities (SeRCOP) and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

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Risks:

- The Council cannot account for all income received and expenditure made;
- Financial systems provide inaccurate or misleading information leading to poor decision making;
- Insecure accounting or financial systems give rise to opportunities for fraud or loss;
- Statutory timescales for reporting on the Council's financial affairs are not met.

2.1 Accounting Records

2.1.1 The Deputy Chief Executive (S151) is responsible for determining the accounting systems and procedures adopted and maintained by the Council. All income, expenditure, assets and liabilities are to be properly accounted for in line with published guidance, with the maintenance of a complete audit trail, either electronic or paper for all entries made.

2.1.2 All financial systems and records of accounting are to be in a form approved by the Deputy Chief Executive (S151), who is to be consulted and must approve any changes to accounting records and procedures prior to them being made.

2.1.3 Financial and accounting systems shall incorporate appropriate controls to ensure that, where relevant:

- All data input is genuine, complete, accurate, timely and not duplicated;
- All processing of data is carried out in an accurate, complete and timely manner;
- Output from the system is complete, accurate and timely;
- Segregation of duties wherever possible is built into business processes to reduce the risk of fraud e.g. a single individual cannot authorise and make payment to others.
- All transactions and activities have a clear trail of accountability by authorised, responsible officers;

- Appropriate authorisation levels are set for all staff dependent upon their level of responsibility;
- Records and data are securely retained and in accordance with data protection guidance.

The Council's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis.

2.2 Controlled Stationery

Why is this important?

Controlled stationery by its very nature has an inherent value. Examples of such stationery are official receipt books, cheque books and cheque stationery. If such stationery is lost or stolen income due to the Council may never reach it or money may be paid out to fraudulent payees.

Risks:

- Stationery could be lost or stolen leading to financial, possibly considerable, loss to the Council;
- Income based services could be put at risk if monies collected are being diverted into fraudsters hands.

Regulations:

2.2.1 The Deputy Chief Executive (S151) shall be responsible for controlling financial stationery.

2.2.2 The design and use of all financial stationery shall be subject to the approval of the Deputy Chief Executive (S151).

2.2.3 The Deputy Chief Executive (S151) shall nominate officers responsible for the ordering, secure storage and issue of financial stationery.

2.2.4 Proper arrangements are to be made for the security of financial stationery held. No stationery is to be left in circumstances which could lead to unauthorised use.

2.2.5 An adequate, but not excessive stock of financial stationery will be held. Proper and secure arrangements are to be made for the destruction of any out of date stationery.

2.2.6 A record of all cheques issued, either electronic or manual is to be made.

2.3 Officer Authorisation Procedures

Why is this important?

Officers can have considerable financial power that needs to be controlled through effective delegation, with clearly defined limits to their delegated authority. Many transactions are now electronically approved and formal paper based lists of authorised signatories are now impractical.

Examples of related areas:

Official orders
Sales invoices
Cheque signatories
Electronic funds transfers
Valuation certificates and fee accounts

Expense claim forms
Travel and subsistence claim forms
Wages/timesheets
Overtime claims

Risks:

- Officers could exceed their authority;
- Fraud, loss, extravagance or waste could arise

Regulations:

2.3.1 Procedures are to be put in place to ensure appropriate officers authorise transactions up to agreed levels. Specific guidance will be cited in relevant sections of the Financial Regulations and HR policies.

2.4 Security of Cash, Tills, Safes and Keys

Why is this important?

Money collected by the Council is extremely vulnerable until it is banked. Up to that point it is the Council's responsibility to ensure the safe storage and transit of cash. The security of cash, tills, keys and safes is therefore, essential if the Council is to fulfil its duty.

Risks:

- Cash could be lost or stolen;
- Suspicion in respect of stolen cash may rest with a number of staff if they all had access keys;
- Claims against the Council's insurers may be invalidated.

Regulations:

2.4.1 Employees of the Council responsible for collecting, holding and the paying in of cash receipts must ensure that it is held under secure arrangements at all times. All cash holdings are to be kept to a minimum and within agreed insurance levels.

2.4.2 Members of staff who are authorised to gain access to any Council safe or till are responsible for the security of the keys at all times.

2.4.3 The combination of any Council safe must not be disclosed to another person without the express authorisation of the relevant Service manager. The combination of a safe must be changed immediately when a member of staff, who is authorised to open that safe, leaves the services of the Council.

2.4.4 All keys held for any official purpose by an authorised member of staff must be held under proper and secure arrangements and not passed or be available to any unauthorised person. The loss or theft of keys is to be reported to the Deputy Chief Executive (S151) immediately.

2.4.5 All staff are to ensure that all windows, safes and drawers are locked in any location wherever cash or keys are held out of hours.

2.4.6 Where a till discrepancy is in excess of the amount cited in Appendix A, they shall be referred to Internal Audit.

2.5 Document Retention

Why is this important?

Although the archiving of documents may cause operational difficulties for management, it is vital that these are retained for as long as necessary, and in an adequate environment, to satisfy legal and all other practical requirements. In particular, prime records used within the Council's financial and key non-financial systems must be given due protection to maintain an adequate trail from source right through to completion of transactions.

Risks:

- Statutory obligations concerning the retention of key documents are not met, e.g. H M Revenue and Customs requirements and penalties may arise;
- The Council may be disadvantaged in taking or defending legal action if prime documents are not retained;
- Performance statistics cannot be verified;
- The external auditor may not be able to verify the Council's final accounts and grants may be lost.

Regulations:

2.5.1 Financial records, whether electronic or paper, must be retained for [six years plus the current year. a minimum period of seven years.](#) The [Head of ICT Group Manager for Performance, Governance and Data Security](#) will provide guidance to Service managers on the retention of documents which is available on SharePoint.

2.6 Segregation of Duties

2.6.1 Wherever possible the following principles should be complied with when allocating accounting duties:

- (a) The duties of providing information about sums due to, or from, the Council and calculating, checking and recording these sums must be separate from the duty of collecting or dispersing them.
- (b) Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

2.7 Business Continuity

2.7.1 The Deputy Chief Executive (S151) is to ensure that accounting and financial records are held securely and procedures are in place to enable accounting records to be reconstituted in the event of a systems failure. Working with the Group Managers and Directors responsible for Business Continuity and ICT, a documented and tested business continuity plan to allow information processing to resume quickly in the event of an interruption, shall be in place.

2.8 New Electronic Systems

2.8.1 The acquisition or renewal of all accounting software must be subject to the approval of the Deputy Chief Executive (S151), the Data Protection Officer and Group Manager for ICT and GIS. The purchasing or leasing of computer and ancillary equipment is only to be undertaken in accordance with the ICT Strategy.

2.8.2 All new financial systems shall be documented, tested in parallel and users trained in their operation, prior to the system being used in a live environment.

3.0 FINANCIAL PLANNING

- 3.1 Overall strategic policy framework**
- 3.2 Service performance plans for financial years**
- 3.3 Asset and vehicle management**
- 3.4 Year end balances - earmarked reserves**
- 3.5 Maintenance of reserves**
- 3.6 Ring-fencing of reserves**
- 3.7 Medium term financial planning**
- 3.8 Reports with financial implications**

3.1 Overall Strategic Policy Framework

3.1.1 The strategic plans of the Council are embraced by ~~two~~[these](#) key documents:

- the Corporate Plan;
- [the Medium Term Financial Plan](#);
- [Workforce Plan](#);

The Corporate Plan sets out the Council's key service priorities as agreed by Members. Policy Development Groups propose policies to the Cabinet in accordance with these priorities. The Medium Term Financial Plan looks forward to the next five years and examines the forecasted income and expenditure for both revenue and capital linked to the Corporate Plan's priorities. (See 3.7 below). Finally, the Workforce Plan looks at staff deployment and employment strategies linked to the Corporate Plan. Constraints imposed by our financial resources often limit what the Council can achieve, within a given time frame, for both revenue and capital.

3.2 Service Performance Plans for Financial Years

3.2.1 Group Managers and Directors working with their Cabinet Members are required to produce service plans detailing service provision and level of performance linked to their budget for each financial year. Initial draft service plans should be created and available in September of each year to assist in the budget setting process.

3.2.2 These plans should be discussed by the Policy Development Groups when budgets are reviewed and amended accordingly. New Government initiatives and other legislative requirements will need to be brought in, also any possible savings identified to help facilitate an overall balanced budget. The service plans will therefore evolve over the budget setting period.

3.2.3 The final service plans, with agreed budgets and salary estimates, are to be presented to Leadership Team for approval before the commencement of the financial year, April 1, for each service.

3.3 Asset and Vehicle Management

3.3.1 Group Managers, Directors and Service Managers need to consider the equipment and assets used in the provision of their service in relation to their service performance plans. It is vital that we can demonstrate value for money in our decision making. Assets used by services will have finite lives and provision in their service revenue budgets is needed to facilitate the asset's replacement at the end of its useful life.

3.3.2 Where an item of equipment is needed for a service due consideration should be given to:

- the frequency of use by staff;
- the priority of future service provision;
- the asset's expected life;
- the cost of ongoing maintenance and other running costs of the asset;
- the cost to purchase the asset;

- the cost and conditions relating to leasing the asset and;
- the expected residual value of the asset at the end of its useful life.

These factors should then lead to a Best Value decision as to whether the Council:

- purchases the asset;
- procures the asset by way of a finance lease;
- hires the asset for short periods, as and when required or;
- enters into an agreement with another organisation for its use.

3.3.3 In all cases Managers should be able to demonstrate value for money and consideration of these factors if challenged on their decision - the current practice should not be mechanically followed year on year.

3.3.4 The current limit for capitalisation of assets is shown in Appendix A. Assets whose values exceed the threshold shown in Appendix A will be capitalised and recorded in the fixed asset register maintained by the Deputy Chief Executive (S151).

3.3.5 Where acquisitions of capital assets are expected in future periods, these should be planned for and be incorporated into the Medium Term Financial Plan. Although the expenditure is treated as capital in the accounts, Service Managers should make an annual revenue contribution each year towards that asset's replacement. This will help to control demands on the capital programme and ensure ongoing provision for replacement.

e.g. An asset costs £100k today with an expected life of 5 years. The expected replacement cost in five years is £120k. The service should budget for an annual charge of $\text{£}120\text{k}/5 = \text{£}24\text{k}$ each year to be made into a specific earmarked reserve carried forward to year six so that in year 6 £120k is available to acquire the replacement asset.

Clearly service managers will need to consider their asset provisions made to date annually and if a shortfall is envisaged for replacement, additional provision in future budget(s) will need to be made.

3.3.6 Even if an asset is below the current capitalisation threshold in value, if its cyclical replacement is not budgeted for there can be large spikes in expenditure in financial years when new assets are purchased e.g. there could be a year where large amounts of equipment are to be replaced whose individual values are low. Service managers should therefore consider their future needs and create an earmarked reserve to provide for this eventuality also.

3.3.7 In the case of our vehicle fleet, where non specialist vehicles such as vans can be moved between services an overall strategy for vehicles needs to be made by the Group Manager responsible for Transport Management.

3.4 Year End Balances - Earmarked Reserves

Why is this important?

The Regulations below cover arrangements for the transfer of resources between accounting years i.e. earmarked reserves.

Risk:

- Balances are not carried forward correctly

Regulations:

3.4.1 The Deputy Chief Executive (S151) is to administer the scheme of earmarked reserves within the guidelines approved by the Council.

3.4.2 Net underspends on service estimates may be carried forward, subject to:

- a) The detailed constraints and completion of a request form [FIN751](#) as specified by the Deputy Chief Executive (S151).
- b) Detailing the sources of underspends or additional income and the specific application of those resources for approval by Deputy Chief Executive (S151).

3.4.3 The Deputy Chief Executive (S151) is to report all underspends on service estimates carried forward to the Cabinet.

3.4.4 Where capital projects are part complete their unused budget shall be rolled forward automatically to future year(s) to ensure their completion, without the need for a completed form FIN 751.

3.5 Maintenance of Reserves**Why is this important?**

The Cabinet must decide the level of General Fund and Housing Revenue Account reserves that it wishes to maintain before it can decide the level of council tax or council house rents. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves for specific purposes may also be maintained.

Risks:

- The Council may be unable to meet its financial commitments or any unforeseen costs that may arise during the year;
- The Council fails to comply with standard CIPFA codes of practice on local authority accounting.

Regulations:

3.5.1 The Deputy Chief Executive (S151) shall advise the Cabinet and Full Council on prudent levels of reserves for the Council and take into account the advice of the external auditors and generally accepted practice.

3.5.2 The Deputy Chief Executive (S151) will comply with accepted standard codes of practice in respect of the maintenance of reserves.

3.6 Ring-Fencing of Reserves

- 3.6.1** Service managers shall only use specific reserves for the purposes for which they were intended.
- 3.6.2** The Housing Revenue Account and General Fund are ring-fenced and legislation provides that neither can be used to subsidise, or help finance the other. All transactions between the two are required to be at arm's length, fair and equitable to both funds.
- 3.6.3** Unless funded by a revenue contribution to capital, all capital monies must be expended on capital expenditure. Revenue monies may be used for either revenue expenditure or a revenue contribution to capital expenditure.

3.7 Medium Term Financial Planning

Why is this important?

Without planning for the short/medium/longer term future budget shortfalls could occur impairing the delivery of corporate goals and creating a reactive rather than proactive management style. Future expected trends and the financial "headroom" can be identified and fed into the Corporate Plan. Potential risks are also highlighted.

Regulations:

- 3.7.1** The Deputy Chief Executive (S151) will produce and update a Medium Term Financial Plan for the Council covering an advanced period of ~~three~~ five years. This is to be presented annually to the Leadership team and the Cabinet for approval prior to budgets for the following year having been set.
- 3.7.2** Group Managers, Directors and service managers have a duty to inform the Deputy Chief Executive (S151) of any projected major changes (amounts up or down of £20k or more) to their service in future periods.
- 3.7.3** The Medium Term Financial Plan shall consider the following factors over the life of the plan:
- the Government's current spending review proposals;
 - the likely level of Council Tax rises;
 - the Corporate Plan goals;
 - new service initiatives;
 - service savings;
 - income from fees and charges;
 - the effects of inflation;
 - future legislative changes including taxation;
 - the demands of a proposed capital programme;

- treasury management considerations;
- any other factors whose impact could exceed £20k.

Its scope shall embrace the General Fund, the future capital programme, the Housing Revenue Account, future treasury management, and identify the expected level of reserves and any shortfalls.

3.7.5 The plan must state what is known, estimated and assumed in producing the plan. Sensitivity analysis should be employed to give the reader an idea of a 1% variation - some factors could have a seriously detrimental effect on budgets or reserves whereas other factors might be far less influential.

3.7.6 In making strategic decisions, amending the Corporate Plan, and approving future budgets, Leadership Team and the Cabinet shall have regard to the Medium Term Financial Plan and its implications.

3.8 Reports with Financial Implications

Why is this important?

Without understanding the financial impact of any proposal a poor decision could be made, exposing the Council to risks, possibly leading to an overspent budget. Significant resources could also be diverted from key corporate goals.

Regulations:

3.8.1 All reports to Members of Policy Development Groups, Scrutiny and the Cabinet shall be reviewed by the Deputy Chief Executive (S151) to quantify as accurately as possible the financial effects and risks of any proposals **before** details are published and to ensure that reports published are fit for purpose.

4.0 BUDGETARY CONTROL

- 4.1 Resource allocation**
- 4.2 Budget preparation**
- 4.3 Budget approval**
- 4.4 Responsibility for budgets**
- 4.5 Budget monitoring**
- 4.6 Budget changes (Virements)**

4.0 Budgetary Control and Monitoring

Why is this important?

Budget management ensures that once Council has approved the budget, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account responsible managers for defined elements of the budget.

By monitoring the budget on a regular basis, variances against budgetary targets can be identified along with changes in trends and resource requirements at the earliest opportunity. Effective budget monitoring will also inform what management intervention is needed.

The scheme of budgetary virements is intended to enable the Council, service managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore optimise the use of resources.

Risks:

- There may be inefficient use of public money and a failure to comply with the Council's objectives;
- Budgets could become overspent with nobody being held accountable for them;
- Systems could fail with nobody being made aware that they have;
- The Council could face prosecution and/or a qualified external audit report for failing to comply with legislation and accepted standards.

4.1 Resource Allocation

The Chief Executive and Deputy Chief Executive (S151) are jointly responsible for developing and maintaining a resource allocation process that ensures that both capital and revenue expenditure plans take account of the Council's policy framework and changing priorities. It is the responsibility of Group Managers and Directors to ensure that the revenue and capital budget estimates reflect agreed service plans and are in line with the Medium Term Financial Plan and the Corporate Plan.

4.2 Budget Preparation

- 4.2.1** The Deputy Chief Executive (S151), in consultation with Group Managers and Directors, shall prepare a budget timetable to ensure that the draft budget is finalised for approval by the Cabinet and Full Council within statutory timetables.
- 4.2.2** The Budget will be prepared in consultation with the relevant service manager or his/her nominated representative. In assisting the Deputy Chief Executive (S151) to prepare their budgets, due regard shall be given to:

- a. spending patterns and pressures revealed through the budget monitoring process;
- b. the prior year's actual outturn;
- c. legal requirements;
- d. the Corporate Plan;
- e. the Workforce Plan;
- f. initiatives already commenced and;
- g. the future introduction of new Central and regional Government initiatives.

4.2.3 The Deputy Chief Executive (S151) will encourage the best use of resources and value for money by working with service managers to identify opportunities to improve economy, efficiency and effectiveness.

4.2.4 The Authority is legally obliged to set a balanced budget.

4.3 Budget Approval

4.3.1 The Deputy Chief Executive (S151), as Section 151 Officer, is responsible for ensuring that General Fund, Housing Revenue Account and capital budgets are prepared on an annual basis for consideration by Full Council, and in accordance with professional and statutory requirements.

4.3.2 Full Council may amend the budget or ask the Cabinet to reconsider it before approving it.

4.3.3 After the budget has been approved by Council there will be no increase in the overall budget, unless sanctioned by the Cabinet. Expenditure is to be committed only against an approved budget head, unless approved virements have been made. (See section 4.6 below)

4.3.4 The Deputy Chief Executive (S151) will produce an annual summary Budget Book.

4.4 Responsibility for Budgets

4.4.1 Group Managers and Directors are responsible for the budgets relating to their service areas and are required to sign approving their service plans and acknowledging accountability for their budgets annually.

4.4.2 If the Group Manager or Director wishes to delegate responsibility for the budget to their service manager(s) then evidence of the onward delegation needs to be documented and the service manager will need to sign to accept the delegated budgetary responsibility. Inclusion of such accountability within the signed Job Description of the Service manager shall be regarded as sufficient documentary evidence.

4.4.3 It is the responsibility of Group Managers and Directors to control income and expenditure within their area and to monitor performance. Group Managers and

Directors must ensure that there is a clear allocation of responsibility for revenue budget at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure. Group Managers and Directors should report on variances within their own areas. They must also take any action necessary to avoid exceeding their budget allocation and alert the Deputy Chief Executive (S151) to any problems. The notification must also include an explanation of any remedial action necessary.

4.5 Budgetary Control and Monitoring

- 4.5.1** It is the responsibility of the service manager to control income and expenditure within their service areas and monitor performance. Any variances (both over and under spends) are to be discussed with their Group Manager and accountant.
- 4.5.2** Service managers should also take any action necessary to avoid exceeding their budget allocation and alert the Deputy Chief Executive (S151) and Group Manager to any problems, immediately as they arise.
- 4.5.3** The Deputy Chief Executive (S151) will present a budget monitoring report to Leadership Team and the Cabinet, outlining any areas of concern (i.e. identified material overspends and shortfalls in income) along with explanations from service managers as to the actions that are recommended to address the concerns.

4.6 Budget Changes (Virements)

- 4.6.1** The scheme of virements is administered by the Deputy Chief Executive (S151).
- 4.6.2** The transfer of budgetary provision from one service unit to another is permissible, providing virement conditions are complied with as detailed below.
- 4.6.3** A budget virement may not be made between the Housing Revenue Account and the General Fund.
- 4.6.4** Service managers are responsible for initiating the virements procedure. Approval for each virement will require the completion of a virement request form [FIN701](#).
- 4.6.5** Budgetary virements may be required by changes in accounting practice issued by CIPFA and other regulatory bodies. In such cases virement request form [FIN701](#) will not be required provided the overall budget, before and after, remains the same.
- 4.6.6** Appendix A shows the thresholds for approval split between those virements within service units and those between service units. Where a virement request has been approved, under no circumstances is income or expenditure to be vired between different financial years (ultimately amending the overall budget liability).
- 4.6.7** Approved virement request forms must be processed by the appropriate accountant who will amend the financial ledger accordingly. Approved forms must be retained for audit purposes.

5.0 Procurement and Contracts

- 5.1 Contract procedure regulations**
- 5.2 Employment status - Use of consultants and service companies**
- 5.3 Construction industry scheme**
- 5.4 Receipt of goods**
- 5.5 Authorisation for payment**
- 5.6 Payments**
- 5.7 Contract register**

5.0 PROCUREMENT OF WORK, GOODS AND SERVICES

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Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Local authorities have a statutory duty to achieve best value, in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements and reduce the following risks:

Risks:

- Goods or services may be ordered for personal use and later paid for by the Council;
- The incorrect volume, number or quality of goods and services may be received;
- The Council may be committed to spending on goods and services for which no budgetary provision has been determined;
- Officers failing to follow contract and tendering procedures may leave both themselves and the Council open to accusations of favouritism, unfair contract terms and legal challenge
- Goods or services ordered may fail to meet the Council's environmental, health and safety and other strategies and policies.

The procedures which should be followed when considering any spend of Council money are set out in the Contract Procedure Regulations.

5.1 CONTRACT PROCEDURE REGULATIONS

Why do we have Contract Procedure Regulations?

- 5.1.1 The Council is obligated by Section 135 of the Local Government Act 1972, to make Contract Procedure Regulations for the supply of goods or services or for the execution of works.
- 5.1.2 The purpose of Contract Procedure Regulations is to provide a framework within which the Council can get value for money when obtaining supplies of goods, services and works.
- 5.1.3 Officers must comply with these Contract Procedure Regulations, which lay down minimum requirements for procuring goods, services and works. Guidance on the procurement process can be obtained from the Procurement Team. Officers must always seek advice from the Procurement Team in the first instance and from the Council's Legal Services department when in any doubt and in particular for all contracts where European Law applies. If an authorising officer has any questions about the Contract Procedure Regulations, they should contact the Deputy Chief Executive (S151).

- 5.1.4 Every contract made by the Council shall comply with these Contract Procedure Regulations.
- 5.1.5 Every Contract made by the Council shall comply with [the Public Contracts Regulations 2015 \(PCR\) or the concessions Contracts Regulations 2016, as applicable, European Directives. In the event of any conflict between the Contract Procedure Regulations and European Directives the European Directive shall prevail.](#)
- 5.1.6 Contract Procedure Regulations must be followed unless the law (in particular, European Procurement Directives, but also UK law) requires something different.

Who do the Contract Procedure Regulations apply to?

- 5.1.7 These Contract Procedure Regulations apply to:
- a. All contracts made and to all orders placed by, or on behalf of the Council for the procurement, hire and commissioning of goods, services and works including where the Council is acting on behalf of public bodies;
 - b. All Officers and Members of the Council;
 - c. Any person or organisation engaged to manage a contract or undertake work that involves procurement on behalf of the Council. In each case the requirement to comply with the Contract Procedure Regulations is to be included in the terms of engagement;
 - d. The selection of sub-contractors where these are nominated by the Council under a main contract.

Reviewing and Changing the Contract Procedure Regulations

- 5.1.8 The Deputy Chief Executive (S151) is responsible for maintaining a continuous review of the Contract Procedure Regulations and submitting any additions or changes necessary to the Council for approval. The Deputy Chief Executive (S151) is also responsible for reporting, where appropriate, breaches of the Contract Procedure Regulations to the Council via the Cabinet.
- 5.1.9 Any non-compliance with the Contract Procedure Regulations must be reported to the Deputy Chief Executive (S151) or his representative. Any Officer that breaches the Contract Procedure Regulations may be subject to the Council's disciplinary procedures.
- 5.1.10 Anyone wishing to act outside the provisions of these Contract Procedure Regulations in a specific instance not covered by these Contract Procedure Regulations must seek the prior written approval of the [Deputy Chief Executive \(S151\) or Group Manager for Financial Services \(Deputy S151\)](#) and use the designated Waiver Form.

- 5.1.11 All instances of working outside these rules, including those subject to an approved Waiver or an Exemption, will be reported to the next meeting of the Cabinet, Audit, and Scrutiny Committees.

Compliance with the Contract Procedure Regulations

- 5.1.12 Service managers are responsible for ensuring that all of their staff fully comply with the Contract Procedure Regulations and other internal regulatory documents such as Procurement policies and procedures. The Contract Procedure Regulations are available on a centrally accessible ICT location and hard copies can also be made available.
- 5.1.13 Staff required to use Contract Procedure Regulations as part of their job will be required to confirm that they have read and understood the Contract Procedure Regulations as part of their induction. If further clarification or training is required, this can be provided by the Procurement Team.

Procurement Principles

- 5.1.14 The Council will adopt the following principles relating to the procurement of goods, services and works:-

- Base its procurement requirements on the principles of Best Value to ensure that it achieves efficiency, effectiveness and value for money.
- Take a long-term strategic view of how it procures its requirements including the potential for alternative methods of service delivery, innovative funding methods and partnership working.
- Expect that externally sourced requirements will be procured as a result of a competitive process unless there are compelling or practical reasons to the contrary.
- Ensure that sustainability is an important criterion in any procurement activity as far as possible.
- Where appropriate develop procurement on a partnering basis in which both the Council and the supplier seek to achieve continuous improvements and maximise mutual benefit through longer term clearly worded contracts. These contracts will be based on measurable outcomes and performance that define the obligations of both parties.

Where appropriate seek to work with others and through legitimate consortia in the procurement of its requirements in order to widen the scope of its experience and focus expertise, maximise purchasing power and harness economies of scale.

- 5.1.15 The Council acknowledges that cheapest is not always best and shall award the contract based on the most economically advantageous tender (to the Council). This encompasses a number of considerations and can include Best Price

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Quality Ratio (BPQR) and such other criteria such as environmental and social value. It is important that the criteria for selection and award are made clear in the tender pack, including any sub-criteria.

- 5.1.16 The method of contract evaluation will be included in the quotation specification or the invitation to tender.

Application and Interpretation of Contract Procedure Regulations

Definitions

Definitions with regard to these Contract Procedure Regulations can be found in the Glossary.

Aggregation of Orders

- 5.1.17 No procurement or award of contract shall be made in a manner which seeks falsely to bring the value of the contract below the European Thresholds or those set out in these Regulations in order to avoid compliance with the applicable laws and these Regulations. This includes dividing the order(s) or contracts in order to give the appearance of being below the relevant threshold. It is an offence under the European Directives to disaggregate the value of a contract so as to deliberately avoid the European Directive.

Exemption

- 5.1.18 Exemption from any Contract Procedure Regulations may be authorised by the Group Manager and Deputy Chief Executive (S151), provided that:
- The decision maker or authorised officer is satisfied that the exemption is justified by special circumstances; and
 - The exemption is reported in writing to the decision maker specifying the circumstances justifying the exemption.

Exceptional cases where Contract Procedure Regulations shall not apply (urgency etc.)

- 5.1.19 Contract Procedure Regulations shall not apply where in exceptional circumstances approval to proceed would be given by the official waiver procedure needed from The Leader, the Chief Executive, the Cabinet Member, the Director of Finance, Assets & Resources and the Chair of Scrutiny and that:
- (i) The work, goods or materials are urgently required, and loss would be entailed by delay arising from advertising; or
 - (ii) The work, goods or materials required are of such special nature that no advantage would accrue by inviting competitive tenders; or

(iii) There is no effective competition for the goods or materials required by reason of the fixing of prices under statutory authority or that such goods or materials are patented or proprietary articles or materials.

(iv) Transactions, which, because of special circumstances, may (either individually or as a class) be excepted from time to time by the Cabinet of the Council.

Transactions effected through public sector purchasing organisations

- 5.1.20 Contract Procedure Regulations shall still apply to transactions effected through well-established public sector and other purchasing and distribution organisations. A full list of these is kept by the Procurement team. The procedure will depend on the nature of the framework agreement;
- 5.1.21 Further Competition Procedure should be used where the statement of requirements when developed, cannot be met by the standard catalogue of goods or services or if there is no such catalogue. The contract procedure rules will then apply to the further competition process.
- 5.1.22 Advice must be sought from the Procurement Team, prior to purchasing through any purchasing organisation or consortia.

Contracts and Official Orders

5.1.23 The table below provides an overview of the approach to be applied to the different thresholds of spend along with a reference to where the process is explained within these regulations :

Value	Form of Agreement	Methodology	Reference to Regulations	Decision Route
≤ £51,000	Official Purchase Order	Best endeavours	5.1.28	Budget holder
£51,000 - £250,000	Official Purchase Order	Minimum of 3 Quotations	5.1.35	Budget holder
£250,000 - £500,000	Official Purchase Order	3 Quotes and advertise award on Contracts Finder	5.1.35	Service Manager
£500,000 – EU Threshold	Formal Written Contract & Purchase Order	Formal Tender (advertise opportunity and award on Contracts Finder) Tender (advertised locally)	5.1.41	Assuming that there is agreed budget in place, Budget holder Group Manager -+ S151 Officer may approve up to £250k.
Over EU Threshold	Formal Written Contract & Purchase Order	Formal Tender (advertised in OJEU) Tender (advertised in OJEU)	5.1.44	Contracts in excess of £250k will require approval by Cabinet

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5.1.24 Prior to commencing any procurement or raising any order, the Officer must be assured that there is sufficient budget in place for the proposed purchase and establish the expenditure code relating to where the budget is held.

5.1.25 Consideration to both the value of the contract and the risk of exposure to the Council should be made by the relevant Group Manager when deciding whether to execute a formal written contract.

Estimated Contract value less that £51,000

5.1.26 In the case of goods, where the Authority purchases a significant number of items and the aggregate total spend exceeds £51,000 per year, prices must be renegotiated with the supplier annually. If the total spend exceeds £50,000 per year, a contract should be executed in line with the **tender process** below.

- 5.1.27 In the case of works or services, where the Authority appoints a supplier for a significant number of low value jobs and the aggregate total spend exceeds £54,000 per year, quotations for rates should be obtained in line with the **quotation process** outlined below. If the total spend exceeds £50,000 per year, a contract should be executed in line with the **tender process** below.
- 5.1.28 In the case of a contract whose total does not exceed £54,000, the officer may place a single order without inviting quotations provided they are satisfied that they have used their Best Endeavours to ensure that the most favourable prices and terms are obtained, having regard to the principles of value for money and that the supplier is financially sound and technically competent.
- 5.1.29 If the contract is related to a service or works provision, appropriate pre-qualification of suppliers must be carried out to ensure that their status in relation to Health and Safety, financial standing, customer care, [data protection](#), [equalities](#), contract management and provision of insurance is suitable for the level of the contract.
- 5.1.30 Pre-qualification through an industry recognised method such as Constructionline or Exor will be deemed acceptable although the relevant Group Manager may require further checks to be carried out in this regard.
- 5.1.31 In the event that competitive tenders or quotations are sought, these shall be obtained from such number of contractors/suppliers as the relevant Group Manager deems appropriate having regard to the principles of Best Value
- 5.1.32 The officer is required to obtain written evidence of the quotations and the evidence is required to be kept in accordance with the Council's Document Retention guidance. This is 12 months or the life of the contract, whichever is the greater.

Estimated Contract value between £54,001 and £50,000

- 5.1.33 Competitive quotations shall be invited unless a Group Manager considers that it is not in the best interests of the Council to seek competitive tenders.
- 5.1.34 Where possible quotations should be sought from three contractors. For further details on quotations refer to the section on the quotation process.
- 5.1.35 The officer is required to obtain written evidence of the quotations/tenders and the evidence is required to be kept in accordance with the Councils Document Retention guidance.

Quotation Process

- 5.1.36 Where possible at least three written quotations will be sought.
- 5.1.37 The Service Manager will ensure all appropriate documentation is provided. The [FIN301 Request for Quotation form](#) should be used; however this may be supported by additional supplementary information which will further assist the supplier in providing their quotation. The Service Manager should ensure that such contract

documentation shall be approved by Legal Services if required before quotations are requested.

5.1.38 The information contained in the request for a quotation will state:-

- The description or specification of the requirement avoiding the use of proprietary or brand names and using available recognised standards.
- The quantity required
- The delivery time and place
- The basis of the price to be quoted
- Which conditions or contract or other approved condition will apply to any order
- The date by which quotations are to be received by the Council this will normally be not less than 5 working days from the date of the request.

5.1.45 Suppliers shall be required to address their quotations to the Service manager.

5.1.46 Quotations may be requested and received using established electronic methods. The retention and administration is dealt with under the document retention policy.

5.1.47 Quotations received late will be disallowed. They will be retained unopened until after the quotations properly received have been opened and will be returned to the sender with an explanation.

5.1.48 The quotation from the Supplier who has offered the lowest acceptable price taking into consideration the required quality, delivery, cost of use and cost of disposal will normally be accepted provided this is within the estimated total cost.

5.1.49 Written acceptance will be notified to the Supplier by the officer from the service dealing with the procurement. They will also be responsible for notifying the Procurement Team in order for them to update their records with details of the Contract and how they have selected the chosen supplier.

5.1.50 If the contract is for goods currently maintained or which are going to be maintained on the eProcurement catalogue, a full list of products should be forwarded to procurement on the [FIN302 Product Upload Template](#) to allow them to be added to the catalogue prior to ordering.

5.1.51 The relevant Service Manager may accept a quotation other than the lowest where it is in the best interest of the Council and best value is achieved. Such a decision and its reasons shall be recorded and this information submitted to the Procurement Team.

5.1.52 An order will be raised on the Councils eProcurement system at the point of awarding the contract.

5.1.53 If requested the unsuccessful suppliers can be notified and given reasons but without breaching the commercial confidentiality of the other suppliers.

Estimated Contract value over £50,000 but below European thresholds

~~5.1.39~~~~5.1.54~~ The contract opportunity shall be advertised on the Councils eTendering portal and on Contracts Finder in line with UK Procurement legislation.

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~~5.1.40~~~~5.1.55~~ Competitive tenders shall be invited. Where possible tenders shall be invited from four contractors, however in line with PCR 2015 no shortlisting will be allowed on contract values below the EU threshold. This means that all compliant bids will be evaluated.

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~~5.1.41~~~~5.1.56~~ Where it can be demonstrated that there are insufficient suitably qualified contractors to meet the competition requirement set out above all suitably qualified contractors should be invited so far as is practical.

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Estimated Contract value exceeds European Thresholds

~~5.1.42~~~~5.1.57~~ Where the estimated Value of the Contract exceeds the thresholds laid down in the European Directive, Public Contract Regulations 2015~~EU procurement rules~~ will apply

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~~5.1.43~~~~5.1.58~~ The opportunity will be advertised in the Official Journal of the European Union (OJEU) and all legislative requirements must be met.

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The Tender Process

~~5.1.54~~~~5.1.59~~ Before starting a tender process, and with suitable advance notice, the relevant Officer will inform the Procurement Team of the proposed contract details using a Tender Initiation Form. Unless the relevant Service Manager decides otherwise, all draft contract documents to be sent out with a request for tender shall be approved by Legal Services prior to being sent to any supplier.

~~5.1.55~~~~5.1.60~~ Consultation will occur between the Procurement Team, Group Manager and where necessary Legal Services, and where relevant agree:

i) The roles and responsibilities in respect of:

- The selection process (above EU threshold only)
- The tender process
- The evaluation of the outcomes
- Post tender negotiations
- The contract award
- Contract management

ii) A procurement plan that:-

- Identifies scope for working with others

- Identifies the use of the best practice contracting and procurement methods including partnerships and partnering
- Reflects any additional requirements and choice of procedure for a contract that exceeds the EU procurement thresholds.
- Identifies the use of European standards where these are available.
- Details timescales and major events
- Identifies and allocates responsibilities.

iii) The selection criteria [\(to be used above EU threshold only\)](#) for suppliers to be invited to tender are based on commercial consideration and include:

- Financial viability and capacity
- Operational capacity
- Technical competence and capacity
- Relevant environmental issues
- The Council's policies
- Legislative compliance
- [Health and Safety](#)
- [Data Protection](#)
- [Equalities](#)

iv) The evaluation and award criteria for the contract to achieve Value for Money or MEAT taking into account such aspects as:

- Proposed methods and approach
- Total costs to the Council over the life of the contract including disposal costs
- Quality
- Delivery
- Sustainability
- Risk including the suppliers insurance details
- [Health and Safety](#)
- [Social Value](#)

5.1.58 In the case of contract values in excess of £250,000, and any contracts in respect of which the relevant Service Manager may so direct depending on the strategic relevance of the contract, the evaluation and award criteria to be used for award will be agreed in advance of the Invitation to Tender being issued, by the Group Manager and relevant Cabinet Member.

5.1.59 Tenders will be advertised and submitted electronically via the Supplying the Southwest Procurement Portal using the Council's Standard Form of Tender. Any amendment to this form must be approved in advance by Legal Services.

Tenders – manner of submission

5.1.61 Every invitation to tender shall state that the tender will be only considered if it is received electronically via Supplying the Southwest Procurement Portal.

- 5.1.62 No tender received by any means after the time and date specified in the invitation shall be accepted or considered under any circumstances

Tenders – Procedures for opening

- 5.1.63 All tenders for a Contract shall be opened via the verification process within the eTendering portal.
- 5.1.64 ~~The designated Verifier for the tender will be a member of the Internal Audit section and only~~ Only those Officers delegated with Verifier status will be able to access the tenders and remove the Tender seal.
- 5.1.65 The tenders may then be accepted and released for evaluation or declined and reasons given.
- 5.1.66 Documentation from the eTendering portals audit log should be produced to show the following:
- a) The name of the Tenderers who submitted their tender on-time
 - b) The name of the Tenderers who submitted their tender late
 - c) The name of the Tenderers who opted out of the Tender process and the opt out reason (if supplied)
 - d) The date and time of the submission
 - e) The Tendered price for each on-time submission as it appears on the Form of Tender.

Tenders – Procedures for acceptance

- 5.1.67 Where tenders have been invited in accordance with these Contract Procedure Regulations, the winning tender based on MEAT as defined at 5.1.15 shall be awarded the contract.
- 5.1.68 The winning tender will be defined as the one who scores highest based on the pre-defined evaluation criteria which was agreed at 5.1.57 and published with the Invitation to Tender.
- 5.1.69 For contracts under £250k the Group Manager will authorise the contract award.
- 5.1.70 For contracts above £250k, or where there is 10% excess on the budgeted tender provision, the Group Manager, Director and Cabinet Member will authorise the contract award. ~~will refer to Cabinet prior to authorising the acceptance.~~

Tenders- Record Retention

- 5.1.71 A full record of the procurement process followed for Quotation and Tenders will be maintained, including but not limited to:

- a. Quotations:
- Invitation to Quote
 - Submitted quotation
 - Waivers
 - Reason for not accepting lowest price and post quotation clarification including establishing value for money.
 - Communication with successful supplier
 - Feedback supplied to unsuccessful suppliers (if requested)
- b. Tenders:
- Business case
 - Pre-tender market research
 - Method of obtaining bids
 - Contracting decisions/ reasons
 - Waiver
 - Award criteria
 - Tender documents
 - Tender submissions
 - Post tender clarification and establishing value for money
 - Legal Advice
 - Evaluation
 - Post contract monitoring

Standing Lists of Selected Suppliers

Where quotations or tenders are regularly obtained for the same or similar types of goods, services or works that are below the EU tender process value a standing list of selected suppliers may be used in the interest of efficiency and value for money.

~~5.1.66 Each Group Manager is authorised to compile maintain and review in consultation with the Procurement Manager such standing lists as are appropriate for the contracts for which they are responsible.~~

~~5.1.67~~ 5.1.66 Each standing list shall be reviewed and updated by the relevant Service Manager at least once in any 24-month period and copy sent to procurement.

~~5.1.68~~ 5.1.67 A list of the established select lists is held by Procurement.

Orders for Goods, Works and Services

Once a contract has been awarded or a quotation accepted, the following rules in relation to the transactional process of ordering through to payment should be followed.

Rules:

~~5.1.69~~ 5.1.68 The system to be used for the ordering of works, goods and services shall be the eProcurement Corporate Finance System or any successor system as agreed by the Deputy Chief Executive (S151). Only orders in a format agreed by the Deputy Chief Executive (S151) shall be used.

Includes:

- Hire/ rent/ lease of goods (See 6.6 Asset Leasing arrangements)
- Delivery of recruitment/ consultancy
- Appointment of Counsel
- Obtaining Finance

~~5.1.70~~ 5.1.69 Any amendments or changes in procedure to the agreed system must be approved by the Deputy Chief Executive (S151) in consultation with the Group Manager for ICT if appropriate, prior to being updated.

~~5.1.74~~ 5.1.70 Every officer and Member of the Authority has the responsibility to declare to the Monitoring Officer any links or personal interest that they may have with purchasers, suppliers and/or contractors (including sub-contractors) if they are engaged in contractual or purchasing decisions on behalf of the Authority in accordance with the appropriate Codes of Conduct.

Ordering

~~5.1.72~~ 5.1.71 Official orders, either in whole or in part, must not be used to obtain goods or services for private use. Any officer found to be breaching this rule, will be subject to disciplinary proceedings.

5.1.73 Official eProcurement orders shall be raised for all work, goods and services to be supplied to the Council. No work is to be placed to an outside contractor without an order being raised.

5.1.74 All ordering must be conducted through the Procurement Team. No verbal orders are to be placed except as at 5.1.79.

5.1.75 In the case of an emergency situation, the order must be placed as soon as is reasonably possible and in all cases prior to the supplier submitting their invoice.

5.1.76 Guidance must be sought from the Procurement Team for any officers placing an emergency order or orders relating to exceptional circumstances.

~~5.1.73~~ 5.1.72 Prior to engaging any new supplier, Officers should consult with the Procurement Team to ensure that there is not already a contract in place which could meet their requirement.

To use the new supplier, a Request for Supplier set up form should be completed with all relevant details for verification with HMRC including where applicable:

- UTR (unique tax reference)

- National Insurance number
- Company registration number
- VAT registration number

Consideration of employment status, see 5.2 below and if the work involves construction, 5.3 below, also needs to be made before a new supplier is created.

5.1.745.1.73 All orders must be raised, in advance of the works, goods or services being received by the Council. A designated authorised signatory, will need to authorise orders prior to the order being raised and placed by the Procurement Team.

5.1.755.1.74 It is the responsibility of the designated service Authoriser to confirm with the relevant budget holder and / or Accountant as to whether there is budget available prior to requisitioning the works, goods or services.

5.1.765.1.75 Spending limits must be observed at all times and officers must not avoid overspending on the correct expenditure code by applying an incorrect expenditure code to an order.

5.1.775.1.76 Spending limits will be reviewed and approved by the Group Manager on an annual basis.

5.1.785.1.77 Officers initiating an order must consult the appropriate Accountant and jointly decide if a virement is required from an underspent code to the correct code before the ordering process continues. Any doubt or difficulty in correctly coding an order shall be referred to the appropriate Accountant for advice.

5.1.795.1.78 Orders are not to be split into smaller orders solely to avoid the value limits and procedures laid down in the Council's Contract Procedure Rules.

5.1.805.1.79 Orders are not required for:

- Rents;
- Rates;
- Supply of Utility Services (Gas, Mains Water, Electric, Telephone);
- Petty Cash reimbursements; and
- S151 treasury transfers.

Variations to official orders can be made by submitting a properly completed [FIN305](#) variation order to the Procurement Team.

Full details of how to use the eProcurement system can be found in the eProcurement User Guide which is available on SharePoint.

5.2 Employment Status - Use of Consultants and Others

5.2.1 Employment status of non Mid Devon District Council employees should be a concern for all service managers. This guidance lays out the basic position and shows how to work out the status of an engagement.

5.2.2 It is vital to resolve the issue of status and inform the individual how they will be paid, **before** they undertake the work. This will prevent delays in payment and disagreements if someone is paid subject to deductions via payroll, when they were expecting to be paid gross, against invoices submitted via the Creditors system.

~~5.2.25~~2.3 IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC).

~~5.2.35~~2.4 The service manager engaging someone to perform a task has the responsibility of determining their employment status and whether they should be paid via payroll. It is not up to the individual being asked to perform the task to indicate what their status is. If the Council treats someone incorrectly, and HMRC imposes interest and penalties these will fall on the service -that has commissioned the work. (HMRC will normally go back as far as six years plus the current for unpaid tax, NI, interest and penalties.)

~~5.2.45~~2.5 Even if an individual can demonstrate that they are registered with HMRC as self-employed this does not mean that they should necessarily be treated as such when they undertake an engagement for Mid Devon District Council. It depends upon the contractual arrangement with the individual (See Below)

~~5.2.55~~2.6 If the working arrangement is such that the individual is deemed to be employed by the Council then the HR Manager needs to be informed so the appropriate contract of employment can be drawn up and issued **before** the individual commences any work for the Council.

~~5.2.65~~2.7 Employment status can still be an issue for individuals who fall under the Construction Industry Scheme. (CIS). To avoid this complication the Council should not provide tools and equipment, and ensure these individuals have other self-employment in addition to the works they do for the Council. This will ensure tax is only payable under CIS, and the Council does not have to consider whether they could be employees or not.

Points to consider

~~5.2.75~~2.8 The following are extracts from: "Are your workers employed or self-employed for tax and National Insurance contributions" HM Revenue and Customs leaflet ES/FS2.

An individual worker is likely to be **employed** if the answer is '**yes**' to most of the following questions:

- Does the worker have to do the work themselves?

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- Can you tell the worker where to work, when to work, how to work or what to do?
- Can you move the worker from task to task?
- Does the worker have to work a set number of hours?
- Is the worker paid a regular wage or salary?
- Can the worker get overtime pay or bonus payments?
- Is the worker responsible for managing anyone else engaged by you?

Your worker is likely to be **self-employed** if the answer is 'yes' to one or more of these questions:

- Can the worker hire someone to do the work, or take on helpers at their own expense?
- Can the worker decide where to provide the services of the job, when to work, how to work and what to do?
- Can the worker make a loss as well as a profit?
- Does the worker agree to do a job for a fixed price regardless of how long the job may take?

If you can't answer 'yes' to any of the above questions, your worker is still likely to be **self-employed** if you can answer 'yes' to most of the following questions:

- Does the worker risk his own money?
- Does the worker provide the main items of equipment (not the tools that many employees provide for themselves) needed to do the job?
- Does the worker have to correct unsatisfactory work in their own time and at their own expense?

An example:

If an individual contracts to paint Phoenix House for £20k and to complete the work in eighteen months at times that suit him with as many workers as he sees fit to employ it would indicate self-employment. The costs incurred could generate either a profit or a loss and there is a financial risk to him.

However, if he is to report to a service manager on Monday and paints the building using our paint and equipment, cannot contract others to do the work, and effectively works the hours we decree, then there is no financial risk to him and this would be employment.

There is an online tool that can be used to help determine the status of individuals at: www.hmrc.gov.uk/calcs/esi.htm

However the online ESI tool should **not** be used for determining the status of:

- individuals who provide their services through a limited company (known as IR35)
- contracts with agencies to provide services to another person (client).

If you have any doubt as to the correct treatment, the matter should be referred to the Deputy Chief Executive (S151) or Group Manager for HR without delay.

5.3 Construction Industry Scheme

- 5.3.1 Under current tax legislation the Council is a deemed Contractor and those working for the Council are sub-contractors. The Deputy Chief Executive (S151) will arrange for nominated staff to check the validation at the HMRC website when Procurement has advised of a new potential CIS subcontractor.
- 5.3.2 Payment in full can **only** be made to such a sub-contractor (company or individual) in the construction industry who has been validated by HMRC and is allowed to be paid Gross. Procurement will check the status of individuals with HMRC when creating new suppliers
- 5.3.3 Those classified to receive monies net by HMRC, will be paid with a tax deduction of 20% from the labour element of the invoice. These individuals or companies should submit invoices which clearly apportion the materials element of the charge from other elements before VAT is added. A failure to do so will mean that the invoice is not paid and returned to the supplier.
- 5.3.4 If the subcontractor is not validated the payment can only be made with 30% tax deduction.
- 5.3.5 Monthly electronic returns of CIS deductions will be made to HM Revenue and Customs by no later than 19th of each calendar month by officers nominated by the Deputy Chief Executive (S151).

Retentions

- 5.3.6 Payments to contractors will only be made on a certificated invoice of the designated service manager, or where engaged by the Council, the Private Architect, Engineer or Consultant. Certificated invoices shall show the value of the work, retention money, amounts previously certified and amounts now certified.
- 5.3.7 All variations to contracts are to be in writing and in the form of a properly authorised [FIN305](#) Variation Order.
- 5.3.8 The final payment for any contract will not be issued until the relevant Group Manager has had a copy of the final account and has carried out such examination as he/she considers necessary in order to satisfy themselves as to the accuracy of the account.
- 5.3.9 It is recommended that for contracts in excess of £100,000, best practice would be to include a standard retention of 5% until practical completion of a contract and then 2.5% to be held until 12 months after practical completion of the contract, which should be specified in the contract.
- 5.3.10 It is the responsibility of the Service Manager in conjunction with the Deputy Chief Executive (S151) to agree a suitable level of retention for the specific contract on a case by case basis.

5.4 Receipt of Goods and Services

- 5.4.1 Goods works and services received by the Council will be “delivered” by approved staff on the financial system upon **receipt** of the goods or services so as to ensure the liability is promptly recorded on the financial ledger.
- 5.4.2 Certification of work undertaken by external contractors engaged by the Council is to be authorised by suitably experienced and qualified staff prior to delivery being entered on the financial system.
- 5.4.3 Documentation relating to deliveries such as Delivery notes or Job completion sheets should be kept in accordance with the Council’s Document Retention guidance.
- 5.4.4 Where possible the delivery note should be scanned and attached to the eProcurement system at the point of entering the Good Received Note.

5.5 Authorisation for Payment

- 5.5.1 The Deputy Chief Executive (S151) will ensure that procedures are in place to ensure that orders made for goods and services on behalf of the Council can only be placed by suitably trained authorised individuals, up to authorised limits, covered by an appropriate budget provision.

5.5.2 The limits for approval of expenditure are set out in Appendix A. Where the approval will result in an increase in total contract price following the award of a contract, the Procurement Manager (or in his/her absence, the Group Manager for Finance or Director of Finance, Assets and Resources) must be consulted where:

- (a) the original value of the contract was above the European Thresholds; or
- (b) the original value of the contract was £25,000 or more but below the European Thresholds and the expenditure will result in the original value of the contract being exceeded by more than 10%, taking into account any previously approved expenditure above the original contract value.

~~5.5.25~~ 5.3

~~5.5.35~~ 5.4 Service managers will be responsible for the authorisation of orders raised in the pursuit of their agreed service plans. All requests to add or amend authorisation amounts must be made to the relevant Group Manager in advance and approved prior to their use.

~~5.5.45~~ 5.5 HR is to supply a ~~leavers~~leaver's memo to the Deputy Chief Executive (S151) to ensure prompt removal of former employees.

~~5.5.55~~ 5.6 Contract retentions in accordance with contractual arrangements are always to be made and the Accounts Payable section is to be authorised only to pay net amounts due.

5.6 Payments

Why is this important?

The Council spends significant amounts of public money on the purchase of goods and services in order to provide its services in accordance with statute and policy decisions.

Risks:

- The Council pays for goods and services that have not been received;
- The Council pays for goods and service twice or more in error;
- The Council pays incorrect suppliers or amounts due to fraud
- Financial and accounting records are not correctly updated.

Regulations:

- 5.6.1 The Council will pay invoices within 30 days from receipt of invoice or on other terms as maybe agreed. All staff involved with paying creditors shall ensure that invoices are dealt with promptly.
- 5.6.2 In the cases of invoices relating to work which is covered by the Construction Act 2009, payment will be made in accordance with the protocol set out in the statutory scheme for Construction Contracts.
- 5.6.3 No amendments, changes or avoidance of the system laid down for the processing of invoices for payment must be undertaken without the approval of the Deputy Chief Executive (S151).
- 5.6.4 Invoices will only be accepted on which details are written in ink, typewritten, printed or generated by computer. Payment against faxed or photocopied invoices require the prior approval of the Deputy Chief Executive (S151), or his/her appointed representative..
- 5.6.5 All Invoices must be received centrally in the Accounts Payable section of Financial Services.
- 5.6.6 It is the responsibility of the paying department to check the following:
- That an order has been raised, where appropriate and in accordance with 5.1 Procurement of Work, Goods and Services.
 - The invoice is addressed to Mid Devon District Council
 - That the details listed on the invoice match the order, including the description, units, amount and VAT and that they are within the acceptable validity limit of +/- 5%.
 - That the goods and services have been supplied/delivered to the Council and recorded via the 'enter goods receipt' section of the eProcurement system.

- 5.6.7 It is the responsibility of the Accounts Payable section to check the following:
- That any trade and cash discounts have been deducted
 - That the invoice is a genuine invoice and is not faxed or photocopied
 - That the invoice has not previously been paid.
- 5.6.8 The refunding of any payment made by a member of the public can only be considered if there are genuine reasons for doing so, e.g. cancellation of event, overpayment of Council Tax, etc. The refund request must be correctly authorised and accompanied by proof that a payment was made to the Council.
- 5.6.9 Payments on Council pre-printed forms, e.g. proforma invoices such as Petty Cash reimbursement are to be signed by the appropriate authorising officer and checked for correct completion by the appropriate Officers and Accounts Payable staff before payment.
- 5.6.10 The Internal Audit Section will carry out checks on the Creditors system in accordance with the Audit Plan.
- 5.6.11 Payment for goods and services not yet received i.e. training courses should only occur in exceptional circumstances and with the prior approval of an authorising officer. A record of the payment should be made on the order and checks should be carried out to ensure that delivery subsequently takes place.
- 5.6.12 All Creditors cheques returned to the Council, whether by hand or by post, shall be passed immediately to the Accounts Payable section of Financial Services and not to the instigating officer. The instigating officer is, however, to be informed of any cheque having been returned.
- 5.6.13 Creditors will be paid by BACS whenever possible with a remittance advice forwarded within 24 hours of payment. All Bank details to enable payment will be held on the Creditor's individual file records and amended by Procurement staff only on receipt of official notification in writing, from the Creditor.

5.7 Contracts Register

5.7.1 Upon award of any contract [tendered via the Procurement Team](#), a [FIN306](#) Contract Award Notification will be sent by the Procurement Team to the relevant Group Manager, Service Manager, Cabinet Member and Accountant and to the Deputy Chief Executive (S151) to notify them of the award

~~5.7.45~~ 7.2

5.7.3 [Where the service has awarded their own contract, without the input of the Procurement Team, it is the responsibility of the awarding service to provide the Procurement Team with the information that they require to populate the contracts register \(as set out below\)](#)

~~5.7.25~~ 7.4

~~5.7.35~~ 5.7.5 It will remain the responsibility of the Procurement Team to maintain a contract register of all contracts over £5,000 awarded on behalf of the Council.

5.7.6 The register will ~~document the supplier, value and duration of the contract and~~ be available for review on a centrally held electronic file by Officers and Members.

For each contract, the following details must be published:

- reference number
- title of agreement
- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

~~5.7.45~~ 5.7.7

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6.0 Expenditure

- 6.1 Housing and council tax benefit payments**
- 6.2 Housing renovation and associated grants**
- 6.3 Purchase cards**
- 6.4 Credit cards**
- 6.5 Petty cash**
- 6.6 Asset leasing arrangements**
- 6.7 Urgent payments**
- 6.8 Emergency action**

6.1 Housing and Council Tax Benefit Payments

Why are these important?

The Council administers the payment of benefits, on behalf of the Department of Work and Pensions, to assist people in paying their rent and/or Council Tax bills. The Housing Benefit scheme is complex, requires people to declare both personal and financial details and is, as a result, open to error and abuse. This being the case the assessment, calculation and payment of claimants needs to be carefully controlled.

Risks:

- Benefit could be paid to fraudulent claimants;
- Personal domestic and financial details relating to a claimant could be disclosed without authority to do so;
- Benefit entitlement could be incorrectly calculated

Regulations:

- 6.1.1 The Deputy Chief Executive (S151) shall be responsible for arranging the processing, assessment and payment of benefit.
- 6.1.2 The Deputy Chief Executive (S151) shall ensure that periodic checks on the calculations and the entitlement for benefit cases are carried out. Verification Framework checks are to be carried out on all benefit documentation received.
- 6.1.3 All records and files of personal information relating to claims and the calculation of entitlement to benefit are to be held under arrangements that will prevent access by unauthorised persons and enable compliance with the Data Protection Act.
- 6.1.4 Any information gained in the assessment and payment of benefit shall not be divulged by any member of staff to persons not authorised to receive that information. Any person seeking information on behalf of another must provide satisfactory evidence that they are authorised, by the claimant, to do so.
- 6.1.5 Any member of staff with a personal interest in a benefit claim will have no part in the assessment or payment of that claim. All staff involved in the administration of Housing and Council Tax benefit will complete an annual declaration of interests form, and notify the Benefits Manager as soon as they become aware of any personal interest.
- 6.1.6 All benefits cheques returned to the Council, whether by hand or by post, shall be passed immediately to the Accounts Payable section and cancelled. The Benefits Unit is, however, to be notified that any such cheques have been cancelled.
- 6.1.7 Lost cheques will not be reissued until the original has been cancelled or has been stopped. See 14.1.5 relating to crossed cheques.

6.2 Housing Renovation and Associated Grants and Loans

Why is this important?

Each year the Council receives applications from the public for grants and loans to assist them financially in renovating their property or associated work such as alterations for the installation of disabled facilities. Many grants and loans are for thousands of pounds and it is therefore essential that applications are correctly assessed, calculated and paid in accordance with both legislative and Council requirements.

Risks:

- Applicants may be paid and yet not be entitled to receive grant or loan monies;
- Grant or loan entitlement may be incorrectly assessed leading to an incorrect payment being made;
- The grant and loan scheme may be manipulated with fraudulent intent

Regulations:

- 6.2.1 The Group Manager for Public Health & Regulatory Services will be responsible for delegating the management and processing of applications for Housing Renovation and other related Grants or loans.
- 6.2.2 The processing of grant and loan applications shall be dealt with expeditiously in accordance with current legislation and Council policy. All applications must be approved by the Group Manager for Public Health & Regulatory Services or his/her nominated representative before any payments are made.
- 6.2.3 Payments must be within the limits for such grants or loans set in the Housing Assistance Policy.
- 6.2.4 Payments of grant or loans are provided before work commences unless there are major adaptations whereby stage payments may be made when staged inspections are completed and signed off as satisfactory by the appointed officer in association with the applicant.
- 6.2.5 Employees of the Council with a personal interest in any grant application must notify the relevant Group Manager who shall record the interest.
- 6.2.6 Employees of the Council who have a personal interest in any grant or loan application must not participate in the processing of the application or payment of the grant or loan and comply with the Officers Code of Conduct.

6.3 Purchase cards

The Council recognises that the cost of its spending is an area which can be reduced by using more efficient payment methods which include the use of Purchase Cards and Credit Cards.

| The Council has an approved purchase card scheme –under the Government Procurement Card (GPC) Policy. Purchase cards are issued to Officers where it has been identified that there is either a large volume of low value transactions or a frequent urgency for a smaller number –being made when at remote locations.

Regulations

- 6.3.1 Authorised Users sign up to the terms and conditions as set out in Appendix C, which clearly set out how the card is to be utilised and that under no circumstances may it be used for personal purposes.
- 6.3.2 The scheme is to be used in line with the Guidance document issued to users with their cards shown at Appendix D.
- 6.3.3 The Deputy Chief Executive (S151) will appoint administrators who shall be able to request information and make amendments on the company account, including the creation of additional cardholders.
- 6.3.4 Where the cardholder purchases goods or services relating to the Building Services department, the cardholder will be required to provide the Job Number which the purchase relates to alongside the receipt to ensure the goods are charged to the correct job.
- 6.3.5 Cardholders shall retain all VAT receipts from the transactions and record them on the prescribed transaction log.
- 6.3.6 The Cardholder, or an authorised user, shall reconcile all the transactions on their transaction log and statement on a monthly basis using the reconciliation software provided by the card issuer. During the reconciliation process, the following items associated with the transaction must be populated:
- Receipt reference
 - VAT amount
 - Accounting codes
 - Description
- 6.3.7 When the cardholder has checked the statement for accuracy the cardholder's approver must complete the summary before the full month's transactions are loaded into the financial management system.
- 6.3.8 The reconciliation, approval and loading of the file will be completed in line with the timetable set out each year.
- 6.3.9 The Deputy Chief Executive (S151) will review the effectiveness of the scheme from time to time and at least at the re-tendering of the contract, usually every 3 years.

6.4 Credit Cards / Purchasing Cards

- 6.4.1 A Corporate Credit Card is used for the purchase of products or services where the only practical method of payment accepted by the supplier is credit card. The credit card is to be held in a secured location by the Procurement Team.
- 6.4.2 The Deputy Chief Executive (S151) will appoint authorised signatories who are able to request information, make changes to the account or create new cardholders.
- 6.4.3 A purchase order must be raised in line with the Financial Regulations before any transaction is made using a card. All transactions made using a credit card are to be recorded on a central log which must be reconciled monthly to the Credit Card statement.
- 6.4.4 The relevant accounting codes and VAT information from each transaction are to be allocated on the financial ledger at the point of posting. VAT receipts are to be held centrally in line with the Council's retention policy.

6.5 Petty Cash

Why is this important?

Petty cash is required to meet minor items of expenditure that may arise from time to time.

Risks:

- Cash is stolen, lost or borrowed without due authority;
- Money is spent on non-work related goods or services
- Petty cash is used as a means to circumvent the proper procurement process

Regulations:

- 6.5.1 The Deputy Chief Executive (S151), in consultation with Service managers, will decide on the fixed amount of the float to be used for meeting petty cash expenses at any satellite establishment.
- 6.5.2 Petty cash made available is for work related transactions only. Under no circumstances are petty cash floats to be used for personal reasons i.e., loans or advances of cash. Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.
- 6.5.3 Payments from petty cash are to be limited to minor non-recurring items of expenditure, not exceeding the thresholds set out in Appendix A.
- 6.5.4 None of the following items of expenditure are to be paid out of petty cash;
 - Travel and subsistence expenses of officers;
 - Postage, except where a small supply of stamps is held for specific purposes;
 - Sundries, such as milk, tea, coffee, biscuits, etc. for officers;
 - Stationery;

- Any other payments relating to staff or persons working or providing a service to the Council
- 6.5.5 Any officers found to be in breach of this Rule will be subject to disciplinary proceedings.
- 6.5.6 A [FIN321](#) form will be provided by the Deputy Chief Executive (S151) for each officer holding a petty cash float at the 31st March to certify in writing the amount held, either in cash and/or in signed vouchers awaiting reimbursement.
- 6.5.7 All payments from petty cash are to be recorded on the electronic [FIN320](#) Petty Cash Reconciliation form and are to be supported by vouchers in the approved form. The voucher is to be signed only by the employee entitled to receive the payment and is to be counter-signed by an authorised officer at the time of payment. Full details of the claim are to be recorded on the voucher and an official VAT receipt obtained and attached to the voucher.
- 6.5.8 On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash float, an employee shall account to the Deputy Chief Executive (S151) for the float amount advanced to him/her.
- 6.5.9 Petty cash floats are to be reconciled and balanced (vouchers to cash balances) on a monthly basis.
- ~~6.5.10~~ Replenishment of petty cash floats will be via the submission of the [FIN320](#) Petty Cash Reconciliation form using the guidance notes within the workbook. Floats will be replenished from a "top up" float held by the Customer First Supervisors.
- ~~6.5.10~~ The petty cash "top up" float will be replenished by replacing kiosk cash to be banked with a MDDC cheque of the same value.
- ~~6.5.11~~ The Petty cash top up float should be reconciled quarterly in line with the reconciliation of the petty cash eFinancials cost centre.
- ~~6.5.11~~ ~~6.5.12~~ The workbook should be authorised and sent electronically to accountancy@middevon.gov.uk. A hard copy of the 'Vouchers' page and the 'Replenishment' page should be sent to Accounts Payable with all signed vouchers and receipts in support of the amount claimed.
- ~~6.5.12~~ ~~6.5.13~~ Once Accounts Payable has verified the replenishment they will authorise the Customer First Team to contact the officer holding the float to collect the replenishment. Council identification must be presented when collecting the cash.
- ~~6.5.13~~ ~~6.5.14~~ Cash balances and vouchers shall be available for inspection upon request, by Internal Audit.
- ~~6.5.14~~ ~~6.5.15~~ Any till differences in excess of the amount shown at Appendix A shall be referred immediately to Internal Audit.

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6.6 Asset Leasing Arrangements

Why is this important?

Capital finances are not always available to purchase an asset outright, especially larger vehicle and equipment purchases. Leasing an asset enables the cost to be spread over several financial years. Asset leasing contracts are legally binding documents which therefore need to be considered and entered into with caution.

International Financial Reporting Standards (IFRS) require Operating Leases and Finance leases to be treated differently within the year end accounts. Whether a lease is a finance lease or an operating lease depends upon the substance of the transaction, rather than the form of the contract. This is not always conclusive. The assessment requires judgement against the lease classification indicators set out in International Accounting Standards (IAS) 17.

Criteria pointing to a finance lease classification include:

- The lease transfers ownership of the asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value, so as to make it reasonably certain the option will be exercised.
- The lease term is for the major part of the economic life of the asset.
- The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (MDDC applies a rate of 75% and above).
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

In summary not only is it important to ensure that our lease arrangements are appropriate for our needs, it is also important that each lease is classified and recorded within the correct framework.

Risks:

- The Council may fail to be able to meet future commitments.
- New annual lease payments may exceed budgetary provision.
- Assets are not appraised to ensure leasing is a more viable option than purchasing.
- Assets are not purchased following procurement guidelines or leased following a financing review.
- The asset is disposed of before the lease ends or is ready to be disposed of.
- Lease interest rates are high.
- Lease agreement contracts are not signed or stored correctly.
- Leases are classified incorrectly because IFRS regulations are not followed.

Regulations:

- 6.6.1. A business case analysis should be carried out when considering purchasing a new asset and the Service Accountant should be included in this process. The business case should show that there is a definite business need for the asset, the asset to be acquired has been appraised to be the most operational and cost effective solution and that procurement rules have been followed to obtain quotes or to tender for the asset.
- 6.6.2. At this stage the Deputy Chief Executive (S151) should consider whether finances are available to purchase or whether leasing the asset is more appropriate. In any event if the Council is to purchase the asset and subsequently undertake a sale and leaseback arrangement the normal procurement rules outlined at 5.1 above must be followed. Service Managers must therefore be mindful of lead times before the acquisition of assets.
- 6.6.3. If the asset is to be leased a leasing advisory body will be contacted to carry out a financial review and find the best leasing option. This must only be done after the decision not to purchase has been made. Additional costs could be incurred in instructing a financial review if a decision is then made not to lease.
- 6.6.4. Arranging the financing of a lease will be administered by the Deputy Chief Executive (S151). All contractual documentation should be forwarded to the Deputy Chief Executive (S151). Once signed by an authorised signatory all Contracts will be entered into the Contracts Register [within Legal Services](#).
- 6.6.5. Annual payments due on new finance leases will be funded by the service acquiring the asset through a budget virement to the finance lease detail code.

Property Leases

- 6.6.6. If the Authority enters into any new property leases, either as Lessor or Lessee, The Deputy Chief Executive (S151) needs to be immediately advised of the transaction and the nature and terms of the agreement entered into. This is most important because the accounting treatment of the transaction and therefore our financial statements could be different, depending upon the circumstances.

6.7 Urgent Payments

- 6.7.1. Payments to suppliers and others are normally arranged in a series of weekly or monthly runs. Service managers are asked to try wherever possible to adhere to these standard payment runs to maintain efficiency.
- 6.7.2. This will be by BACS as the faster more secure option and the Service Manager will need to obtain all of the relevant details of the payee for this to occur. However in the rare case that circumstances conspire to warrant an urgent payment service managers should endeavour to obtain the bank details and full name and address of the payee so that a BACS payment can be issued without delay by the Finance Team. The monies will always clear faster than a cheque, and the process is both more secure and cheaper for the Council.

- 6.7.3 Group Managers and Directors and service managers must ensure that Financial Regulations and Contract Procedure Rules relating to contracts and tenders have been complied with. However, in a situation which is outside the time framework for a Cabinet decision, the decision could be taken by the Cabinet Member for Finance together with either the Chief Executive or the Deputy Chief Executive (S151) for expenditure up to the EU threshold limits. Any such decision of the Cabinet Member would however need to be reported back to the next Cabinet meeting, so that there is accountability and an audit trail of the decision.

Emergency Action < £50,000

- 6.8.1 In the event of an emergency, there is a need for three authorisations, that is, the Chief Executive, Group Manager and a Cabinet Member to authorise all necessary actions and to incur expenditure outside amounts included within budgets without recourse to the requirements of these Financial Regulations.
- 6.8.2 The Chief Executive and a Cabinet Member or a Group Manager shall notify the Deputy Chief Executive (S151) in writing of the circumstances and estimated financial impact.

Emergency Action > £50,000

- 6.8.3 In the event of an emergency, there is a need for three authorisations, that is, the Chief Executive, Group Manager and a Cabinet Member to authorise all necessary actions and to incur expenditure outside amounts included within budgets without recourse to the requirements of these Financial Regulations. In the event of such an emergency the provisions of the Constitution rules regarding key decisions apply.

7.0 External Expenditure Arrangements

7.1 Work for third parties

7.2 Work by third parties

7.3 Partnerships with external entities

7.4 Projects

7.0 Work for Third Parties

Why is this important?

Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Risks:

- The Council could make a significant loss by carrying out this work;
- Internal resources are tied up in providing external users a service with a resulting detrimental effect on internal service provision;
- The Council could be held liable for the actions of its staff.

Regulations:

7.1.1 The Deputy Chief Executive (S151) shall provide guidance on the financial aspects of providing third parties with services and the maintenance of a contracts register.

~~7.1.2 The Group Manager for Development in consultation with the Director of Finance, Assets & Resources shall maintain a register of all contracts entered into with third parties in accordance with guidance.~~

Each service manager shall ensure that:

- Appropriate insurance arrangements are in place to the satisfaction of the Deputy Chief Executive (S151);
- The Council is not put at risk from any bad debts;
- Valid sales invoices with the correct vat treatment are created for the service;
- Wherever possible, payment is received in advance of the provision of the service;
- The relevant service has the appropriate expertise to undertake the contract;
- All contracts are properly documented and that the documentation is kept up to date;
- The Deputy Chief Executive (S151) is provided with the appropriate information to enable a note to be entered into the financial statements.

7.1.4 Group Managers and Directors must ensure that work carried out by third parties (for instance by an Arm's Length Management Organisation) for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal, HR and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered.

7.2 Partnerships with External Partners/Agencies

Why is this important?

Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. The Council is working in partnership with other councils, public agencies, private companies, community groups and voluntary organisations, to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.

The Council will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. The Council will be measured by what it achieves in partnership with others and assist as much as possible depending upon resources.

Risks:

- Important issues and problems are not addressed. Roles and responsibilities for the partnership are not clearly defined at the outset;
- The risks associated with the partnership are not identified or addressed;

- The financial viability of the partnership is not assessed at the outset;
- The partnership may not deliver the level of staffing or expertise anticipated at the outset;
- The objective of a proposed partnership may not be achieved;
- A partnership arrangement may cost the Council more than an existing or singularly administered equivalent, or the quality of service may decline, or both;

Regulations:

- 7.2.1 It is the responsibility of all Service managers to identify any instances of partnership working within their service areas and to keep a written record.
- 7.2.2 Before entering into any partnership agreements the service manager will advise the Deputy Chief Executive (S151) of the key elements of the partnership. This will include an analysis of:
- A cost/benefit appraisal of the financial viability of the partnership, both in the current and future years (including estimated budgetary requirements);
 - Risk assessment and management (including the production of a risk log);
 - Resourcing, including taxation issues;
 - Audit, security and control requirements;
 - Dispute resolution.
- 7.2.3 The Deputy Chief Executive (S151) must be advised and will give advice on effective controls and ensure that accounting arrangements are satisfactory.
- 7.2.4 The Group Manager for Development must be advised and a suitable partnership agreement drawn up and signed before commencement to safeguard all parties.
- 7.2.5 It will be the on-going responsibility of the service manager to:
- Adhere to approved Council policies relating to partnership working;
 - Ensure that such partnership agreements and arrangements do not impact adversely upon the services provided by the Authority;
 - Provide appropriate information to the Deputy Chief Executive (S151) to enable a note to be entered into the Council's statement of accounts concerning material items;
 - Ensure that all partnership agreements and arrangements are properly documented. Such documentation must be sufficiently detailed to allow the performance of the partnership to be effectively monitored and assessed.

- 7.2.6 Service managers are responsible for reviewing all existing partnerships on an annual basis to ensure that the partnership continues to deliver Value for Money, and that it operates in the best interests of the Council and is not in conflict with the Council's objectives.
- 7.2.7 Service managers must notify the Deputy Chief Executive (S151) and the Group Manager for Development, if the Council intends to disengage from an existing partnership who will then advise on appropriate measures to protect the Council's interests when the partnership is dissolved.
- 7.2.8 It is the partners' responsibility to:
- If appropriate, and especially where this Council takes the lead, be aware of their responsibilities under these Financial Regulations;
 - Ensure that risk management processes are in place to identify, assess and monitor all known risks;
 - Ensure that project appraisal processes are in place to assess the viability of the project in terms of resources (including finance), staffing and expertise;
 - Agree and accept formally, the roles and responsibilities of each of the partners involved in the project before the project commences (including the production of terms of reference);
 - Communicate regularly with other partners throughout the project or partnership so that problems can be identified and shared, to achieve their successful resolution;
 - Develop a framework for measuring the performance of the project or partnership and regularly share performance results with partners and stakeholders;
 - Ensure that any financial contributions made to the Council, for the purposes of the Partnership, are made on a timely basis.

7.3 Projects

Why is this important?

The Council normally undertakes projects for "one-off" or unique events. Projects can be caused by many factors including changes in Central Government direction or legislative changes.

All projects that have an intrinsic value (including direct and indirect costs) of £50,000 or more shall be run using structured project management such as PRINCE2 as this is industry standard and can be sized appropriately or other appropriate project methodology.

Risks:

- The project may fail due to an inadequate or inexperienced project manager;
- The project may exceed its budget both in terms of cost and time;
- Important issues and problems are not addressed and roles and responsibilities for the project are not clearly defined at the outset;
- The risks associated with undertaking the project are not identified or addressed;
- The financial viability of the project is not assessed at the outset;
- The project may not deliver the desired objectives and outcomes that were anticipated at the outset;
- Failure of a project may impact on the Council's reputation.

Regulations:

- 7.3.1 Service managers (or Group Manager) own the business case, including the budget for the project, and are accountable to Leadership Team for the project. The service manager is responsible for producing and submitting the business case to Leadership Team for approval. This must include:
- a. Reasons for the project
 - b. Business Options
 - c. Expected Benefits and Issues / Disbenefits
 - d. Timescales
 - e. Costs
 - f. Investment Appraisal
 - g. Major Risks
- 7.3.2 Where the Business Case submissions form part of a Programme or is in competition with other business cases in bids for funding (e.g. capital bids), then scoring criteria will be agreed by Leadership Team. Then each business case can be considered, prioritised or rejected
- 7.3.3 If Leadership Team has approved the Business Case, then at an agreed date a Project Initiation Document (PID) will be submitted by the Service Manager for approval. The PID will contain:

- a. The objectives of the project;
- b. The scope of the project;
- c. The measurable outcomes/benefits of the project;
- d. A list of deliverables for performance monitoring purposes;
- e. An updated business case (including a cost/benefit analysis);
- f. A risk log containing risks that have previously been assessed;
- g. An action plan of how and when the project is to be delivered and;
- h. the proposed project organisation.

- 7.3.2 Where the project involves the use of consultants, their appointment should be subject to the Council's normal rules - see Chapter 5. The estimated cost of using a consultant is to be set as the Consultant Budget on the project. The Project Manager will be responsible for monitoring the actual spend on the consultant on a monthly basis in conjunction with the Deputy Chief Executive (S151) or designated accountant and report to the Project Board.
- 7.3.3 It is the responsibility of the Deputy Chief Executive (S151) to set up the budget for the project on the financial ledger.
- 7.3.4 It is the responsibility of the Project Manager to monitor the project budget and project progress, in conjunction with the Deputy Chief Executive (S151) or designated accountant, and to provide the Project Board with regular updates, so that any issues or concerns can be fully discussed and action taken, where appropriate.
- 7.3.5 All project documentation must be retained in accordance with the document retention guidelines available on SharePoint.
- 7.3.6 Where the project expenditure is anticipated to be £50,000 or below, it will be the responsibility of Group Manager to monitor the total level of expenditure and hold the Service Manager as Project Owner to account should any variances arise during the course of the project. If the Project requires additional financing for the project, then with the approval of the Project Board, the Project Owner will obtain the approval of Leadership Team prior to committing the expenditure.
- 7.3.7 Where the project expenditure is anticipated to be between £50,001 and £250,000 it will be the responsibility of Leadership Team to monitor the total level of expenditure and hold the Service Manager as Project Owner to account should any variances arise during the course of the project. If the Project requires additional financing for the project, then with the approval of the Project Board and Leadership Team, the

Project Owner will obtain the approval of the Cabinet prior to committing the expenditure.

- 7.3.8 Where the project expenditure is anticipated to be in excess of £250,000, it will be the responsibility of the Cabinet to monitor the total level of expenditure and hold the Group Manager as Project Owner to account, should any variances arise during the course of the project. If the Project requires additional financing for the project, then with the approval of the Project Board and Leadership Team, the Project Owner will obtain the approval of the Cabinet prior to committing the expenditure.

8.0 Staff and Member Related Expenditure

- 8.1 Payroll**
- 8.2 Travel and subsistence**
- 8.3 Car loans and car leases**
- 8.4 Private telephone calls**
- 8.5 ICT auctions**

8.1 Payroll

Why is this important?

Staffing the Council's services is the most expensive cost to fall on the taxpayer. .

Risks:

- Payments may be made to employees who have left;
- Employees may be paid incorrectly;
- The Council could be prosecuted for failing to abide by employment law;
- The Council could be heavily criticised by the external auditors for failing to maintain adequate employment records
- Tax compliance and associated penalties

Regulations:

- 8.1.1 The regulations, set out below, cover all officers employed by the Council and all Elected Members.
- 8.1.2 All claims from Officers and Members must be submitted to the Payroll Manager by the 6th of the month.
- 8.1.3 The Group Manager for HR may review these dates from time to time.

New Employees

- 8.1.4 The Group Manager for HR is responsible for the payment of all salaries, wages, pensions, gratuities and other emoluments to employees, former employees, Members and former Members of the Council.
- 8.1.5 Appointments will be made in accordance with the establishment and rates of remuneration approved by the Council and provided that adequate budget provision is available. Payments will be made in accordance with nationally or locally agreed conditions.
- 8.1.6 In all instances where a new appointment is to be made (whether replacing an existing post or adding to the establishment), the recruiting manager will be required to complete a Vacancy Approval Form (VAF) and justify the business case for recruiting. The VAF must then be signed off by the Group Manager before being passed to Finance to check that there is adequate budget to recruit. The VAF must then be passed to HR and a Director for approval.

- 8.1.7 Once an appointment has been made, a starter form will be completed by HR and will be signed by the recruiting manager prior to being passed to the Payroll Manager.
- 8.1.8 The Group Manager for HR will ensure that baseline security checks are undertaken to satisfy eligibility to work and that new employees produce the following:
- ~~Completed Pension Option Form~~ [Satisfactory Identification](#)
 - ~~Copy Birth Certificate (if joining the Pension Scheme and married, copies of the marriage certificate and partner's birth certificate)~~
 - Tax form P45 or [P46HMRC Starter Declaration](#)
- 8.1.9 HR [and payroll](#) will start and maintain ~~personal~~[personnel](#) files, [within document storage](#), for all new employees and will complete pension documentation as required, in accordance with the Local Government Pension Scheme.

Leavers

- 8.1.10 The relevant Service manager will notify the Group Manager for HR immediately of all resignations, dismissals, redundancies, or retirements. The Payroll Manager will calculate and initiate the final payment and, where applicable, forward the necessary Pension documentation, to the administering Authority.

Calculation and Payment of Salaries and Wages

- 8.1.11 Each Service manager will be responsible for notifying HR of all matters affecting the payment of emoluments, including changes in remuneration, other than normal increments, pay awards and agreements of general application.
- 8.1.12 Overtime must only be worked with the prior approval of the Service manager or his/her representative. Claims for overtime and other allowances must be certified by an authorised officer in accordance with the official Authorised Signatories List for overtime (or Local Conditions of Service where the officer is SCP 35 or above). These must be submitted promptly and at the latest within two months from the end of the month to which the claim relates. If the claim is submitted after two months then it will require the approval of the Director of the service before being processed and paid.
- 8.1.13 Payments will be calculated by the Payroll team in accordance with the information provided, the relevant Conditions of Service, and statutory payroll legislation. Non statutory deductions and changes to bank accounts are only to be made with the written approval of the employee concerned.

- 8.1.14 The salary in respect of each full calendar month for officers, and the allowances in respect of Members, will be paid no later than the 22nd of that month. The Group Manager for HR may review these dates after consultation, from time to time.
- 8.1.15 Payment will be by monthly BACS for all employees. Pay advices can be viewed electronically on the self-service portal. Staff that don't have access to the self-service portal will have pay advices despatched to the relevant service units where a designated officer will be responsible for their distribution. Any undelivered pay advices must be returned to the Payroll Manager.
- 8.1.16 Payroll will be responsible for the correct accounting and supply of payment information to the relevant bodies for all deductions made from the payroll.
- 8.1.16 The HR Manager will hold a list of signatories authorised to make amendments to payroll/authorise timesheets etc

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Absence

- 8.1.17 Service managers or their authorised officers are responsible for ensuring records of all absences including holidays, sickness, unpaid and other leave are maintained and monitored, using the appropriate time recording system and self-service portal.
- 8.1.18 Service managers or their authorised officers must ensure staff comply with statutory and prescribed certification and notification procedures for periods of sickness and maternity leave. Failure to comply with these procedures may result in delayed or stopped payment. The submission of false information will be treated as gross misconduct.
- 8.1.19 Where an employee returns from sickness absence a return to work interview is to be completed by the line manager on the self-service portal, within one week of the employees return to work.

Regradings from Job Evaluation, Promotions and Transfers

- 8.1.20 The HR Business Partners will be provided with written notification from the Pay and Grading Group and relevant Service manager of any regradings, promotions or transfers. This notification will include the employee's personal and post details, both previous and revised, and the effective date of the change. On receipt of this information, HR Business Partners will instigate the change.

Honorarium

- 8.1.21 Honorarium payments are only to be made in accordance with the Human Resources policy.
- 8.1.22 Honorarium payments will only be made to employees who are acting up to cover a higher graded position. It is the responsibility of the Service Manager to notify the

HR Business Partner of any members of their staff that are covering higher graded positions.

General

- 8.1.23 The names and grades of all employees listed on the payroll shall be annually checked and signed as correct by the appropriate service manager to verify the accuracy of the payroll records.
- 8.1.24 Retention of documents must comply with statutory requirements and be in accordance with section 2.5.

8.2 Travel and Subsistence

Why is this important?

In the course of their duties officers and Members may be required to work away from their normal place of work, attend seminars, training days etc. The officer should be reimbursed for their travel and associated costs at agreed rates and in accordance with agreed procedures. In so doing the officer receives what is due to them and the Council has an acceptable record of what is claimed and by whom.

Risks:

- Fraudulent claims are made, eg. fictitious journeys, embellished claims, incorrect rates, etc.;
- Claims are paid twice;
- Financial and accounting records are not correctly updated

Regulations:

- 8.2.1 Claims for travel and subsistence shall only be made where journeys were authorised and expenses were properly and necessarily incurred. [The cheapest mode of transport should be used where practicable.](#)
- 8.2.2 Claims for travelling and subsistence are to be made monthly on the self-service portal which must be fully completed and submitted to Payroll by the 6th day of the following month. Late submissions will result in delayed payments.
- 8.2.3 Officers claiming travelling and/or subsistence allowances are expected to be aware of the provisions of the Local Conditions of Service before a claim is submitted. If there is any doubt concerning the accuracy of an amount being claimed, the Service manager must be consulted and the advice of Payroll sought, if necessary, to ensure that all claims are in accordance with the relevant Conditions of Service.

- 8.2.4 Claims not submitted within 2 months from the end of the month, to which the claim relates, must be referred to the Director of the service together with a satisfactory explanation, in writing, before any payment will be made.
- 8.2.5 The submitted claim forms pass to the Authorising Officer first to verify the accuracy of the claim prior to submission to Payroll. Claimants are not permitted to approve their own claim. No benefits in kind or other ex-gratia payments to staff are to be made without consulting the Director of the service.
- 8.2.6 Subsistence allowances will be paid for the amount actually spent, subject to the limits approved in Local or National Conditions of Service (which is available on the Intranet).
- 8.2.7 Receipts for the subsistence allowances claimed are to be attached on document storage on the self-service portal. If a receipt is not attached an explanation of the circumstances must be given on the claim form and the allowance paid will be restricted.
- 8.2.8 Travelling and subsistence claims in connection with the taking of examinations or training should be made on the self-service portal and certified by the Service manager. Proof of attendance may be required before payment. This will be paid at the prescribed training rate. All claims must be processed through Payroll.
- 8.2.9 Where an officer is undertaking professional qualification training, in accordance with the Local Conditions of Service, a copy of any invoice that is paid in relation to that professional training is required to be forwarded to the Group Manager for HR.
- 8.2.10 Where an officer travels outside the prescribed boundaries of the Council for travel purposes, the journey and method of travel must be approved in advance by the Service manager. The cheapest mode of transport must be used where possible.
- 8.2.11 Where an officer travels direct from home, without first visiting the administrative centre, then the normal mileage from home to work should be deducted in calculating the car mileage allowance payable.
- 8.2.12 In exceptional circumstances, a Service manager can authorise an officer to claim car mileage allowance for travel from home to office. This must be clearly shown on the claim form. Payment will be made through the Payroll with deductions for Income Tax and National Insurance contributions.
- 8.2.13 Officers claiming car mileage allowance shall be insured for business use (i.e. not just social, domestic and pleasure) and have included and maintained in their policy of insurance a clause indemnifying the Council against all third party claims, including those concerning passengers, arising out of the use of the vehicle on official business.

- 8.2.14 It is the responsibility of the relevant Service manager to verify that the appropriate insurance discussed above is in place, along with a valid driver's licence, and evidence provided on document storage on the self-service portal.
- 8.2.15 It should be noted that these regulations apply equally to Members.

PAYROLL FORMS

STAFF FORMS

Overtime Form	On the HR Group Services page on SharePoint under Payroll
Expenses Claim Form	On the HR Group Services page on SharePoint under Payroll
Mileage Rates	On the HR Group Services page on SharePoint under Payroll
Change of Bank Details	On the HR Group Services page on SharePoint under Payroll
Christmas Club form	On the HR Group Services page on SharePoint under Payroll
HMRC Starter Checklist	Copies held in HR/Payroll
Child Care Vouchers	www.busybeesbenefits.com
Cycle to work scheme	www.cyclescheme.co.uk
Pension Joiner Form	www.peninsulapensions.org.uk
Pension Opt Out Form	www.peninsulapensions.org.uk

MEMBERS FORMS

Expenses Claim Form (paper version)	On the HR Group Services page on SharePoint under payroll
Travel and Subsistence	On the HR Group Services page on SharePoint under payroll
ICT for Elected Members	On the HR Group Services page on SharePoint under payroll

8.3 Personal Telephone Calls

Why is this important?

Telecommunications are a vital part of the Council's infrastructure. These communication channels can be abused, both in terms of the theft of telephone call time and in the theft of work time whilst making private calls.

Risks:

- Telephone calls time could be stolen, i.e. by not declaring
- Extensive use of telephones for private calls in office hours may represent a theft of time.

Regulations:

- 8.4.1 The making and receiving of personal; telephone calls is a privilege and should be kept to a **MINIMUM**. Personal calls should only be made for urgent reasons and ideally when the officer is clocked out, e.g. lunchtime. ~~It is the employee's responsibility to identify and make payment for all private calls made.~~ Line Managers are responsible for monitoring that employees do not make excessive or inappropriate use of this facility.

~~Central Telephone System Calls~~

- ~~8.4.2 All personal telephone calls must be paid for. ICT will provide call lists quarterly to all staff and VAT at the standard rate must be added.~~

~~Mobile Phones and Mobile Devices~~

- ~~8.4.3 All personal calls, including voice or data use, are to be reimbursed to the Council in accordance with the supplier's tariff, even if they are made using free time allotted to each phone. ICT will provide call lists monthly to all staff and VAT at the standard rate must be added.~~

Home Telephones

- ~~8.4.48.4.2~~ All officers who have their telephone line rental and business calls paid for by the Council are to pay the quarterly telephone bill in full and reclaim the line rental and business calls made. Evidence of bill payment must be provided before any claim is processed. Claims for reimbursement of line rental and business calls are to be made within two months of the date of the telephone bill.

- ~~8.4.58.4.3~~ Claims not submitted after the two month deadline must be authorised by the Group Manager for HR upon receipt of a satisfactory explanation in writing before the claim will be processed.

Collection of Monies

- ~~8.4.6 All payments for personal calls should be made to the Cash Desk at Phoenix House or appropriate cash receiving facility at other Council sites. The receipts and related records are to be retained by the Cashiers.~~

8.5 ICT Auctions

- 8.5.1 All payments for assets purchased from ICT auctions should be made to the Cash Desk at Phoenix House or at other Council sites. ICT are to release assets only upon presentation of official receipts for the payment of the asset. The receipts and related records are to be retained by the Cashiers

9.0 Income

- 9.1 Setting fees and charges**
- 9.2 Rent reviews and annual increases**
- 9.3 Invoicing**
- 9.4 Income collection**
- 9.5 Postal remittances**
- 9.6 Debt collection procedures and the write off of bad debts**
- 9.7 Refunds**
- 9.8 Government subsidies, grants and claims**
- 9.9 External funding**
- 9.10 Housing advances and council house sales**
- 9.11 Asset sales**

9.1 Setting fees and charges

- 9.1.1 Service Managers shall review all fees and charges levied at least annually. Where increases of charges are recommended they shall be reported to the relevant Policy Development Group, unless authority for delegated decision making has been given to an officer. The effective date must be stated.
- 9.1.2 In some instances statutory notice must be given before new charges can be introduced and Service Managers must consider this and the timing of both PDG and Cabinet meetings to ensure that any changes are lawful.

9.2 Rent reviews and annual increases

- 9.2.1 To ensure invoiced amounts are correct Finance are to be advised immediately of any increases in rent, following rent reviews of a property.
- 9.2.2 Service Managers must notify Finance of any increases so that the system can be set for periodic invoices to recur. A failure to do so will result in the old rates of charge being levied, potentially losing income for the Council.

9.3 Invoices

- 9.3.1 Where goods or services are provided which are less than the de minimis shown in Appendix A, invoices are only to be raised if a VAT invoice is requested by a business customer. In all cases, every endeavour must be made to ensure that monies are received **before** providing the goods or services.
- 9.3.2 In terms of customer service, before raising an invoice, service managers must satisfy themselves that:

Is the customer aware of the goods/service to be provided?
Are they aware and have they agreed the scale of fees?

If not, **do not** proceed. Significant time is spent dealing with disputes, issuing credit notes and writing off amounts that should not have been issued in the first instance. There is also the need to declare output VAT, where applicable, to HM Revenue and Customs when raising sales invoices.

- 9.3.4 Service managers are responsible for the prompt raising of invoices associated with the activities of their services. Income for the Council is important as it affects cashflow and the ability of the Council to finance its services. The Council submits VAT returns each month and to ensure these returns are accurate sales invoices need to be within **no more than 14 calendar days** of the service having been provided. Service managers should ensure therefore that sales invoices are requested **no later than 7 calendar days** after the goods or service have been provided. Requests for the creation of sales invoices should be made via SharePoint using the proforma

- 9.3.5 All charges made shall be in accordance with the Council's approved charging policy, tariffs, or as agreed by the Deputy Chief Executive (S151) and shall include VAT at the prevailing rate, if applicable and as required by statute.
- 9.3.6 To assist the Income Team all service managers will ensure that any invoice raised clearly states the nature of the goods or services provided to the customer and the period covered.
- 9.3.7 Where new services are to be introduced Service Managers must advise the Income team and Customer First **before** starting to bill individuals.

Amendments

- 9.3.8 The Deputy Chief Executive (S151) must be advised promptly where there are changes in the customer's personal details, bank details, amounts or frequency of bills.

9.4 Income Collection

Income is a vulnerable asset. Effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash-flow and also avoids the time and cost of administering credit.

Since income collection at the Council can vary in its nature between different services such as leisure centres and social housing, specific procedures will not be addressed here. Rather, it is recommended that each area have their own procedure documents, which have been agreed by the Deputy Chief Executive (S151).

Risks:

- Income is incorrect, i.e. the incorrect rate or tariff is charged
- Financial and accounting records are incorrect
- Money owed to the Council is not pursued adequately
- Income is not collected at all
- Income collected is stolen
- Financial and accounting records are not updated correctly
- VAT returns may not be correct

Regulations:

- 9.4.1 Arrangements for the collection of all money due to the Council shall be subject to the approval and control of the Deputy Chief Executive (S151).
- 9.4.2 The Deputy Chief Executive (S151) will, at least annually, review charging tariffs so as to ensure that they reflect current Council policy reflect an appropriate charge for the goods or services offered and will make recommendations for any changes to the relevant, PDG or Cabinet Member.

- 9.4.3 All receipt forms or books, account forms, till rolls and tickets are to be ordered and controlled in a manner approved by the Deputy Chief Executive (S151). All issues of these documents to other services shall be properly recorded and acknowledged.
- 9.4.4 Services drawing receipts or tickets in bulk will maintain a control record indicating issues made, together with signatures acknowledging receipt.
- 9.4.5 The Deputy Chief Executive (S151) is to be notified promptly of any new, or alterations to existing contracts, leases or other agreements which involve the receipt of money by the Council.
- 9.4.6 An official receipt is to be issued for all cash payments made to the Council. A receipt for any other alternate method of payment will only be issued by request. [New single payment receipting system.](#)
- ~~9.4.7 The official receipt number or other appropriate reference number is to be recorded on all cheques and postal orders received on behalf of the Council.~~
- ~~9.4.89~~ 4.7 Under no circumstances are personal or third party cheques to be cashed, nor money loaned, out of cash held on behalf of the Council. Any officer in breach will be subject to disciplinary proceedings.
- ~~9.4.99~~ 4.8 At the close of business each day (and for each individual till point) any Council establishments that receive income on behalf of the Council will be required to:
- Take a daily total income reading, which shows the amounts of cash, cheques and card payments received during the working day;
 - Complete a reconciliation of the cash in the till and the total cash figure on the till reading;
 - Add up the total monetary value of all cheques taken and ensure that this matches the total cheque figure on the till reading;
 - Once the cash and cheque amounts have been correctly agreed, a bank paying in slip must be completed and sealed in a cash collection bag (provided by the Council's nominated Security Collection firm), along with the cash and cheques;
 - The sealed cash collection bag must then be placed in the Council's designated safe, immediately.
- ~~9.4.109~~ 4.9 A card payment report is to be generated from the swipe machine and the monetary value of the card payment slips must match the end of day figure. All card payment slips are to be retained for an appropriate period.
- ~~9.4.119~~ 4.10 Once the banking has been prepared, the float in each till must be checked to ensure that the balance held matches the designated float total. Income must be banked intact and under no circumstances is the float to be taken out of the till before the takings to be banked.
- ~~9.4.129~~ 4.11 All collecting officers must maintain an "unders and overs" record for any discrepancies. Where it is found that there is a discrepancy between the level of

float in the till and the designated float total, the “unders and overs” record must be completed immediately and any discrepancies over the amount specified in Appendix A must be reported to the Internal Audit Manager. The Service manager or his/her representative is required to check the “unders and overs” record on a regular basis and Internal Audit will undertake regular random spot checks.

~~9.4.13~~ 9.4.12 Officers receiving money on behalf of the Council shall keep such records of collections and deposits as the Deputy Chief Executive (S151) directs.

~~9.4.14~~ 9.4.13 Officers collecting income must not also be involved in the reconciliation of that income to the amounts due. An officer who is not involved in the collection process shall ensure that the money reported as collected, has indeed been banked.

~~9.4.15~~ 9.4.14 Refunds will be issued under appropriate circumstances. If it is determined that money is owed to another party, a refund will be issued only where that party has no other relevant arrears with the Council. Where such arrears exist, the amount owed should be used to reduce the outstanding arrears.

~~9.4.16~~ 9.4.15 Where a charge has been raised in error e.g. against an unoccupied (void) property, those charges should be cancelled rather than a credit note raised. The effect for the customer is the same. However, since credit notes and cancellations are used under different circumstances, this approach gives a clearer picture of what has occurred.

9.5 Postal Remittances

~~9.5.1~~ Post is to be opened by Customer First officers based in the Post room. There are exceptions to this, which will be agreed between the Chief Executive, Deputy Chief Executive (S151) and Leadership Team. Post for HR and CRB notifications are to be opened within HR. ~~Post relating to Planning including Development Control, Building Control and Land Charges is to be opened by Officers from that service area in the Post room.~~

~~9.5.1~~ 9.5.2 The post is to be opened by at least two officers who will record and witness all remittances received. The remittances and accompanying record must then be sealed prior to removal from the post room.

9.5.3 Postal remittances will then be passed to Customer First cashiers who will be required to sign a receipt to state that they have received the sealed remittances.

9.5.4 Where Planning Officers open remittances in the Post room they also complete a daily listing detailing the number of remittances they receive which is given to Cashiers. Planning is then permitted to take the remittances to check against applications and to return these payments to the cash desk the same day, who will then check the numbers received.

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9.5.5 Responsibility for the safe custody of the postal remittances remains with the officer who received such payments until such time as the remittance has been processed and the cash or cheque securely stored in the till.

9.5.6 Under no circumstances are cash and cheques to be held in service areas overnight. Any officer found to be in breach of this rule will be subject to disciplinary proceedings.

9.6 Debt Collection Procedures and the Write Off of Bad Debts

9.6.1 The control and recovery of debts is the responsibility of the, Deputy Chief Executive (S151), as is maintaining adequate bad debt provisions.

9.6.2 No refunds are to be issued for amounts **less than** the de minimis shown within Appendix A, unless specifically requested by a sundry debt account payer.

9.6.3 Invoices raised are to be pursued within the defined timescales with the ~~cost centre~~ [Service](#) concerned being regularly informed of recovery progress so as to ensure that further provision of goods or services is stopped until payment is forthcoming.

The prescribed process:

1st reminder letter - ~~28~~ [14](#) calendar days after issuing the invoice
2nd reminder letter - ~~28~~ [14](#) calendar days after issuing the ~~invoice~~ [first reminder](#)
Final letter - ~~on a case by case basis~~ [35](#) calendar days after issuing the ~~invoice~~
~~Instructions to a debt collection agency or Legal Section — 42 calendar days after issuing the invoice~~

9.6.4 Where the debt collection agency is experiencing problems collecting the outstanding monies the relevant service manager is to be consulted. The nature of the debt has to be considered.

- How large is the debt?
- Is it a one off single invoice?
- Is it an invoice relating to a potentially recurring item?
- Does it involve an individual with special needs?

These factors together with the overall likely cost/benefit need to be considered before referral to Legal to take legal proceedings against the individual.

Legal Action

9.6.5 Where the item is referred to Legal their professional advice is to be considered by the Recovery Team and the Service Manager who owns the debt, following the Debt Protocol.

Disputed Invoices

- 9.6.6 Instructions to withhold recovery action on an outstanding account must be made in writing and signed by the relevant Service manager. The written instruction is to include the period of suppression, **normally not to exceed a maximum period of one month**, and the reason for withholding action. Once the period of suppression has ceased the Recovery Team will be able to commence action against the Debtor

Cancellation of Invoices

- 9.6.7 Where a debt is to be removed, Service Managers must identify what is needed:-
- Service billed incorrectly: Credit note issued and replacement invoice for the service/goods provided.
 - Service billed correctly, but inability to recover: The debt written off as non-recoverable after all possible recovery exhausted.

Deputy Chief Executive (S151) must be informed without delay to ensure customer service is maintained and recovery of VAT can take place.

- 9.6.8 Cancellation of invoices raised in error must be approved by the relevant Service manager.
- 9.6.9 Debts can only be written off by the Recovery Team and under no circumstances should the write off of bad debts be processed by the service area.

Write off of Bad debts

- 9.6.10 Copies of the invoices rendered to debtors and all supporting documents in respect of any debt due are to be held in accordance with the Council's document retention guidelines for use by the Recovery Section and Legal Services department if the debtor is in default.
- 9.6.11 The writing off of any due debt (or cumulative total debt from one person) shall be authorised in accordance with the limits set out in Appendix A.
- 9.6.12 The Deputy Chief Executive (S151) is to be informed of any outstanding income relating to the previous financial year as soon as possible after the 31st March. This includes outstanding income data recorded on independent billing and collection systems (both manual and computerised) held outside Finance Services.

~~9.6.13~~ **9.7 Refund** 9.7.1 Where a small cash amount has been received, equal to or below the de minimis level shown at Appendix A, then a refund can be made to the individual by cash on request.

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9.7.2 In cases where customers have overpaid amounts in excess of the de minimis shown at Appendix A, refunds can only be made after approval by Service Managers subject to the following principles:

- Payments that were originally made by electronic cards should be refunded on the same card.
- If the original payment was received by a cheque or BACS then any refund due should be made by BACS refund in the interests of security and costs. All bank details received from customers must be in writing, to protect the Council, and the confidential data must be protected.

9.8 Government Subsidies, Grants and Claims

Why is this important?

Grants and subsidies are a significant source of finance to the Council. As such it is essential that the Council receives all that is due to it and on time.

Risks:

- Potential income from grants may not be received or received late the Council thereby having to meet any shortfall in income or cashflow;
- Grant claim forms may be incorrectly completed;
- The Council could be criticised by external audit for failing to claim and/or record grant income correctly.

Regulations:

- 9.7.1 The Deputy Chief Executive (S151) is to provide advice on the methods available for the funding of resources such as grants from Central Government and borrowing requirements and is to assist in the allocation of resources to service managers.
- 9.7.2 The Deputy Chief Executive (S151) shall be responsible for completion of all forms relating to subsidies, grants and claims submitted to Government Departments on behalf of the Council.
- 9.7.3 The Deputy Chief Executive (S151) shall ensure that subsidy, grant and claim forms are forwarded to the appropriate Government Department by the due date.
- 9.7.4 The Deputy Chief Executive (S151) shall nominate specific officers to complete various subsidy, grant and claim forms and it shall be their duty to deal with these forms expeditiously using the most accurate information available.
- 9.7.5 Copies of subsidy, grant and claim forms, together with adequate supporting working papers shall be prepared and retained and are to be made available for inspection by internal and external auditors, if requested.

- 9.7.6 Any payment by or income due to the Council arising from a submitted subsidy, grant or claim form shall be made known to the Deputy Chief Executive (S151) and the relevant amount recorded for accounting purposes.
- 9.7.7 If the grant is ring-fenced for a specific type of expenditure then it must only be used for that purpose and if capital in nature then only utilised for capital expenditure.
- 9.7.8 If grant conditions are not met within the defined period stipulated and the grant is repayable then repayment to the issuing body must be made without undue delay.

9.8 External Funding

Why is this important?

External funding is potentially an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local Councils are often encouraged to provide 'seamless' service delivery through working closely with other service providers from the charitable, not-for-profit and private sectors.

Funds from external agencies, such as the National Lottery, can provide additional resources to enable the Council to deliver services to the local community. However, in some instances although the scope for external funding has increased, such funding can be linked to tight specifications and may not be sufficiently flexible to link to the Council's overall plan. [The cost of submitting a bid versus the likelihood of the bid being successful must also be considered when deciding whether to apply for funds for specific projects.](#)

Risks

- Statutory requirements are not complied with;
- Funds are acquired in respect of policies that have not been approved by the Council;
- The Council signs up to long term agreements without securing match funding
- The Council incurs significant costs in preparing a bid for external funds which is ultimately unsuccessful

Regulations:

- 9.8.1 The Deputy Chief Executive (S151) is to ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 9.8.2 The Deputy Chief Executive (S151) is to be made aware of any prospective match funding arrangements and to ensure that the funding requirements are considered prior to entering into the agreements and future revenue budget reflect these requirements.

- 9.8.3 The Deputy Chief Executive (S151) shall ensure that the external funding requirements of the external auditors are met.

9.9 Housing Advances and Council House Sales

Why is this important?

The Council maintains a number of mortgages mainly with ex-Council tenants. It also continues to sell its housing stock to tenants under the Right to Buy legislation. Sales are often at heavily discounted rates and, the scheme is open to abuse.

Risks:

- Property could be purchased by people who do not qualify for the discounts and then sell it on at significant profit within a relatively short period;
- Property could be sold at a price lower than the market rate when not appropriate;
- Property could change hands without the Council having received payment for it;
- Ex-tenants could avoid having to pay service charges for which they are responsible.

Regulations:

- 9.9.1 The Deputy Chief Executive (S151) shall be responsible for the administration and collection of mortgage monies due to the Council. It is assumed that no further advances will be made.

Sale of Council Houses

- 9.9.2 Applications for the buying of Council Houses shall be subject to the provisions of the Housing Act 1985 as amended by Leasehold Reform, Housing and Urban Development Act 1993 and any subsequent amending legislation.
- 9.9.3 The Group Manager for Housing Services shall be responsible for co-ordinating the processing of applications made under the Right to Buy or the Rent to Mortgage schemes.
- 9.9.4 The Group Manager for Housing Services shall be responsible for arranging the valuation of a property to be sold and notifying an applicant of the offer price, taking into account the applicable regulations discount.
- 9.9.5 When the applicant accepts the offer price, the Group Manager for Housing Services shall pass the applicant's documents to the Legal Section who will be responsible for the conveyancing and the preparation of any restrictive covenants affecting the property.
- 9.9.6 After approval of the draft transfer or lease by the purchaser's solicitor, Legal Services will finalise the legal work to completion.

- 9.9.7 The Property Services Manager, in liaison with the Deputy Chief Executive (S151) and Group Manager for Housing Services, shall ensure that any rent arrears have been fully paid before the date of completion. If there is a default of payment, completion is not to take place.
- 9.9.8 Upon completion, the sum due from the purchaser will be exchanged for the conveyance and the money received paid in immediately.
- 9.9.9 Legal Services shall notify the Group Manager for Housing Services and the Deputy Chief Executive (S151) that completion has taken place and provide details of the relevant income. Housing and property maintenance records shall be amended accordingly and the Deputy Chief Executive (S151) will arrange for the relevant accounting entries to be made.
- 9.9.10 Service charges for leased properties are to be calculated in accordance with the relevant legislation.
- 9.9.11 If a leasehold property is sold, the Group Manager for Housing Services shall commence ground rent and service charge records and request the Deputy Chief Executive (S151) to ensure that the periodical income is received on the due dates.

9.10 Asset Sales

- 9.10.1 Where an asset is sold and the initial cost was less than the de minimus shown at Appendix A, the sale proceeds will be treated as **Revenue** and coded to the relevant income code.

See 12.5 for the provisions relating to the sale of capital assets.

10.0 Stock (Inventory)

10.1 Stock (Inventory)

10.2 Stocktakes

10.3 Write Off of Obsolete and Damaged Stocks

10.1 STOCK (INVENTORY)

Why is this important?

The Council holds stock and inventory whose value is considerable. As such these assets need to be safeguarded from loss. In addition, the costs of holding large quantities of stock are high and so it must be used efficiently in the delivery of services.

Risks:

- Loss of stock/inventory would result in a direct adverse financial effect on the Council. This could happen for any of the following reasons.
 - Goods could be lost
 - Goods could be stolen
 - Goods could be sold below the correct selling price
 - Goods could be damaged and decrease in value
- The stores could be holding more inventory than is necessary. This would increase the cost of holding and also increase the likelihood of obsolescence

Regulations:

- 10.1.1. Each Service manager shall designate officers responsible for the custody and physical control of the stock in their departments.
- 10.1.2. The Service manager shall ensure that stock/inventory is not carried in excess of reasonable requirements.

Issuing of stocks

- 10.1.3 Materials are only to be issued to persons authorised to receive those materials. Requisition notes or other approved documents are to be used bearing the signature of the appropriate authorised officer.
- 10.1.4 All requests for stores materials must be made to the stores officer responsible for the control and issuing of those stores and materials.
- 10.1.5 The documents and method of issuing stores materials must be approved jointly by the Service manager and the Deputy Chief Executive (S151). Internal Audit may periodically test that the correct procedures are being followed.
- 10.1.6 Stores officers are to maintain accurate records of all issues and receipts in the prescribed form.

10.2 Stocktakes

- 10.2.1 Any service manager that is responsible for a quantity of stock must arrange for a stocktake to be carried out at least annually. This should be carried out at or in close proximity to the accounting year-end (31st March), since the data will be used in the annual accounts. The only exception to this rule is where a continuous stocktake system is in operation. This might be where a service carries out a count of 25% of its stock lines each quarter, meaning that 100% are covered within each 12 month period. Any such arrangement must be agreed in advance with the Deputy Chief Executive (S151)
- 10.2.2 The stocktaking exercise should be undertaken by a group of officers. This group should include staff from outside of the store i.e. those that are not responsible for the inventory on a day-to-day basis.
- 10.2.3 Those conducting the stocktake must record the quantity counted for each line of stock and identify any obsolescent or damaged items of stock.
- 10.2.4 Internal auditors should be involved on the day of the stocktake. Their role is not to take part in the stocktake, but to check a sample of completed stock sheets and carry out a second count of them. This will mean that Internal Audit can give an opinion as to the level of assurance that can be taken from the stocktake results.
- 10.2.5 Stocktaking sheets must clearly show details of all surpluses and deficiencies identified during the stocktakes. All discrepancies are to be investigated and pursued to a satisfactory conclusion before adjusting entries are approved.
- 10.2.6 Random stock checks may also be carried out by Internal Audit. This can occur at any time of year and without advance warning.
- 10.2.7 Immediately following the end of the financial year each Service manager shall certify a list of all commodities held at 31st March, together with a valuation of those commodities at the lower of cost or net realisable value (the net amount of monies

the Authority might raise in the event of selling the item). These lists must be submitted to Finance no later than the ninth working day of April each year.

- 10.2.8 The Deputy Chief Executive (S151) shall arrange for stock control systems to be reconciled to the Council's accounts regularly at an appropriate frequency, and annually at 31st March as a minimum.
- 10.2.9 Where a discrepancy is identified between the stocktake results and the value held in the accounting system, a stocktake form must be signed/approved in accordance with the thresholds shown in Appendix A.
- 10.2.10 At the point of Finance receiving the stock value listings, they should be forwarded to the officer responsible for insurance cover.

10.3 Write Off of Obsolete and Damaged Stocks

- 10.3.1 Whilst held in stores, stock/inventory may become damaged or obsolete. In such circumstances, the value held in the accounts should be adjusted to reflect this. This is known as writing off or writing down and can only be done with the approval of the Deputy Chief Executive (S151).
- 10.3.2 Where obsolete or damaged stock is identified the stocktake form must be signed/approved in accordance with the thresholds shown in Appendix A.
- 10.3.3 Proposed write-offs shall not be separated to avoid the approval and reporting limits cited at Appendix A.

11.0 Taxation

- 11.1 Value added tax (VAT) basic guidance**
- 11.2 Tax points - vat returns**
- 11.3 Construction industry scheme**
- 11.4 Responsibility**

11.1 Value Added Tax (VAT)

Why is this important?

Section 33 of the VAT Act 1994 enables Mid Devon District Council to recover Input Tax on most expenditure. MDDC also have a duty to pay to HMRC the VAT collected on Vatable sales income.

Risks:

Penalties will be levied by HMRC if we fail to account for VAT in accordance with legislation.

Regulations:

Expenditure

- 11.1.1. All invoices due for payment by the Council are to be addressed to Mid Devon District Council. All expenditure must be supported by valid documentation (If over £250 a VAT invoice) to support the Authority's claim of input VAT. Where VAT invoices addressed to Mid Devon District Council have not been received Officers must request these from suppliers.
- 11.1.2. VAT receipts must be obtained and forwarded to the Payroll Manager to support claims for VAT on mileage expenses.

Sales Income

- 11.1.3. Sales invoices should be raised wherever possible before the goods or services are provided – See Invoices 9.3 above.
- 11.1.4. Where goods or services are provided in advance Finance must be advised within **7 DAYS** to raise an invoice. The invoice must be raised within 14 days or the original supply date will become the tax point and has implications for our VAT returns.
- 11.1.5. Full details of the transaction must be provided to Finance (debtors@middevon.gov.uk) to ensure that the correct VAT treatment of the sales invoice is made.

11.2 Tax Points – VAT returns

Why is this important?

VAT returns are required to be submitted monthly, VAT returns are filed online and the submission date is the 7th of the second month following that of the return, i.e. the VAT return for period 1st – 30th June is to be completed by 7th August. If a VAT return is late HMRC could impose a penalty. As the majority of our VAT returns are repayment returns it is beneficial to complete the VAT return as promptly as possible to improve our cash flow. It is important that all debtor and creditor invoices are recorded in a timely manner to ensure that any VAT is claimed or paid in the correct period.

Risks:

- HMRC can impose a penalty if we fail to submit a VAT return by the due date.
- HMRC can impose a penalty if we fail to account for tax points correctly and account for VAT in an incorrect period.
- Supporting documentation is not retained to support tax point claims.

Regulations:

- 11.2.1. The Deputy Chief Executive (S151) is responsible for ensuring that the monthly VAT return is completed and submitted to HMRC by the submission deadline. Before submission the VAT return working papers will be reviewed and signed by the preparing Officer and a reviewing Officer.
- 11.2.2. Where HMRC makes a change in a VAT rate it is important that supplies made before and after the change are made at the correct rate
- 11.2.3. Both invoices paid and invoices raised are to be kept within Document Retention Guidelines, either in hard copy or stored electronically.
- 11.2.4. All VAT is accounted for through the Council's VAT nominal codes, including any adjustments to VAT. These nominal codes will be balanced monthly as part of the VAT Return to ensure on-going VAT liabilities are accurate.

11.3 Construction Industry Scheme

What are construction operations?

CIS covers construction operations carried out in the UK. The rules of the scheme define the types of work that are classed construction operations. But, as a general rule, the scheme includes almost any work that's done to a:

- permanent building
- temporary structure
- civil engineering work or installation

Some examples of the types of construction work that are covered by the scheme include jobs like:

- site preparation
- general construction - bricklaying, roofing, plastering and so on
- alterations and extensions
- repairs and refurbishment
- decorating
- dismantling work
- demolition

You can find out more about the types of work that are covered by the scheme in HMRC's Construction Industry booklet CIS340. The scheme defines 'construction' as a term with a broad meaning that includes:

- building things
- making things
- putting things together
- assembling things

Some jobs are specifically excluded from the CIS. They include:

- professional work, like architects' services
- scaffolding hire - with no labour
- fire alarm installation
- carpet fitting
- manufacturing things like windows, blinds and shutters off-site
- making and putting up signs
- delivering materials

You'll also need the following information about the subcontractor:

- their name, or the name of their business or company
- their Unique Taxpayer Reference (UTR)
- the partner's name if they're a partnership
- their National Insurance number (if you know it) if they're a sole trader
- the partner's UTR or National Insurance number if they're a partnership (or, if the partner's a company, that company's UTR or company registration number)
- their company registration number if they're a company

HMRC's verification of the subcontractor will advise on the payment status, this will be one of three possibilities:

- gross - meaning you don't make any deductions
- net of deductions at the standard rate (20 per cent)
- net of deductions at the higher rate (30 per cent), because the subcontractor isn't registered or couldn't be verified for some other reason

Making deductions

To make a deduction from a subcontractor's payment, start with the total - gross - amount of the subcontractor's invoice and then take away:

- any VAT they've charged
- the amount of any Construction Industry Training Board (CITB) levy they've paid

Then take away the amount the subcontractor actually paid for each of the following (including VAT if they're not VAT registered):

- materials
- consumable stores
- fuel used - except for travelling
- plant hire
- manufacturing or prefabricating materials

Finally, apply either the standard or the higher rate percentage to the amount that's left to work out how much to deduct.

Each statement must include:

- the name of your business and your employer tax reference
- either the date when the tax month in which you made the payment ended, or the date when you made the payment
- the subcontractor's name and UTR
- the subcontractor's verification reference number if the deduction was at the higher rate
- the gross amount before you made the deduction but after you'd taken off any VAT, CITB levy, materials costs and so on
- the cost of any materials you took off before making the deduction
- the amount you deducted

Regulations:

- 11.3.1. The Deputy Chief Executive (S151) is responsible for providing information to HMRC in relation to the Construction Industry Tax Deduction Scheme as required and advising Group Managers and Directors of their responsibilities under the scheme.

Officers must have consideration of the Construction Industry scheme and liaise with Procurement before suppliers are set up on our systems.

11.4 Responsibility

- 11.4.1. Group Managers and Directors are responsible for ensuring that the appropriate controls and procedures are operated within their service areas in relation to taxation issues.
(See also 5.2 above relating to the Use of Consultants and Employment Status).

12.0 Asset Management

- 12.1 Land and buildings property register**
- 12.2 Fixed asset register**
- 12.3 Equipment register**
- 12.4 Additions of assets**
- 12.5 Disposals of assets**

12.0 Asset Management

Why is this important?

The Council holds assets in the form of land, property, vehicles, equipment, furniture and other items. It is important that assets should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of those assets. Up to date registers are a prerequisite to maintain proper fixed asset accounting and sound asset management. These include:

- Land & Property Register of all Council owned land and buildings (See 12.1)
- Fixed Asset Register (FAR) to ensure a proper fixed asset accounting (See 12.2)
- Departmental equipment registers (See 12.3)

Risks:

- Holders of equipment and furniture may be unaware that items have been lost or stolen without a record of all such items being maintained;
- The Council's insurers may reject claims to replace lost or stolen items if the Council cannot demonstrate that it maintains adequate inventory records;
- Assets could be used for non-council business;
- Assets are not available when required in the provision of a service;
- Assets are lost or stolen;
- Assets may be acquired without prior approval, for which there is no use and/or on financially unacceptable terms;
- Assets could be sold when there remains an operational need for them;
- Assets could be sold for less than the market or expected residual value;
- Assets could be disposed of to officers, Members or others at no, or very little cost, which could be construed as tantamount to theft.

12.1 Land and Buildings Property Register

Regulations:

- 12.1.1 The Land & Property Gazetteer Management System must hold all Land and Buildings owned by MDDC.
- 12.1.2 When any new land plots are identified this needs to be added to the database.
- 12.1.3 When any land plots or buildings are sold/purchased they need to be removed from / added to the database.
- 12.1.4 All title deeds to such property shall be kept secure, under the control of the Group Manager for HR and Development.

12.2 Fixed Asset Register (FAR)

- 12.2.1 It is the responsibility of the Deputy Chief Executive (S151) to set policies to ensure that the Council's assets are managed in an efficient, effective and economic way.
- 12.2.2 The Council shall maintain an asset register to include all land, buildings, plant and equipment owned or subject to a finance lease subject to the thresholds shown in Appendix A. The register shall accurately record acquisitions, disposals (either by sale or transfer of ownership). The Fixed Asset Register will therefore only hold assets previously capitalised or new asset additions whose individual class is over the de minimis.
- 12.2.3 All assets owned by the Council are to be valued in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.
- 12.2.4 The FAR is the responsibility of Finance to maintain. However Service Managers are expected to advise Finance throughout the year of changes to these assets (within 2 weeks of any change), so that amendments can be reflected in the FAR using form [FIN601](#). [Changes may include disposal, acquisition and impairment](#).
- 12.2.5 Asset sales including Council House Right-to Buy (RTB) and Land or Property sales will be advised promptly by Legal to the Deputy Chief Executive (S151) on an asset disposal form. The Group Manager for Housing Services will also arrange for a memo of the RTB sales to be forwarded to the Deputy Chief Executive (S151).
- 12.2.6 Asset purchases subject to the di-minimis referred to in 12.2.2 above, need to be promptly advised by responsible service managers at the earliest so that these changes can be picked up continuously throughout the year.

12.3 Equipment Registers

- 12.3.1 Registers of all vehicles and equipment belonging to or in care of the Council with a replacement value of greater than the thresholds shown at Table H 'Equipment Registers' in Appendix A will be prepared and maintained by the relevant Service Manager.

- 12.3.2 The registers shall be the responsibility of the responsible Service Manager in a form approved by the Deputy Chief Executive (S151). Please see proforma example [FIN603](#). A register of all ICT equipment will be held by the Head of ICT.
- 12.3.3 Each Service manager will arrange for the inventory of the physical assets to be checked at least annually and certify the inventory to that effect.
- 12.3.4 The Deputy Chief Executive (S151) or his/her representative will, at all reasonable times, have access to the property of the Council and may make such checks and tests as he/she deems reasonable and necessary.
- 12.3.5 Council property including ICT equipment will not be used for private purposes without the express approval of the relevant Group Manager Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.
- 12.3.6 All property belonging to the Council, will so far as is practicable, be marked in a suitable manner as being the property of the Council.
- 12.3.7 In the event of items of equipment becoming obsolete or surplus to requirements, and if the value exceeds £500, then the disposal should be by means of competitive tender. [This requirement can be waived if the Group Manager receives evidence that a competitive tender would not be cost effective.](#)
- 12.3.8 All Council land, buildings, vehicles, or items of plant or equipment are to be kept under secure arrangements at all times. Each Service Manager is responsible for ensuring the adequacy of the security arrangements.
- 12.3.9 No unauthorised private use is permitted of any land, buildings, vehicles or items of plant or equipment irrespective of whether it is owned by, or leased to, the Council. Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.
- 12.3.10 All buildings, vehicles, plant or equipment shall be appropriately insured. Any instances of loss or damage to any buildings, vehicles or items of plant or equipment must be reported to the relevant Service manager and the Deputy Chief Executive (S151). The Service Manager is responsible for ensuring that any losses are recorded in the appropriate equipment register.

12.4 Additions of Assets

- 12.4.1 Service Managers must secure best value for money for the Authority on all purchases of assets. Purchase or the leasing of land, buildings and equipment shall be within overall budget provision and the Deputy Chief Executive (S151) will decide on the appropriate method of financing.
- 12.4.2 All purchases or leasing of land and buildings shall be on the best financial terms that can be obtained for the Council. The purchasing or leasing of land and buildings is to be in accordance with the Council's Procurement policies (See Chapter 5).

- 12.4.3 Lessees and other prospective occupiers of Council land or buildings are not allowed to take possession of, or enter the property, until a lease or agreement has been signed.
- 12.4.4 No purchase or leasing of land and buildings shall be undertaken without consideration of:
- i) current and anticipated usage; and
 - ii) consideration of the other availability of owned existing land and buildings. The appraisal should take into account the economic benefits of renting rather than purchasing or leasing.
- 12.4.5 It is the responsibility of the Service manager to notify the Deputy Chief Executive (S151) of any acquisitions of, or disposals of, assets immediately to ensure that the asset register is updated in a timely manner. Insurance requirements, must be amended immediately if necessary.
- 12.4.6 Records must demonstrate that the income received from the disposal of an asset has been properly accounted for. Appropriate accounting entries are to be made to remove the value of the land and/or buildings from the Councils records and to include the sale proceeds.

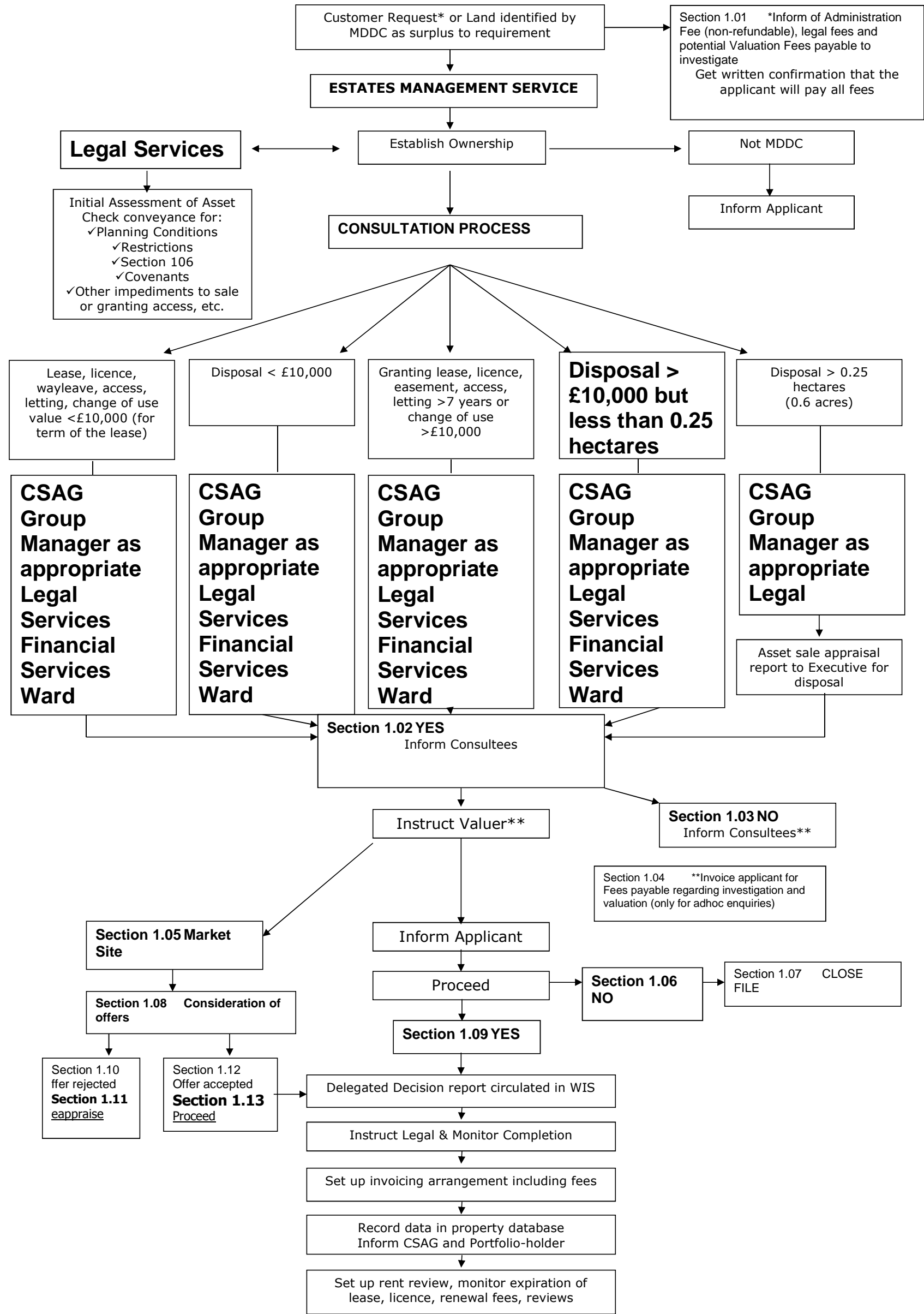
12.5 Disposal of Assets

When assets are found to be surplus to requirements, and the Council takes the decision to dispose of them, they must be disposed of in a manner that ensures the Council receives the maximum sale value but also in accordance with regulations below.

- 12.5.1 Prior to disposal the relevant Service manager must check to confirm that the asset is owned by the Council and that the Council is free to dispose of it. Some Council assets, which were purchased initially, may subsequently have been included in a bulk lease financing arrangement and may not be the Council's to dispose of.
- 12.5.2 The market value of a property asset being disposed of must have been established and the disposal has been approved by the Leadership Team. Where the item(s) are valued up to and including the amount described at Appendix A it is the Service manager's responsibility to ensure that the best possible price is obtained, even if the asset is scrapped.
- 12.5.3 Competitive tenders are to be sought for any item of equipment valued at over the amount shown at Appendix A and it shall be the responsibility of the Service manager to obtain the best possible price, having regard to the likely disposal cost. Land or buildings should be valued by a qualified valuer to ensure that these assets are sold at their market value and at arm's length where transactions take place between the General Fund and the Housing Revenue Account.

- 12.5.4 The Service manager will be required to follow the tender process set out in Procurement (See Chapter 5) and any evidence and/or documentation relating to the transaction must be kept in accordance with the document retention policy.
- 12.5.5 On acceptance of the highest offer, the purchaser must pay the Council and tender a Council official receipt before the item is released.
- 12.5.6 Records must demonstrate that the income received for disposal of an asset has been properly accounted for. Appropriate accounting entries are to be made to remove the value of the asset from the Council's records and to include the sale proceeds if applicable.
- 12.5.7 Any equipment register record relating to the vehicle or item of plant or equipment disposed is to be endorsed with the date of disposal and the receipt number for the income received.
- 12.5.8 It is the responsibility of the Service manager to notify the [~~Director of Group Manager for Financial Services, Assets & Resources~~](#) of any acquisition, or disposal of, assets within two weeks of the date of acquisition or disposal to ensure that the asset register is updated in a timely manner.
- 12.5.9 All property sales up to £50,000 must be approved) by the Capital Strategy and Asset Management Group (CSAG) (prior to the sale). This multi stage process, agreed by Members, is depicted below:-.

DISPOSAL, ACCESS RIGHTS, EASEMENTS ETC – LAND AND PROPERTY



13.0 The Capital Programme

- 13.1 Selection and Compilation of the Capital Programme.**
- 13.2 Capital Strategy Asset Group.**
- 13.3 Budgetary Control of the Capital Programme.**
- 13.4 The Prudential Code.**
- 13.5 Utilisation of Capital Receipts.**

Introduction

Capital expenditure differs from revenue expenditure in several ways, and falls into the following general categories:

- the purchase or construction of an asset;
- the enhancement of an asset; and
- grants for capital purposes.

Council assets include land, buildings, vehicles, plant and equipment. The Council makes grants for capital purposes such as Private Sector Housing Grants (e.g. Disabled Facilities Grants & Empty Homes Grants) which are classed as capital expenditure. Disabled Facilities grants are mandatory whereas Empty Homes grants are not.

Capital expenditure is often of high value and the benefit is expected to be spread over a number of years. Revenue expenditure refers to the annual running costs relating to the provision of a service which may include revenue costs associated with the capital acquisition.

13.1 Selection and Compilation of Capital Programme

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered and create financial commitments for the future in the form of financing costs and ongoing revenue expenditure.

The Government places controls on the financing capacity of the Council through the Prudential Framework and Indicators. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit from scarce resources.

Risks:

- The Council could commit itself to capital projects for which no funding is available;
- The final cost of a capital scheme could be considerably higher than that estimated at the outset;
- The Council may spend more on capital schemes than it is legally allowed to.
- The Council may choose a project at the expense of a project which has a better return or is more in keeping with the Council's corporate aims.

Capital Programme and New Schemes Fund Initiatives

- 13.1.1 Each year, the Deputy Chief Executive (S151) will prepare the Medium Term Financial Plan (MTFP). This looks at the current year and the following four years in

respect of the Capital and Revenue Budgets. These budgets will comply with the Prudential Code.

- 13.1.2 Service Managers will prepare provisional estimates for each of their services for each of the next four years of proposed expenditure on capital schemes, including any associated capital income. Consideration will be given to any additional revenue base increases (e.g. Support & maintenance increases for new ICT systems) or additional revenue income (e.g. additional leisure income for a spend to save project). The Deputy Chief Executive (S151) will specify the form these estimates should take and the timetable for their submission.
- 13.1.3 All capital proposals will be scrutinised by the Deputy Chief Executive (S151) and the Capital Accountant. A project appraisal and a capital bid form, constituting the business case, must be prepared for consideration by the Capital Strategy and Asset Management Group (CSAG).
- 13.1.4 The Leadership Team will consider the provisional capital programme as part of the MTFP. After making any necessary amendments, the Deputy Chief Executive (S151) will submit to Cabinet the fully funded Capital Programme in conjunction with the revenue budget (that will include any revenue implications of projects included within the Capital programme). Both Capital & Revenue Budgets will be ratified at Full Council where the final budgets will be agreed and the Council Tax set.

13.2 Capital Strategy and Asset Group

- 13.2.1 The Deputy Chief Executive (S151) and Property Services shall co-ordinate the work of the Capital Strategy Asset Management Group (CSAG) and shall report the Group's recommendations to Leadership Team and the Cabinet as appropriate.
- 13.2.2 The Capital Strategy and Asset Management Group shall comprise those officers who are responsible for delivering schemes within the Capital Programme.
- 13.2.3 The Capital Strategy and Asset Management Group are to meet at least quarterly to ensure that a corporate view of the Capital Programme is taken in accordance with corporate objectives.
- 13.2.4 The responsibilities of the Capital Strategy and Asset Management Group are:
 - To monitor the progress of schemes within the Capital Programme;
 - To amend stage and completion timings, if necessary;
 - To ensure the estimated and final cost of schemes are within approved Capital Programme limits;
 - To prepare reports for Leadership Team and the Cabinet as required;
 - To evaluate scheme performance;
 - To consider the sale of capital assets;
 - To evaluate requests for purchase of capital assets

13.3 Budgetary Control of the Capital Programme

- 13.3.1 Service managers are to ensure that all capital transactions are carried out in accordance with current legislation and Government guidelines. Capital works are only to be undertaken in accordance with the approved Capital Programme of the Council. The definition of 'capital' will be determined by the Deputy Chief Executive (S151) having regard to Government regulations accounting requirements and de minimis levels £k referred to in Appendix A.
- 13.3.2 Credit arrangements, such as leasing, if required for a capital asset, are to be arranged through the Deputy Chief Executive (S151).
- 13.3.3 Officers responsible for schemes where external grants are available are to ensure that those grants are claimed in the correct manner and at the proper time and that no loss occurs to the Council. [Those Officers will also be responsible for ensuring any conditions or restrictions associated with the grants are adhered to.](#)
- 13.3.4 The Deputy Chief Executive (S151) must be consulted on the funding or on any financial implications arising from proposed capital transactions. The Cabinet must approve any additional bid for capital funding or borrowing approval not anticipated in the Capital Programme as extra borrowing may create further commitments to financing costs.
- 13.3.5 The officers responsible are to ensure that any overspending on a scheme is reported as part of the budget monitoring cycle and that appropriate management action is agreed.
- 13.3.6 The Deputy Chief Executive (S151) shall be responsible for reporting to the Council on financial matters associated with the Capital Programme. The Capital programme monitoring sits alongside the Revenue Monitoring and is included as an Appendix to the Report. The Report shall state, among other things:
- The method of funding capital expenditure during the previous financial year
 - The actual capital expenditure during the previous financial year
 - Any contributions received from outside bodies

13.4 The Prudential Code - Impact on financing of capital projects

- 13.4.1 The Prudential Code, developed by CIPFA applies to all Local Authorities. Local authorities are required by legislation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
- 13.4.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.
- 13.4.3 The Prudential Code requires that the capital programme can only be financed by one or more of the following means:
- a) By using capital receipts generated by the sale of capital assets such as land and buildings.

- b) By making a revenue contribution to capital (RCCO) which is a real charge to the General Fund or Housing Revenue account.
- c) By using capital grants unapplied where any conditions associated with the grant have or will be met in full.

13.4.4 If monies are borrowed from an external financial institution the Council still has to meet its capital financing obligation as shown above at 13.4.3. If this cannot be met in full in the first year then this creates a Capital Financing Requirement (CFR). The Authority must make a Minimum Revenue Provision, which is a real revenue charge, similar to a revenue contribution to capital (RCCO), against any CFR that it has at 31 March each year.

13.5 Utilisation of Capital Receipts

13.5.1 Capital receipts, above the de minimis shown at Appendix A, derived from the sale of land and buildings can only be used to finance capital expenditure, [unless there is dispensation from Central Government under a bespoke directive](#)

14.0 Banking and Treasury Management

14.1 Banking arrangements

14.2 Treasury management policy

14.3 Investments

14.4 Loans

14.5 Loans to external bodies (including soft loans)

14.1 Banking Arrangements

Why is this important?

All the Council's income and expenditure is directed via its bank. Every day many transactions take place between the Council, its customers and the Council's bankers. Bank accounts, therefore, are a high risk in terms of their exposure to fraud or error. As a result tight control over setting them up, maintaining them and dealing with the transactions that flow through them is required.

Risks:

- Bank accounts could be opened in the name of the Council with the aim of perpetrating a fraud;
- Unauthorised persons could gain access to a Council bank account and carry out fraudulent transactions;
- Banking instruments, e.g. cheques, money orders etc. could be stolen and used to steal money from the Council's bank account;
- Fraud or error could go undetected or the investigation could be seriously delayed if bank reconciliations did not take place or were late;
- The Council would be heavily criticised by the external auditors if the bank reconciliations were not up to date and accurate.

Regulations:

- 14.1.1 Only the Deputy Chief Executive (S151) together with a member of Finance may close, open or amend the conditions relating to the operation of the Council's bank accounts. All bank accounts are to be in the name of Mid Devon District Council.
- 14.1.2 All cheques shall be ordered only on the authority of the Deputy Chief Executive (S151), who shall ensure that secure arrangements are made for their safe custody.
- 14.1.3 Cheques and payment forms of authorisation, drawn on the Council's banking accounts, shall bear signatories in accordance with Appendix A.
- 14.1.4 Both the Chief Executive and the Deputy Chief Executive (S151), acting jointly or independently shall have the authority to cancel the signature authorisation of any officer if they or either of them considers such action necessary or desirable; in which event the officer effecting the cancellation shall notify the Council's Bankers without delay.
- 14.1.5 Crossed cheques shall only be opened with the express approval and countersignature of the Deputy Chief Executive (S151) or an authorised cheque signatory.
- 14.1.6 The Deputy Chief Executive (S151) shall ensure, as far as practical, the separation of staff duties so that:

- a) the checking and approval of creditors' invoices, benefits, salaries and wages;
- b) the control of cheques;
- c) the preparation of cheques;
- d) the signature or alteration of cheques;
- e) the despatch of cheques;
- f) the entries in cash accounts;
- g) the reconciliation of bank balance;

are the responsibility of separate officers.

- 14.1.7 The Deputy Chief Executive (S151) shall nominate officers responsible for reconciling all bank accounts in the name of the Council with the relevant accounting records.
- 14.1.8 A detailed reconciliation statement is to be prepared, as soon as practicable, following the end of each month and is to be presented to the Deputy Chief Executive (S151).
- 14.1.9 The statement is to be signed jointly by the Deputy Chief Executive (S151) and the officer responsible for its preparation.
- 14.1.10 Any discrepancy [above the de minimus limits in Appendix A](#) arising at the time of reconciling the accounts and records will be made known to the Deputy Chief Executive (S151) and Internal Audit and any such discrepancy clearly stated on the reconciliation statement.

Bank Transactions and Instructions to our Bankers

- 14.1.11 Cheque and electronic bank transfer payments must only be made by authorised individuals registered with our bankers. The Deputy Chief Executive (S151) will register appropriate individuals to ensure business continuity.
- 14.1.12 Electronic bank transfers must involve a minimum of two staff with authorisation procedures and records approved by the Deputy Chief Executive (S151).
- 14.1.13 Only authorised staff may communicate with the Council's bankers.

14.2 Treasury Management Policy

Why is this important?

The Council often invests considerable sums of taxpayer's money so as to make an acceptable return on the investment, which in turn is used to help finance Council services and projects. Investment is not without risk. It is the Council's duty to ensure that such risk is minimised through prudent management of its investments in accordance with legislation and recognised standards.

Risks:

- Money invested by the Council could be lost giving rise to the Council facing serious financial difficulty;
- The Council could face prosecution and a critical external audit report for failing to comply with legislation and accepted standards;
- Council funds could be misused by a member of staff for their own ends;
- Investment returns may fall short of expectation.

Regulations:

14.2.1 The Deputy Chief Executive (S151) shall be responsible for the investment of Council funds in accordance with the Local Government Act [19722003](#), the CIPFA Code of Practice on Treasury Management and the Treasury Management Strategy approved by the Cabinet, annually.

Statutory Requirements:

14.2.2 The Local Government Act 2003, and supporting regulations, requires the Council to “have regard to” the Prudential Code and the CIPFA Treasury Management Code of Practice (CIPFA TMCOP) to set Prudential and Treasury Indicators for a three year period to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

CIPFA Requirements:

14.2.3 The primary requirements of the Code are as follows:

- a. Creation and Maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
- b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c. The Full Council receive an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy) for the year ahead, a Mid-year Review Report and an Annual Treasury Report (outturn report) covering activities during the previous year.
- d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. [In our case this is the S151 Officer.](#)
- e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specified named body. For this Council the delegated body is the Cabinet.

- 14.2.4 The S151 Officer is responsible for the administration of the financial affairs of the Council. Implementing this strategy and the CIPFA Code of Practice on Treasury Management manages the risk associated with the Council's treasury management activity.

14.3 Investments

- 14.3.1 The Authority compiles their cash-flow forecast for a one year period. This is done on the basis that most large items of expenditure and income are known in terms of value and date of payment/receipt. Finance should be notified immediately of any significant items of new expenditure, ~~considered to be over £50,000~~, as this may impact on investment decisions for the future or, more seriously, cash flow constraints.
- ~~14.3.2 Investment decisions are made based upon the cash flow position on that day and the future requirements on the cash flow of the Authority. This is done under the remit of the approved Treasury Strategy. The Authority retains a small overdraft facility for unforeseen items of expenditure.~~
- 14.3.2 The Deputy Chief Executive (S151) shall arrange for the investment of excess funds based upon the counterparty criteria relevant at that time. This can be found on the most recent Treasury Strategy. From the pool of eligible banks or building societies the officer will call to obtain the best rate of interest on that particular day, and proceed on this basis.
- 14.3.3 The Deputy Chief Executive (S151) shall arrange for the investment of excess funds based upon the counterparty criteria relevant at that time. This can be found on the most recent Treasury Strategy. From the pool of eligible banks or building societies the officer will call to obtain the best rate of interest on that particular day, and proceed on this basis.
- 14.3.4 All bank accounts of the Authority have a mandate signed, typically by two senior officers of the Finance Department which are filed with all relevant banking documentation.
- 14.3.5 When any investment is made, a journal is signed by the officer who authorised the payment to be made. This is then processed on E-financials to record the investment has been made.
- 14.3.6 Repayment of an investment is known in advance and is paid, typically by Clearing House Automated Payment Scheme (CHAPS), by the borrower on the due date. The cashflow spreadsheet is used as the source document to notify when funds are due back to the Authority.
- 14.3.7 The investment policy is reviewed twice yearly: when both the Annual Strategy and the Half Year Investment Report are compiled.
- 14.3.8 In the event of a borrower default, the Accountant dealing with Treasury would notify the Section 151 Officer, Cabinet Member for Finance, Leader of the Council and Chief Executive. This would then be communicated to the Leadership Team and the Cabinet. The Accountant would liaise daily with the S151 Officer on any developments and actions to recover the monies due.

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- 14.3.9 All investment transactions shall be in the name of the Council. All securities, which are the property of the Council, are held in the custody of the Deputy Chief Executive (S151).
- 14.3.10 Monies invested will be paid to recipients by way of CHAPS (Clearing House Automated Payments System). Manual CHAPS payments must be checked and signed by two authorised signatories. CHAPS payments using the Payment Manager System are set up by one card holder and authorised by a second card holder.
- 14.3.11 Interest Allocation: Interest accrued on invested funds is allocated between the General Fund and the Housing Revenue Account based on average balances held each year.

14.4 Loans

Why is this important?

The Council may have a need to borrow considerable sums of money so as to help finance Council services and projects. Borrowing is not without risk. It is the Council's duty to ensure that such risk is minimised through prudent management of its borrowing in accordance with legislation and recognised standards.

Risks:

- Money could be borrowed by the Council at less than advantageous interest rates and thereby incurring higher than necessary cost;
- The Council could fail to repay money borrowed on time thereby having penalties invoked against it.
- The Council could receive a critical external audit report for failing to comply with legislation and accepted standards;
- Loans could be taken out in the Council's name by a member of staff for their own ends.

Regulations:

- 14.4.1 The Deputy Chief Executive (S151) shall be responsible for the administration and day to day operation of the Council's borrowing requirements and in so doing comply with the CIPFA Code of Practice on Treasury Management.
- 14.4.2 The Deputy Chief Executive (S151) shall ensure that money required by the Council is borrowed at the most advantageous rates and terms possible. All legal agreements are to be reviewed by the Legal Department before being signed and the Council becoming bound by their terms. All borrowings shall be in the name of the Council.
- 14.4.3 The Deputy Chief Executive (S151) shall be the Council's registrar of mortgages and shall maintain records of all monies borrowed by the Council.

- 14.4.4 Under the criteria of the Prudential Code the Deputy Chief Executive (S151) is to prepare a report prior to the commencement of each financial year for the Council to consider and then set the borrowing limits for the ensuing year.
- 14.4.5 The Council's Aggregate Credit Limit is to be monitored and at no time are the Council's borrowings to exceed the limit.
- 14.4.6 The Deputy Chief Executive (S151) shall report to the Cabinet at regular intervals on treasury management activities for the previous period.
- 14.4.7 Monies may be repaid by way of CHAPS (Clearing House Automated Payments System). Manual CHAPS payments must be checked and signed by two authorised signatories. CHAPS payments using the Payment Manager System are set up by one card holder and authorised by a second card holder.
- 14.4.8 Internal borrowing within the Authority, which will relate to the General Fund and Housing Revenue Account will be done via a service level agreement arranged by the respective Group Managers and Directors and Cabinet Members. The rate of borrowing agreed will be benchmarked against a publicly available rate such as the Public Works Loan Board (PWLb) or Bank of England Base Rate.

14.5 Loans to External Bodies (Including Soft loans)

Mid Devon District Council has the power to provide businesses or social organisations with soft loans.

Definition:

A soft loan is one with no interest or below-market rate of interest.

Lenient terms such as extended grace periods in which only interest or service charges are due, and interest holidays may be present. Typically they offer longer amortisation schedules and lower interest rates than conventional bank loans.

Risks:

- Reduced returns on available cash reserves
- Borrower default

Regulations:

- 14.5.1 Each request will be reviewed on merit and any loan agreement requires Deputy Chief Executive (S151) and Cabinet approval subject to the limits shown in Appendix A Para A.
- 14.5.2 In order to be eligible, the borrowing business or social organisation, shall be resident within the Mid Devon District Council boundary.
- 14.5.3 Any interest premium applied will be benchmarked against an available market rate.

- 14.5.4 The Council's security requirements will vary depending on the nature of the business, the loan value and the duration of the loan.
- 14.5.5 The Council must be mindful of the restrictions of State Aid when considering offering loans.

15.0 Insurance

15.1 Insurance

15.2 Notification of New Risks

15.3 Incident Reporting & Claims Handling

15.1 Insurance

Why is this important?

The delivery of Council services is not without inherent risk of death, injury or financial loss to staff, Members, third parties or the Council itself. The Council must make a careful assessment of these risks and how they should be covered. Some will be insurable and a balanced view will need to be taken as to what risks will be insured and those other risks which will be carried by the Council, through maintenance of earmarked funding or otherwise.

Risks:

- The Council may not be adequately insured and be unable to meet some claims made against it;
- The Council may be over insured;
- The Council may be paying too much for its insurance cover.

The Council has an internal team to manage its insurance-related responsibilities, and to help avoid disruption to Council services and finances. The Council's Insurance team:

- provides a claims management service
- arranges and negotiates appropriate insurance cover for the Council
- investigates potential and actual claims against the Council
- collates necessary supporting evidence
- submits claims on behalf of the Council
- provides control of all claims against the Council's insurance policies
- manages insurable risks to minimise potential losses and reduce disturbance to Council services
- advises on the level of claims and insurable risks

Regulations:

- 15.1. All insurance cover shall be reviewed at least annually by The Deputy Chief Executive (S151) and where new risks are identified due consideration in terms of cost and scope of cover will be made immediately.

Scope and Types of Risk

The Deputy Chief Executive (S151) is responsible for arranging all insurance cover subject to the approval of the Legal Services Manager on the form of policy.

Types of Cover

Public Liability: This insurance covers injury or death to any person on or around the Council's property and damage to Third Party material property.

Land & Buildings: This safeguards the Authority's properties.

Equipment: This covers specified equipment.

Motor: This provides cover for all of the Council's vehicles including plant.

Engineering Insurance: Insurance relating to the Council's plant, machinery and equipment.

Employers Liability: Protects the Council against legal liability to pay damages and legal costs arising from Employees suffering bodily injury, illness or disease and including death in the course of employment.

Fidelity Guarantee Insurance: All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance policy to safeguard the Authority against losses caused by dishonesty of employees.

15.2 Notification of New Risks

- 15.2.1 Service managers shall promptly notify the Deputy Chief Executive (S151) of the extent and nature of all new risks to be insured and of any alteration affecting insurable risk within their department. Details must be e-mailed to insurance@middevon.gov.uk.
- 15.2.2 Service managers will consult with the Deputy Chief Executive (S151) in respect of the terms of any indemnity, which the Council is requested to give when entering into a contract with a Third Party. The Deputy Chief Executive (S151) will consult the Council's insurer if appropriate.
- 15.2.3 When any additions are made to the Corporate Risk Register consideration needs to be given to any insurance implications regarding the new risk. Details must be e-mailed to insurance@middevon.gov.uk.

15.3 Incident Reporting & Claims Handling

- 15.3.1 Service managers will notify the Deputy Chief Executive (S151) immediately of any loss, liability, damage or any event which seems likely to lead to a claim. The appropriate claim form shall be completed and submitted to the Insurance Section within seven days via e-mail insurance@middevon.gov.uk or Post. Any necessary supporting evidence must be submitted within two weeks of incident date.

Motor Claim Form	FIN801
Public Liability Claim Form	FIN802
Property/Theft Claim Form	FIN803
Employers Liability Claim Form	FIN804

Clear guidance is given on the forms; additional help is available e-mail insurance@middevon.gov.uk

- 15.3.2 Service managers, staff and Members must ensure that they **do not** accept liability or make any offer to pay compensation, which may prejudice the conduct and outcome of any insurance claim.
- 15.3.3 The ~~Director of Finance, Assets & Resources~~[Deputy Chief Executive \(S151\)](#) must be informed and the appropriate claim form completed, where damage is caused to Council property, plant or vehicles, by fire or other insured risk, before work or repairs, other than emergency works, shall be undertaken and necessary authority has been given by the Council's insurers.
- 15.3.4 The Insurance Section will negotiate all claims in consultation with the Insurers and Service managers.

15.3.5 Policy premiums and any excess required to be paid in the claims process will be charged to relevant service expenditure codes.

Other

15.3.6 Contractors or agents acting for the Council must have insurance arrangements which adequately indemnify the Council against any third party claim. It is the Service Manager's responsibility to require this of contractors at quotation stage and to have details of the relevant insurance documents.

16.0 Postage

16.1 Postage

Why is this important?

Postage stamps, prepaid envelopes and balances held within franking machines are vulnerable to theft or loss.

Risks:

- Stamps could be lost or stolen;
- Franking machine balances could be misused
- Prepaid envelopes could be lost or stolen

Regulations:

- 16.1.1 Officers responsible for postal franking machines will certify the balance of impressions held in the machine at the 31 March each year. The certificate is to be forwarded to Finance without delay.
- 16.1.2 Where more than one service use the same franking machine, a record of each services usage must be maintained.
- 16.1.3 Franking machines, stamps and pre-paid envelopes are only to be used for mail sent in connection with the Council's business. Use for any private mail is not permitted and will lead to disciplinary proceedings.
- 16.1.4 All services are allocated a number for their post by Customer Services, which is input into the franking machine when the post is franked. Readings from the franking machine allocate postage costs to each service area which will then be charged to the service as part of the year end recharge.

17.0 FINANCIAL STATEMENTS AND REPORTS

17.1 The Annual Statement of Accounts

17.2 Accounting policies

17.3 Reports containing financial information

17.1 The Annual Statement of Accounts

- 17.1.1 The Deputy Chief Executive (S151) is responsible for ensuring that the annual financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United ~~Kingdom: A Statement of Recommended Practice (CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and~~ Kingdom and other legal and regulatory requirements for approval by the Audit Committee. This ensures that the statement of accounts present a true and fair position of the Council at the year end and also provides detail of the expenditure and income for that year.
- 17.1.2 Finance will issue a detailed timetable to Service Managers annually to ensure that all relevant information is collected in a timely manner and that the statutory deadline is achieved.
- 17.1.3 The accounts are subject to external audit, the objective of which is to provide assurance that the accounts have been prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.
- 17.1.4 The Audit Committee is responsible for approving the annual statement of accounts, which must be signed by the s151 Officer by ~~31 May~~ 0 June following the end of the financial year. The Approval by the Audit Committee and publication of the Statement of Accounts with the audit opinion must be completed by 31 July.

17.2 Accounting Policies

Why is this important?

The Accounting policies underpin the preparation of the statement of accounts and must be consistent with the basic accounting concepts of materiality, going concern, matching, consistency, prudence and substance over form.

Key controls

The key controls for the satisfactory completion of the statement of accounts are that:

- suitable accounting policies are determined, communicated and their consistent application monitored;
- a reasonable and prudent policy is created to ensure a consistent approach to all instances where estimates are made and that these are documented;
- statutory and other professional requirements are observed;
- all reasonable steps are taken for the prevention and detection of fraud and other irregularities; and
- the draft statement is available for examination and report by the external auditors in accordance with the previously agreed timetable.

Regulations:

Responsibilities of Deputy Chief Executive (S151)

- 17.2.1 The Deputy Chief Executive (S151) is responsible for selecting appropriate accounting policies, ensuring that they are applied consistently and that they are fully disclosed in the financial statements.

Responsibilities of Service Managers

- 17.2.2 Service managers are to adhere to the accounting policies and guidelines approved by the Deputy Chief Executive (S151) throughout the financial year and to submit to Finance any information considered necessary for accounting and costing purposes in accordance with the yearend timetable.

17.3 Internal and External Reports containing Financial Information

Why is this important?

The Council's reputation could be damaged if erroneous or misleading information is published. Poor or ill-advised decisions could be made on incorrect data published within a report.

Key controls

- 17.3.1 All reports should be reviewed by Finance and where appropriate, Internal Audit to safeguard the integrity of the presented data. Where amendments are required these must be made by officers before the report is published.

18 Risk Management and Governance

- 18.1 Prevention of fraud and corruption**
- 18.2 Risk management and corporate governance**
- 18.3 Internal audit**
- 18.4 External audit**
- 18.5 Financial irregularities**
- 18.6 Money laundering**

18.1 Prevention of Fraud and Corruption

Corporate Fraud

Why is this important?

The Council will not tolerate fraud and corruption whether externally or internally. It is determined that the culture and tone of the organisation is one of honesty and total opposition to fraud and corruption.

The Council has an established Code of Conduct for all Council Officers and Members. The Council has robust policies relating to Fraud, Corruption and Whistle-blowing.

The Council requires its contractors, suppliers, partners and other service providers to adhere to the Council's policies and procedures, which uphold the Council's high standards.

The National Fraud Initiative is actively supported and a range of measures is in place to identify and successfully prosecute anyone claiming Housing and/or Council Tax Benefit fraudulently.

Risks:

- The Council may suffer financially through fraudulent or corrupt practices and failure to maintain high standards of conduct;
- Genuine claimants may be refused;
- The confidence of the public in the Council may be undermined as a result or discovery of fraud or corruption involving Council staff, Members or its partners and contractors;
- The Council's reputation may suffer;
- Staff may be prevented from raising their concerns through 'whistleblowing' procedures under the Public Interest Disclosure Act 1998 and the Council may leave itself open to payment of compensation, (with no upper limit).

Regulations:

18.1.1 The Group Manager for Performance, Governance and Data Security is responsible for maintaining the Council's:

- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy

Benefit Fraud

18.1.2 As part of the National Fraud Initiative, the Council undertakes biennial data matching for Housing and Council Tax Benefit.

18.1.3 Where evidence of fraud is found the information will be passed to the DWP for further investigation.

18.1.3 Where evidence of fraud is found, persons involved will be prosecuted in accordance with the Prosecution Policy,(Appendix 5 of the Fraud Procedure Manual).

Awareness

18.1.4 All service managers will ensure that all officers (including any new employees) within their service areas have access to, and regularly refresh their knowledge of:

- The Officers Code of Conduct;
- The Council's Anti-Money Laundering Policy
- The Council's Anti-Fraud and Corruption Policy; and
- The Council's Whistleblowing Policy.

18.1.5 All service managers will ensure that any contractors, or any other parties, working on behalf of the Council, within their service areas have access to, and regularly refresh their knowledge of, the Council's Whistleblowing Policy.

18.1.6 The Monitoring Officer will ensure that all Members have access to, and regularly refresh their knowledge of, the Members Code of Conduct.

18.1.7 All Officers and Members must ensure that they provide the Monitoring Officer with returns relating to the declaration of any personal interests and offers of gifts or hospitality (whether accepted or not).

18.2 Risk Management, Internal Control and Corporate Governance

Why is this Important?

Risk is identified as something that might have a detrimental impact on the Council's objectives or affect service delivery. The Council, therefore, has a duty to ensure that risks are properly identified, managed and controlled.

The objectives and many of the Council's services and activities are not without inherent risks including those of risk of death, injury or financial loss to staff, members of the public or external organisations.

Risk can be mitigated by:

- transferring the risk to a third party, e.g. through insurance;
- implementing additional controls to those that exist to minimise the likelihood of the risk occurring or minimising its potential impact (e.g. through regular inspection and continuous monitoring of identified key risk areas);
- establishing and regularly testing business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption;
- training of officers and staff in key risk areas

The key controls for risk management are:-

- Leadership Team leading and directing risk management at highest level;
- establishing clear roles, responsibilities and reporting lines within the Council for managing risk ;
- incorporating risk management considerations/ systematic benchmarking and a performance management system;
- maintaining documented procedures for the control of risk, the provision of suitable information, training and supervision;
- maintaining an appropriate incident reporting, recording and investigation procedure to prevent recurrence;
- for allocating resources to identified priority risk areas;
- training to reinforce the importance of effective risk management as part of the everyday work of employees;
- maintaining effective communication and the active involvement of every member and employee of the Council;

- including risk management as an agenda item at meetings as appropriate;
- providing opportunities for shared learning on risk management across the Council; and
- preparing contingency plans in areas where there is potential for an occurrence having a catastrophic effect on the Council and its business capability.

Internal controls are one of the tools used to manage the Council's risks, and ensure that it meets its strategic objectives and statutory obligations. The Accounts and Audit Regulations 2015⁹³ impose an explicit duty on the Council to ensure it has a sound system of [internal control including the publication of an Annual Governance Statement](#).

The system of internal controls is established in order to provide measurable achievement of:

- (a) Efficient and effective operations
- (b) Reliable financial information and reporting
- (c) Compliance with legislation and regulations
- (d) Risk management
- (e) Security of assets.

Risks:

- The opportunity for fraud, loss, extravagance, waste or reputational damage is increased;
- The Council could be in contravention of legislation;
- Incorrect political and managerial decisions could be made because of the absence of consideration of risk.

Regulations:

- 18.2.1 The Group Manager for Performance, Governance and Data Security is responsible for producing, reviewing and updating the Council's Risk Management Strategy to be approved by the Audit Committee annually.
- 18.2.2 It is the responsibility of the service managers to ensure that the risks affecting their service areas are identified on a continuing basis, and documented in a risk register along with the controls for mitigating those risks.
- 18.2.3 Service managers are responsible for ensuring that any actions that have been agreed to put controls in place to mitigate risks are completed in the agreed timescale.

- 18.2.4 The centralised risk register will be held electronically on the SPAR.net system, and will be reviewed regularly. Service managers, or their nominated representatives, will ensure that risks relating to their service area are reviewed and updated using the SPAR.net system.
- 18.2.5 Service managers are to ensure that all staff in their service area have a clear understanding of the risks affecting the Council and their service area and ~~the consequences~~ [the consequences](#) of not controlling those risks.
- 18.2.6 The Leadership Team will act as the Council's Corporate Risk Management Group in order to review those risks likely to have an impact on the achievement of the Council's objectives.

Internal Control

- 18.2.7 Internal Audit will be responsible for conducting an annual review of the effectiveness of the Council's internal control environment, the results of which will be included in the Annual Governance Statement.
- 18.2.8 The Group Manager for Performance, Governance and Data Security will produce an Annual Governance Statement in accordance with current CIPFA guidance, which is to be reviewed and approved by the Audit Committee and signed off by the Leader of the Council and Chief Executive, and published with the statement of accounts.
- 18.2.9 An action plan will be produced as part of the Annual Governance Statement, covering areas of exception. Service managers are responsible for ensuring that any recommendations relating to their service area are implemented by the agreed timescale.
- 18.2.10 Service managers are to manage service processes to ensure that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

Corporate Governance

- 18.2.11 The Council is responsible for approving the Council's Code of Corporate Governance following consideration by the Audit Committee.

[18.2.12](#) The principle of the Code will be openness, integrity and accountability and will cover the areas required by the CIPFA [/delivering good governance local government framework which includes:](#)

- [Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law](#)
- [Ensuring openness and comprehensive stakeholder engagement](#)

- [Defining outcomes in terms of sustainable economic, social and environmental benefits](#)
- [Determining the interventions necessary to optimise the achievement of the intended outcomes](#)
- [Developing the entity's capacity, including the capability of its leadership and the individuals within it](#)
- [Managing risks and performance through robust internal control and strong public financial management](#)
- [Implementing good practices in transparency, reporting and audit to deliver effective accountability.](#)

~~18.2.12~~ 18.2.13 Direct responsibility for the monitoring of compliance with the principles and elements of corporate governance and the requirements of the Code are placed with the Council's [Group Manager for Performance, Governance and Data Security Monitoring Officer](#) (with the exception of the application of these Regulations, which are the responsibility of the Deputy Chief Executive (S151)).

~~18.2.13~~ ~~Internal Audit will test compliance with the Code on an annual basis and the results of the monitoring and testing will be reported to the Audit Committee~~

18.3 INTERNAL AUDIT

Why is this important?

The Accounting and Audit Regulations 2003 requires that the Council shall be responsible for ensuring that financial management arrangements are adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The Council shall conduct a review at least once a year of the effectiveness of its system of internal control and shall include a statement on internal control to be published with the statement of accounts.

Internal Audit is an assurance function which provides an opinion to the Council. It objectively examines, evaluates and reports on the adequacy of controls that affect the Council objectives. Its contribution is to the proper economic efficient and effective use of Council's resources on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives. Internal Audit objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources.

Risks:

- Changes in the delivery of services lead to internal financial control systems failing, thereby increasing the possibility of fraud, loss, extravagance, waste or [embarrassment-reputational damage](#) to the Council;
- The Council could face legal action for failing to maintain an adequate internal audit service;
- The absence of [the-an](#) internal review process increases the opportunity for fraud, corruption or lax service delivery;
- Increased external audit costs may be incurred if the external auditor is not satisfied that the Internal Audit service is adequate.

Regulations:

[18.3.1](#) The Council shall make provision for Internal Audit in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Accounts and Audit Regulations 2015~~03~~ state that a relevant body must 'maintain an adequate and effective system of internal audit of the Council's accounting records, and of its system of internal control in accordance with the proper internal audit practices'.

~~18.3.2~~ [18.3.2](#) The Council has entered into a shared service arrangement with The Devon Audit partnership (DAP), constituted under section 20 of the Local Government Act 2000, for the provision of Internal Audit services.

~~18.3.3~~ [18.3.3](#) The Internal Audit Manager, or representative from Internal Audit, shall, with full regard to the Data Protection and Human Rights requirements, have authority to:

- (a) Enter at all reasonable times on to any Council premises or land;
- (b) Have access to all records, documents and correspondence (both manual and electronic) relating to any transaction of the Council;
- (c) Require and receive such information and explanations from any officer as are necessary concerning any matter under investigation;
- (d) Require any employee or agent of the Council to account for cash, stores or any other Council property under their control; and
- (e) Access records belonging to third parties, such as contractors or partnerships, if required.

[18.3.3](#) The Internal Audit Manager has direct access to the Chief Executive, Deputy Chief Executive (S151), Leader and Chairman/Vice Chairman of the Cabinet and the Audit Committee.

18.3.4 The Internal Audit Manager shall produce an operational internal audit plan and also a three year strategic audit plan, which will cover the full range of services provided by the Council. The core financial systems of the Council will be audited on an annual basis and the remaining systems will be audited on a rolling programme, according to the level of risk.

18.3.5 It shall be the responsibility of Internal Audit to review, appraise and report upon:

- (a) The soundness, adequacy and application of internal financial controls;
- (b) The extent to which the Council's assets and interests are accounted for and are safeguarded from losses of all kinds including:
 - Fraud and other offences
 - Waste, extravagance, inefficient administration, poor value for money or any other cause.
- (c) The suitability, reliability and use of financial and other management information available within the Council.

18.3.6 Service managers (in consultation with their line manager) are to consider, and promptly respond to agreed recommendations set out in Internal Audit reports and to ensure that any agreed actions are carried out within the timescale agreed.

18.3.7 The Internal Audit Manager will report to the Audit Committee at each meeting. Reports will contain details of Internal Audit activities and actions agreed on any high priority recommendations.

18.3.8 Internal Audit shall be informed of, and can act in a consultancy capacity to officers and others acting on the Council's behalf in respect of the creation, amendment or removal of systems of a direct or indirect financial nature. [This may incur an additional charge from the Internal Audit provider, DAP.](#)

18.4 External Audit

Why is this important?

Each financial year the Council is subject to an external audit of statutory financial statements. The external auditor has rights of access to all documents and information, necessary for audit purposes.

In carrying out their duties the external auditor is required to comply with statutory requirements governing them, and in particular the [Audit Commission Act 1998](#), the [Local Audit and Accountability Act 2014](#), the Code of Audit Practice, the Local Government Act [1999-2010](#) and the Accounts and Audit Regulations 2015. The Code of Audit Practice sets out the auditor's objectives to review and report upon:

- The audited body's financial statements and its [Statement on Internal Control/Annual Governance Statement](#); and
- Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'present true and fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the statutory requirements as set out in the current [Code of Practice on Local Authority Accounting in the United Kingdom Statement of Recommended Practice \(SORP\)](#) and the Services Reporting Code of Practice (SERCOP).

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Risk:

- The Council's accounts are not signed off by the external auditors or are signed off with a qualifying comment to the effect that they fail to present fairly the financial position of the Council.

Regulations:

18.4.2 The Deputy Chief Executive (S151) will work with the external audit staff to ensure that there is effective liaison between external and internal audit to optimise use of audit resources and that all Members and Finance staff are advised of their roles and responsibilities in relation to external audit. Service managers shall ensure that external auditors are given access (at reasonable times) to premises, personnel, documents and assets which are considered necessary for the purposes of their work.

18.4.3 Service managers shall ensure that all records and systems are up to date and available for inspection.

18.5 Financial Irregularities

18.5.1 All suspected frauds or irregularities involving cash, property or financial transactions of the Council shall be notified immediately to the Internal Audit Manager, and the Deputy Chief Executive as Section 151 Officer.

18.5.2 Where fraud or irregularity is suspected:

- (a) The relevant service manager will take immediate action and all possible steps to prevent further loss and to secure records against removal or alteration.
- (b) The Group Manager for Performance, Governance and Data Security and/or the Group Manager for HR will initiate an immediate investigation and the Deputy Chief Executive (S151) as S151 officer will be informed.

18.5.3 Where sufficient evidence exists that a criminal offence may have been committed, the ~~Monitoring Officer~~[Group Manager for Performance, Governance and Data Security](#), in consultation with the Chief Executive, and Deputy Chief Executive (S151) (as Section 151 Officer), will inform the police to further investigate and decide on possible future proceedings.

18.5.4 The relevant service manager with the Group Manager for HR and Development will instigate the Council's disciplinary procedures where the outcome of an investigation indicates misconduct, fraudulent or otherwise.

18.6 Money Laundering

WHAT IS MONEY LAUNDERING?

Money Laundering can be defined as “the crime of moving money that has been obtained illegally through banks and other businesses to make it appear that the money has been obtained legally”.

When the Council (or any of its employees or Members) is accepting or dealing with money or other assets there is a risk that such money or assets could come from a criminal source. In the vast majority of cases this is unlikely, but everyone should bear in mind that they could contravene the law if they become aware of or suspect criminal activity and continue to be involved in the matter without reporting their concerns.

RECOGNISING MONEY LAUNDERING

18.6.1 Possible indicators of money laundering may include:

- Cash based businesses which are more likely to add criminal funds to legitimate business takings;
- Large cash receipts generally and always amounts over the equivalent of 15,000 Euros.
- A person who is reluctant to supply evidence of identity or address;
- Large overpayment of fees or money on account;
- Cancelled transactions without good reason, requiring a repayment;
- Requests to forward balances on to a third party;
- Information received about an individual which may reveal criminality or association with criminality;
- The use of over-complicated financial systems or funds received from third parties;

- A buyer's or seller's financial profile not "fitting" the transaction they are undertaking;
- Unexplained use of an out of area solicitor/agent in relation to a property transaction.

No payments over £5k shall be accepted without the formal consent of the Money Laundering Reporting Officer. [The Council's nominated Money Reporting Officer is the Group Manager for Performance, Governance and Data Security](#)

- 18.6.2 This list is not exhaustive but gives examples of when employees should consider whether their suspicions should be aroused and in such circumstances should suggest to the employee that they should be asking themselves questions such as *Would I expect this individual to have this amount of cash?; why do they wish to pay in cash?; Why is this person offering to pay more than the going rate for this item/service? etc.*

LEGISLATION RELATING TO MONEY LAUNDERING

- 18.6.3 Legislation concerning money laundering has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. The obligations impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

- 18.6.4 There are several pieces of legislation relating to money laundering which include:

- The Terrorism Act 2006
- The ~~Anti-Terrorist Crime~~ [Counter-Terrorism](#) and Security Act 2015
- The Proceeds of Crime Act 2002
- Serious Organised Crime and Police Act 2005
- Money ~~Laundering Regulations 2003~~ [Laundering Regulations 2017 & 2007](#)
- Third European Union Money Laundering Directive 2005

PURPOSE AND SCOPE

- 18.6.5 The aim is to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering.

18.6.6 The legislative requirements concerning anti-money laundering procedures are extensive and complex. These regulations have been written so as to enable the Council to meet its' legal requirement in a way which is proportionate to the very low risk the Council faces.

18.6.7 These regulations apply to **all employees** (including agency staff and contractors) and **elected Members**. All employees must be aware of their responsibilities and the consequences of noncompliance. Service managers must ensure that all employees are aware of these regulations during new employee induction. The Council's Money Laundering Reporting Officer (MLRO) will arrange suitable training of all staff and elected Members

18.6.8 An employee could potentially be caught by the money laundering provisions (if they suspect money laundering and either become involved with it in some way and/or do nothing about it) – e.g. if they:

- Assist a money launderer;
- “Tip off” a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations;
- Fail to report a suspicion of money laundering; and
- Acquire, use of or possess criminal property.

18.6.11 It is extremely important that all employees are familiar with their legal responsibilities. Employees found guilty at trial of contravening the legislation may be faced with imprisonment, a fine or both.

18.6.12 Failure by an employee to comply with the procedures set out may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Procedure.

REPORTING/DISCLOSING INFORMATION

18.6.13 If an employee/Member suspects money laundering or has any suspicions relating to any transaction then they must report their suspicions to the Council's Money Laundering Reporting Officer (MLRO).

18.6.14 The employee/Member will need to supply as much information as possible to the MLRO about the individual or company concerned i.e. name, address and their reasons for suspicion. If any other employees/Members have been involved with the transaction the names of these persons should also be passed to the MLRO.

18.6.15 Any disclosures must be reported using the Form at Appendix C to the Anti-Money Laundering Policy found on SharePoint.. Upon receiving the completed form the MLRO will consider all of the applicable information in order to determine whether

the grounds to suspect money laundering are valid. If the MLRO determines that the information or matter should be disclosed it will be reported to the UK Financial Intelligence Unit (UKFIU), the branch of the Serious Organised Crime Agency (SOCA) that deals with money laundering.

- 18.6.16 Disclosures should be kept confidential and not discussed with colleagues. It is important to ensure that the person(s) suspected of money laundering is not “tipped off” regarding the disclosures. It is an offence to prejudice an investigation by informing anyone of the disclosure or by tampering with evidence. If found guilty there is a punishment of up to 5 years in prison available to courts on indictment.

AFTER DISCLOSURE

- 18.6.17 No transactions can be completed where it is believed that money laundering is involved until clearance has been received from either the UKFIU or the SOCA, or seven days have elapsed since the disclosure was made to them and no instructions have been received. Employees must **always** check the position with the MLRO before taking any action.

Glossary of Terms

Accounting Policies	Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented. Accounting policies do not include estimation techniques.
Accounts Payable	The ledger and process relating to the payment of trade creditors and other payments
Accounts Receivable	The ledger and process relating to the raising of sales invoices and their collection
Accrual	A sum included in the final accounts to cover income or expenditure attributable to that year but for which payment was not received/made during that year. Local authorities only accrue for revenue expenditure; capital expenditure is recorded on a receipts and payments basis.
Appropriation	The transfer of ownership of land or buildings from one service to another.
Asset	An asset is anything that is owed by the Council that has a value.
Asset Management Plan and Capital Strategy	A document that explains how the Council will maintain its assets over the next few years and where it is intending to spend money on new or improvements to its existing assets.

Bad Debt	Money owed to the Council that is unlikely to be paid.
Balances	The total revenue reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.
Best Practice	The term used to describe the methods used by local government to share procedures and practices in order to learn and improve from each other
Best Value	Arrangements to secure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
Budget	A statement of the Authority's plans for revenue and capital expenditure and income over a specified period of time. The forecast of net revenue and capital expenditure over the accounting period.
Budgetary Control	The process of ensuring actual expenditure and income does not exceed the budget available and taking corrective action where variances are identified.
Budget Monitoring	The process of reviewing actual expenditure or income against the sum allocated for the year enabling action to be taken to reallocate budgets to or from other budget lines in a timely manner where variances are found.
Budget Head	A specific area of activity where expenditure may be incurred or income collected.
Capital Adjustment Account	This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.
Capital Charges	This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers: Depreciation of buildings and equipment, amortisation of intangible assets, impairment charges and amortisation of REFFCUS expenditure.
Capital Discharged	The amount of capital expenditure which has been paid for out of revenue or other sources.
Capital Expenditure	Money spent to either acquire or improve an asset owned by the Council which will be used over a period of years or money awarded to a third party towards an asset owned by them for example a grant to improve their property. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.
Capital Outlay	Expenditure on the acquisition of significant fixed assets which will be of use or benefit in providing services beyond the year of account.
Capital Programme	The Council's capital expenditure plans for the next few years. The capital programme will show the anticipated cost, usually on a scheme by scheme basis, and how it intends to finance this.

Capital Receipts	Proceeds from the sale of assets and other receipts of a capital nature.
Capital Receipts Unapplied	Capital receipts not yet used for repayment of debt, or to finance capital expenditure.
Capital Strategy Asset Group (CSAG)	A working group of senior officers set up to oversee the capital programme. The CSAG reviews new expenditure plans before they are recommended for inclusion onto the capital programme, and monitors both the capital expenditure and the financing resources on schemes in the capital programme ensuring timely action is taken for any variances identified.
Central Establishment Charges	Salaries and associated expenses of central departments together with the cost of maintaining administrative buildings and other central services.
Commitments	A commitment arises when an order is raised to purchase goods or services but the goods or services have not yet been received.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This body is responsible for interpreting accounting standards and recommending working practices to be followed by all local authorities.
Collection Fund	A separate fund that records the income and expenditure relating to council tax and non-domestic rates.
Corporate Plan	A document outlining what the Council wants to achieve and how it will get there. The Corporate Plan generally covers a period of 3 years, but is reviewed and updated on an annual basis.
Corporate Democratic Core	Those activities which the local authority is engaged in specifically because it is an elected multi-purpose authority. This includes the costs of corporate policy making, representing local interests, representatives and duties arising from public accountability.
Cost Centre	An individual reference used within the Council's financial system to enable the allocation and monitoring of expenditure and income in a meaningful way.
Creditors	Persons/businesses owed money by the Council
Debtors	Persons owing monies to the Council.
Decision Maker	Refers to the Council, Policy Committee or any other group to whom a function has been delegated in accordance with the Council's Constitution and shall include a Group Manager exercising authorised powers or a delegation under the Council'
Depreciation	The allocation of the cost of the useful economic life of the Council's fixed assets for the accounting period through general wear and tear, consumption or obsolescence.

Deferred Capital Receipts	Deferred Capital Receipts are the amounts derived from sales of assets which will be received in instalments over agreed periods of time.
Earmarked Reserve	Money allocated for a specific purpose which will be spent in a future year.
Emergency	An occurrence involving or likely to 'involve danger to life or health' or 'serious damage to property' or 'destruction of property'.
Fidelity Guarantee	Insurance against fraudulent losses.
Finance Lease	A lease whereby all the risks and rewards of ownership of a fixed asset are with the lessee. In substance the asset belongs to the lessee.
Financial Regulations	A written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations set out rules on accounting, audit, administrative procedures and budgeting systems.
Financial Year	A Local Authority financial year runs from 1 April to 31 March.
Fixed Asset	An asset intended to be held for a period of more than one year, such as a machine or building.
Forecast	A prediction of spend for future months/years.
General Fund	The main revenue fund of the Council. Income from the council tax precept and Government grants are paid into the fund, from which the cost of providing services are met.
Government Grants	Payments by Central Government towards local authority expenditure. They are specific for a particular service; and are receivable in respect of both revenue and capital expenditure.
Grants	Income received by the Council to support the undertaking of Council services or to support the capital programme. Grants may have terms and conditions as to use attached.
Housing Revenue Account	Statutory ring-fenced account required to represent the landlord/tenant obligations for the Council in relation to managing and maintaining its housing stock in return for rental income from tenants.
Impairment	A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value
Income & Expenditure Account	The net cost for the year for services provided by the Council for which it is responsible and showing how the cost has been financed from precepts, grants and other income
Internal Control	The system of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's

	assets and interests are safeguarded.
Internal Recharge	A charge made by one council department to another for provision of a service.
Inventories (previously Stock)	Items of raw materials, work in progress or finished goods held at the financial year end normally valued at the lower of cost or net realisable value.
Lease	An asset not owned by the Council but which the Council has an agreement to use in providing its day to day services in return for a regular cash payment.
Liquid Resources	Cash and current asset investments that can be easily converted to known amounts of cash without penalty, or can be traded on the active market.
Long Term Borrowing	Amounts borrowed in excess of one year.
Long-Term Contract	A contract entered into for the design, manufacture or construction of a single substantial asset, or the provision of a service (or a combination of assets and services which together constitute a single project), where the project falls into more than one accounting period.
Long Term Debtors	Sums of money due to the Authority originally repayable within a period in excess of twelve months but where payment is not due until future years.
MEAT	Most economically advantageous tender.
Medium term Financial Plan	A document outlining the Council's spending plans and forecast resources over the next three years.
Money Laundering	The term used where an individual uses legal payment routes to disguise income earned from illegal activities or to avoid the payment of Government taxes. In terms of the Council's activities this could include the payment of rents and council tax at the Council's payment counters with large cash payments.
Monitoring Officer	The Council is required to designate an officer as its monitoring officer. This officer is responsible for promoting and maintaining high standards of overall conduct, for reporting any actual or potential breaches of the law, or instances of maladministration either to the Council directly or via the Cabinet.
Net Book Value	The value of fixed assets included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.
Nominal Ledger	The nominal ledger is the main accounting record of the Council. It is basically a library of financial transactions.
Non-distributed Costs	In the main this represents support service area charges. E.g.: Corporate Management, Finance, Legal, ICT, HR services, etc. In addition to this a number of non-service specific corporate fees are included. these relate to costs which are not specific to a service eg. past service costs and settlements

	relating to post-employment benefits
Operating Lease	A lease where the risks and rewards, and therefore the ownership of the asset, remains with the lessor.
Outturn	The actual income and expenditure for a financial year disclosed by the final accounts.
Overspend	This is where the actual net expenditure exceeds the budget for the same period.
Performance Indicators	A set of local authority service performance indicators.
Petty Cash	A small amount of cash held by departments and available to purchase minor items of expenditure such as postage stamps.
Policy Framework	The collective term used to describe all the Council's agreed policies and strategies which identify what the Council aims to do, how it plans to do this and what resources it has available over a period of years.
Precept	The amount levied by one authority which is collected by another. E.g. the County Council is the precepting authority and the District Council is the collecting authority.
Prepayment	An adjustment to a sum paid where the period covered by an item of expenditure partly relates to a future accounting period e.g. A single road fund tax payment partly covering two financial years.
Provisions	An amount set aside by the authority to meet a known item of expenditure but for which the actual timing and amount of the payment is not known. The main provisions relate to the Council's various insurance funds. Reserve Money set aside for future policy initiatives.
Rateable Value	The annual assumed rental value of a property, to which rate poundages are applied to arrive at rates payable.
Revenue Expenditure Funded from Capital under Statute (REFFCUS)	Expenditure which may properly be capitalised but which does not result in assets owned by the Council. These charges are amortised to revenue immediately in the year of acquisition.
Reserves	Funds set aside to meet future expenditure on specific items or as a contingency against future losses. Reserves. The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure
Revaluation Reserve	This records net gains from revaluations made after 1 April 2007 not yet realised through sales.
Revenue Contributions to Capital	This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.

Revenue Expenditure	Expenditure incurred by the Council on a day to day basis in the provision of services to the public.
Revenue Support Grant	The general grant paid by government to local authorities to enable all authorities to levy similar rate levels for similar levels of service.
Risk Management	The planned and systematic approach to the identification, evaluation and control of risk.
Section 151 Officer	Under section 151 of the Local Government Act 1972 each Council is required to have a nominated Officer with responsibility to ensure the proper administration of the Council's financial affairs. At Mid Devon this role is undertaken by the Deputy Chief Executive (S151). This Officer must be a member of a professional accountancy body.
Service Reporting Code of Practice (SERCOP)	Produced by CIPFA and required to be followed by local authorities. Preparing accounts in line with the SERCOP ensures consistency and allows comparison between authorities.
Statement of Accounts	Councils are required to produce an annual Statement of Accounts which shows how the Council has spent its money and what resources and reserves it has available. The Statement of Accounts includes the Council's statutory income and expenditure account, its balance sheet and a cash flow statement.
Support Service	The term used to describe those Council departments or services that do not provide a service direct to the public, but provide a back office function to support the staff directly working with the public. Support services include finance, IT, HR, legal, as well as property services etc.
Treasury Management	The term used to describe the Council's management of its cash, investments and borrowing requirements.
Underspend	A favourable variance. Actual net expenditure including any commitments is less than the budget set for the same period.
Value Added Tax (VAT)	Tax levied on goods and services.
Variation	A variation is an increase or decrease in a budget after the budget has been approved at the start of the year.
Virement	A switch of budget resource between cost centres or service units.

Definitions in respect of the Contract Procedure Regulations

“Approved List” means a list of contractors maintained by the Council, which is regularly reviewed and admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a contractor.

“Authorised Officer” means the officer who has delegated authority to exercise the relevant function in accordance with the Council’s Scheme of Delegation within the Constitution.

“Best Endeavours” means that the officer has reasonably done all he/she can to ensure that the best possible value for money has been obtained on behalf of the Council.

“Best Interest” means that the officer has reasonably done all he/she can to ensure that the Council’s best interests are met.

“Best Value” means the Council’s duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

“Contract” means a contract for supplies, services or for the execution of any works which the Council is procuring and also includes framework agreements.

“Contractor” means any person on, or applying to be on an Approved List, Select List or European List or whom is invited to tender, negotiate or submit a quotation, or to whom a Contract has been awarded.

“Decision Maker” means the Council, Policy Committee or any other group to whom a function has been delegated in accordance with the Council’s Constitution and shall include a Group Manager exercising authorised powers or a delegation under the Council’

Economy – Doing less with fewer resources, i.e. making savings.

Efficiency – Doing the same as before, but with fewer resources (money, staff, and space).

Effectiveness – Doing more than before with the same resources but to the same standard.

“Estimated Total Cost” means the aggregate total cost of the supplies or services to be provided or works to be performed under a contract (as distinct from the annual value) estimated prior to its procurement.

“European Directives” means the procurement directives of the European Union and any regulations that implement them within the United Kingdom.

“European List” means a list of contractors compiled by another contracting authority including the Office of Government Commerce, in accordance with European Directives admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a Contractor.

“European Thresholds” means the threshold limits which the European Union have set for the procurement of goods and services and works for public sector authorities.

“Framework Agreements” are where there are multiple suppliers or multiple purchasing organisations contracting under an umbrella set of terms and conditions and for a fixed price.

“MEAT” – Most Economic Advantageous Tender.

“Procurement” means the acquisition of goods, services and works in exchange for payment.

“Select List” means a list of Contractors prepared by the Council for a particular contract only and admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a contractor.

“Supplier” means an individual or business that provides goods, services or works in exchange for payment.

“Value For Money” is the term used to assess whether or not the organisation has obtained the maximum benefit from the goods and services it acquires within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value. Achieving Value for Money may be described in terms of the ‘three E’s’ – economy, efficiency and effectiveness:

Appendix A

SUMMARY OF FINANCIAL LIMITS APPEARING IN THE MDDC FINANCIAL REGULATIONS

The following tables summarise the financial limits quoted in these Regulations. When looking at a specific level where there are two or more "X" the requirement is that authority needs to be made by **ALL** parties highlighted.

Financial Thresholds

A General Authorisation Limits – To exceed agreed budget for the financial year

Ref No	Factor	Limit (£)	Council	Cabinet	S151 Officer	Group Manager	Manager	Comments
A1		Up to £10k					X	
A2		£10.01k to £50k			X	X		
A3		£50.01k to £250k		X				
A4		Over £250k	X					

A1 Authorisation to Pay Invoices within budget, including relevant earmarked reserves

Ref No	Factor	Limit (£)	Cabinet	S151 Officer	Group Manager	Manager	Comments
	Level 1	Up to £100k				X	
	Level 2	£100k to £250k		X	X		
A14		Over £250k	X				Once approved by Cabinet a Group Manager can approve an individual order up to £5m

B Bank Payment Limits

Ref No	Factor	Limit (£)	Manager	Comments
B1		Up to £50k	X	One nominated signatory required
B2		Over £50k	XX	Two nominated signatories required

C Budget Virements (Movement of Budget from one service area to another)

Ref No	Factor	Limit (£)	Cabinet	S151 Officer	Group Manager	Manager	Comments
C1		Up to 10,000				X	
C2/C3		10,001 to 50,000		X	X	X	
C4		Over 50,000	X	X	X	X	

D Till Discrepancies (See 2.4.6) / Petty Cash claim limit / De Minimis refund limit

Replaced By:

Ref No	Factor	Limit (£)	Comments
DE1		£50	If discrepancy greater than £50 report to Internal Audit.

E Write Off of Individual Bad and Doubtful Debts (Excluding bankruptcy administration or Debt Relief Orders)

Ref No	Factor	Limit (£)	Cabinet	Cabinet Member	S151 Officer	Finance Manager Group Manager Finance	Group Manager	Manager	Comments
E1		£3,000						X	Revenues Manager has a limit of £100 in respect of Council Tax and NNDR income.
E2		£3,000.01 to £10,000				X	X		
		£10,000.01 to £50,000		X	X				
E3		Over £50,000	X						

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F Stock Deficiencies / Obsolete Stock Written Off

Ref No	Factor	Limit (£)	Cabinet	s151 Officer	Group Manager	Manager	Comments
F1		Up to £3,000 on any stock item				X	
F2		Over £3,000 on any stock item		X	X		
F3		Up to £10,000 in total for one store location, per occasion		X	X		
F4		Over £10,000 up to £25,000 in total for one store location, per occasion	X				

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G Equipment Registers

Ref No	Factor	Limit (£)	S151 Officer	Head of Service	Manager	Comments
G1		Over £1,000 but less than £20k			X	Service manager to record in equipment register - REVENUE
G2		Over £20k	X			Asset recorded in fixed asset register maintained by Finance CAPITAL

H ~~European Union~~Public Procurement Thresholds ([OJEU etc.](#))

Replaced By:

Goods	Refer to latest legislation
Services	Refer to latest legislation
Works	Refer to latest legislation

The thresholds which apply in this country derive from the current EC thresholds. These are announced every two years and apply from 1 January. The current thresholds (see below) apply from 1 January 2018 to 31 December 2019. Thereafter the thresholds which are then announced will apply, unless national legislation indicates otherwise. It is essential that you liaise with the Council's procurement team to check the applicable threshold for your procurement before going to market – sometimes a contract may comprise a mix of services and works and it is important to understand the implications before proceeding.

From 1 January 2018 – 31 December 2019 and then by reference to latest EC thresholds and national legislation:

<u>Goods and services:</u>	<u>£181,302</u>
<u>Works and concessions:</u>	<u>£4,551,413</u>
<u>Light Touch (social & specified other):</u>	<u>£615,278</u>

I Stock Adjustments/Write Offs

Ref No	Factor	Limit (£)	Cabinet	Cabinet Member	S151 Officer	Group Manager	Manager	Comments
I1		Up to £10k					X	
I2		£10.01k to £50k			X	X		
I3		£50.01k to £100k		X	X			
I4		Over £100k	X					

J De Minimis Invoice Limit

Invoice amount	£250.00
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K Disposal of Assets

K1	Best possible price	Value less than or equal to £1,000
K2	Sealed Bids/Auction	Value >£1,000 or equal to £5,000
K2	Competitive tender	Value more than £5,000
K3	Capital assets	Value > £20,000 To be approved By the Capital Strategy Asset Group

L Money Laundering Cash Receipt Limits

Cash Receipt	£5,000
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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ENVIRONMENT POLICY DEVELOPMENT GROUP**
held on 8 January 2019 at 2.00 pm

Present

Councillors

R F Radford (Chairman)
D R Coren, R M Deed, R Evans, Mrs E J Slade, J D Squire
and R Wright

Apologies

Councillor(s)

Mrs C P Daw and D J Knowles

Also Present

Councillor(s)

C J Eginton

Present

Officer(s):

Andrew Jarrett (Deputy Chief Executive (S151)), Andrew Pritchard (Director of Operations), Stuart Noyce (Group Manager for Street Scene and Open Spaces), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Vicky Bowden (Environment and Enforcement Manager) and Carole Oliphant (Member Services Officer)

41 Apologies and Substitute Members (00.01.35)

Apologies were received from Cllr Mrs C P Daw and Cllr D J Knowles.

42 Declarations Under the Code of Conduct (00.01.35)

No declarations were made.

43 Public Question Time (00.01.53)

The Chairman of Willand Parish Council asked the following questions:

These questions relate to the report at item 5 on your agenda.

In Paragraph 2.1 reference is made to the recording of District Officer activity and gradings given as the result of their inspections.

Are those gradings and records of activity in respect of a Parish or Town available to Ward Members or the respective Parish or Town Council please?

Under Paragraph 2.1 duties are outlined as statutory, mandatory or discretionary. It is noted that under mandatory car parking enforcement is listed as if not undertaken it could lead to a loss of income. Under discretionary it lists 'activity which the authority can choose how much or little it wants to do. The list of examples includes dog fouling patrols.

Does this not give the impression that making money from car parking enforcement is more important to MDDC than protecting the health of residents, particularly children, by enforcing their own legislation in relation to dog fouling – namely fouling of land by dogs (Mid Devon) Order 2012?

You are recommended at the beginning of the report to feed back areas of concern to Cabinet. Is this mandatory and discretionary policy an area which concerns this Group and should be referred to Cabinet?

The Group Manager for Street Scene and Open Spaces responded by saying that he would make the information regarding district officer activity available to the public. He would respond to the second question during his report.

44 Minutes of the Previous Meeting (00.04.30)

The Minutes of the meeting held on 6th November 2018 were approved as a true record and signed by the Chairman.

45 Chairman's Announcements (00.05.13)

The Chairman had no announcements to make.

46 Meeting Management (00.05.23)

The Chairman proposed that item 9 on the agenda, Performance and Risk be moved to item 5 and this was agreed.

47 Performance and Risk (00.05.55)

The Group had before it and **NOTED** a *report from the Group Manager for Performance, Governance and Data Security providing Members with an update on performance against the Corporate Plan and local service targets as well as providing an update on the key business risks.

Discussion took place regarding the amount of recycling collected that was actually recycled and Members were concerned about press reports that some recycling was sent abroad to landfill.

The Group Manager for Street Scene and Open Spaces stated that MDDC did kerbside sorting of recycling and that this minimised the risk that items collected would not be recycled. He confirmed that any items found by the crews to have been incorrectly placed into recycling bins were left at the kerbside with a card and not sent to the processors.

He explained that all of MDDC recycling waste was currently sent to UK processors who had a statutory obligation to report back the end destination of the material ..

He was confident that material sent to the processors and declared as recycled was actually recycled as this was a legal requirement.

Note: * Report previously circulated and attached to the minutes

48 **Update on the Street Scene Education and Enforcement Service (00.16.04)**

The Group received and **NOTED** a *report outlining the performance of the Street Scene Education and Enforcement service from the Group Manager for Street Scene and Open Spaces.

He outlined the contents of the report and stated that this was the second update since the review of the service in 2016/2017.

Referring to public questions asked he stated he would be happy to release the figures for street cleansing inspections. He explained that the inspections were completed by ward not by parish and that 400 inspections a year were completed over all of the wards in the district. He further explained that street inspections were not planned for after the area had been cleaned and that the inspections were independent to the street cleaning service. He stated that any inspections that came out at C or D were acted upon immediately and the street cleaning team was dispatched.

He stated that the discretionary and statutory headings in the report did not reflect the importance of the activity, the report stated what activities had to be done or not by the local authority. He explained that dog fouling patrols were shown not very cost effective without intelligence from the public and that dog fouling usually took place when nobody was looking.

The Group Manager for Street Scene and Open Spaces said that the report would be brought back to the Group at the end of the year and Group could at that time decide on the allocation of discretionary time.

There was a general discussion on the numbers of abandoned cars in the district and officers explained that MDDC's contractor did not charge the authority to remove them currently. It was difficult to trace the culprits as the registered keeper was not legally responsible but the registered owner was, and this information was not easily available.

Note: *Report previously circulated and attached to the minutes

49 **Bulky Waste and Garden Waste Charges (00.30.21)**

The Group received a verbal report by the Group Manager for Street Scene and Open Spaces providing members with analysis of the current charges for bulky waste and garden waste bins and an alternative charging structure as requested at the last meeting.

He explained that the authority's charging structure for bulky waste was in line with other authorities in Devon but the current charging structure of fixed price items meant that some users were paying less for more items being removed.

He further explained that if the fixed price item charge was removed then users would pay more for the more items they had removed. He explained that the increase in income to the Council for removing this charge would be less than £1k per annum.

It was therefore **RECOMMENDED** to Cabinet to abolish the Fixed Price Items charge of £27.00

(Proposed by Cllr D Coren and Seconded by Cllr E J Slade)

50 **Financial Monitoring (00.33.24)**

The Group **NOTED** a verbal report from the Deputy Chief Executive (S151) presenting financial monitoring information for the income and expenditure to date.

He explained that the report had been presented to Cabinet in January 2019 and that the Council's position had improved by £75k, although the savings had not been in the area's within the remit of the Environment PDG.

51 **Draft Budget Update (00.35.11)**

The Group had before it and **NOTED** an update on the budget * from the Deputy Chief Executive (S151) setting out the revised draft budget changes identified.

Consideration was given to the fact that the Council's position had changed positively since last reported to the Group and that the budget gap was down from £662k to £253k. He explained that the Revenue Support Grant was consistent with what was budgeted for in the draft budget.

The Government's settlement confirmed the level of increase to Council Tax which was allowed and that MDDC's council tax could be increased by up to 3%. The settlement also gave assurance that there would be no changes to New Homes Bonus in 2019/2020 but no assurances were given after this date.

He explained the vehicle sinking fund and that the Council had a long term policy for a sinking fund to replace all vehicles which was greater for refuse and recycling vehicles. Officers had been looking to take vehicles on contract hire instead of buying them outright and this should save £150k for 2019/2020 and the sinking fund already accumulated would no longer be required.

Members asked how much was held in the existing sinking fund and what this would now be spent on if it was not required to purchase new vehicles. The Deputy Chief Executive Officer (S151) said he would bring a report on the details to the next meeting

Note: - Report * previously circulated and attached to Minutes.

52 **Identification of Items for Future Meetings (00.53.01)**

The Group was given an overview of the Government's Resource and Waste Strategy for England by the Group Manager of Street Scene and Open Spaces. He reported the key facts of the report and advised the Group that he would provide a update on the Strategy and what this would mean for the Council as and when required.

The following items were proposed for future meetings:

- Electric Car Charging Points
- Vehicle Sinking Fund

(The meeting ended at 3.15 pm)

CHAIRMAN

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **HOMES POLICY DEVELOPMENT GROUP** held on 15 January 2019 at 2.15 pm

Present

Councillors

W J Daw (Chairman)
Mrs H Bainbridge, D R Coren, Mrs G Doe,
R J Dolley, F W Letch and J D Squire

Apologies

Councillors

Mrs E M Andrews and P J Heal

Also Present

Councillor

R L Stanley

Also Present

Officers

Andrew Pritchard (Director of Operations), Claire Fry (Group Manager for Housing), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Joanne Nacey (Group Manager for Finance), J P McLachlan (Principal Accountant), Michael Parker (Housing Options Manager) and Sarah Lees (Member Services Officer)

50 APOLOGIES AND SUBSTITUTE MEMBERS

Apologies were received from Cllrs Mrs E M Andrews and P J Heal.

51 DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

No interests were declared under this item.

52 PUBLIC QUESTION TIME

There were no members of the public present.

53 MINUTES

The minutes of the meeting held on 13 November 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

54 CHAIRMAN'S ANNOUNCEMENTS

It was announced that the Housing Service had been shortlisted for the TPAS Awards 2019 in the 'Community Focused Service/Product of the Year Award' category. This was in relation to work that had been undertaken in the repairs procurement service review.

55 PERFORMANCE & RISK FOR 2018-19 (00:02:47)

The Group had before it, and **NOTED** a report * from the Director of Operations providing Members with an update on performance against the Corporate Plan and local service targets for 2018/19 as well as providing an update on the key business risks.

It was noted that the average number of days to re-let remained below target and the service was congratulated for this. This was reflected in the 'Dwelling rent lost due to voids' which had decreased steadily throughout the year and was now at the same level as this time last year i.e. 0.5%.

Note: * Report previously circulated; copy attached to the signed minutes.

56 FINANCIAL MONITORING (00:04:05)

The Group received a verbal update from the Group Manager for Finance presenting a financial update in respect of the income and expenditure so far in the year.

It was reported that the previously predicted overspend for the year had reduced from £168k to £94k. This had been achieved through an amalgamation of car park income, a slight reduction in legal work in relation to Section 106, a windfall of £75k in relation to housing benefit subsidy and a slight improvement in Planning fee income. There had also been some savings in Customer Services salaries. However, the figures remained challenging and the Group would be updated at the next meeting.

57 GENERAL FUND BUDGET 2019/20 - UPDATE (00:07:42)

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) reviewing the revised General Fund budget changes identified and seeking further discussion on any changes required in order for the Council to move towards a balanced budget for 2019/20.

The draft budget gap for 2019/20 had reduced from £662k to £253k. This was in part due to the provisional settlement received from central Government in December 2018 which had brought in some additional funding such as Business Rates and Levy Account Surplus Draft Allocation. There had also been a reduction in an allowance for vacancies and other salary saving in the Waste Service.

However, it was not expected that the current gap would reduce any further and therefore it was likely that the balance would need to be found through a one off transfer from Ear Marked Reserves. However the underlying issues would need to be addressed and 2021 would present a very challenging set of financial circumstances.

Note: * Report previously circulated; copy attached to the signed minutes.

58 DRAFT 2019/20 HOUSING REVENUE ACCOUNT (HRA) BUDGET (00:11:53)

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) and Director of Operations considering the options available in order for the

Council to set a balanced budget for 2019/20 and agree a future strategy for further budgetary planning for 2020/2021 onwards.

The following was highlighted within the report:

- The Housing Revenue Account (HRA) was a ring-fenced account within Mid Devon's financial accounting system meaning that a balanced budget had to be set each year. This included all income and expenditure pertinent to the Council's landlord function.
- The appendices attached to the report showed the previous year and current year movements as well as the proposed budget for 2019/20.
- Various assumptions had been made in setting the proposed budget including a 1% decrease in all rents.

Consideration was given to the proposed increase with regard to garage rents. However it was felt that the increase proposed was so small that it would have a detrimental effect.

RECOMMENDED to the Cabinet that the proposed HRA budget for 2019/20 be approved subject to garage rents being frozen for 2019/20 and that from 2020/2021 onwards garage rents be increased by the Consumer Prices Index plus 1%.

(Proposed by Cllr R J Dolley and seconded by Cllr Mrs G Doe)

Note: * Report previously circulated; copy attached to the signed minutes.

59 **HRA MEDIUM TERM FINANCIAL PLAN (00:24:30)**

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2019/20 – 2022/23.

Further to the proposed draft budget for 2019/20 assumptions had been made for the forthcoming years which were listed in the report. This had been necessary in order to determine a reasonable forecast of the financial position of the HRA in the coming years.

Note: * Report previously circulated; copy attached to the signed minutes.

60 **MEETING THE HOUSING NEEDS POLICY (00:27:00)**

The Group had before it a report * from the Housing Options Manager. Homelessness legislation stated under the Housing Act 1996, as amended under the Homelessness Act 2002 Part V11, that the Housing Options Service should have a Supply and Demand Policy. This had also been stated in recent Supreme Court cases.

RECOMMENDED to the Cabinet that:

- a) The revised Housing Options Supply and Demand Policy be approved;

- b) It notes the Housing Options Service will continue to make best use of its temporary housing resources when accommodating homeless households.

(Proposed by the Chairman)

Note: * Report previously circulated; copy attached to the signed minutes.

61 **REVIEW OF THE VOID MANAGEMENT POLICY (00:28:10)**

The Group had before it a report * from the Group Manager for Building Services advising Members of the revised Void Management Policy.

The contents of the report were outlined with reference to a number of minor changes to the policy.

A brief discussion took place regarding the Council needing to spend £324,304 on repairing 'major' voids between 1 April and 30 November 2018. There was a requirement on the Council to adhere to the Decent Homes Standard and this resulted in inevitable costs.

RECOMMENDED to the Cabinet that it approves the revised Void Management Policy and that the term of the policy be extended to 10 years.

(Proposed by the Chairman)

Note: * Report previously circulated; copy attached to the signed minutes.

62 **HOUSING SECTOR UPDATE (00:32:57)**

The Group had before it, and **NOTED** a report * from the Group Manager for Housing providing an update on the latest developments within social housing.

It was explained that the briefing paper only ever represented a 'snap shot in time' and that housing policy nationally was evolving very quickly. The following was highlighted within the report:

- Comments from the Housing Minister in relation to social housing tenants feeling 'disenfranchised'.
- League tables and the fact that in some areas the Council was performing in the top quartile particularly in relation to Tenant Involvement.
- Housing supply nationally remained a major area of concern.
- Housing Association mergers were creating larger organisations in some cases.
- Impending changes in relation to Universal Credit.

63 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (00:39:20)**

In addition to the items already listed in the work programme for the next meeting it was requested that the Group receive feedback from the Cabinet Member for Housing and the Director of Operations following their meeting with the Housing Minister in early February. The previously arranged meeting in December had been cancelled.

It was also requested that the Group review the situation regarding Band E in the near future.

(The meeting ended at 3.00 pm)

CHAIRMAN

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 10 January 2019 at 5.30 pm

Present

Councillors

Mrs B M Hull (Chairman)
Mrs A R Berry, A Bush, Mrs C Collis,
J M Downes, S G Flaws, F J Rosamond and
Mrs N Woollatt

Apology

Councillor

Mrs S Griggs

Also Present

Councillor

R Evans

Also Present

Officers

Stephen Walford (Chief Executive), Catherine Yandle (Group Manager for Performance, Governance and Data Security), John Bodley-Scott (Economic Development Team Leader), Chris Shears (Economic Development Officer) and Sarah Lees (Member Services Officer)

49 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllr Mrs S Griggs.

50 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

Cllr Mrs N Woollatt declared a personal interest in relation to item 10 as she was a mill owner.

51 **PUBLIC QUESTION TIME**

There were no members of the public present.

52 **MINUTES**

The Minutes of the meeting held on 8 November 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

53 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- She reminded those present that there would be a special meeting of the Group on Tuesday 29th January to discuss the draft Economic Strategy.

- She also reminded the Group that the Council had been shortlisted in the LGC (Local Government Chronicle) Awards for 'Driving Economic Growth'. The Chief Executive, Head of Planning, Economy and Regeneration and the Economic Development Officer would be attending the final judging panel in London on 23rd January to make a presentation along with other shortlisted organisations. The Council was one of only 8 that had been selected. The final awards ceremony is being held in London in March.

54 **PERFORMANCE AND RISK FOR 2018/19 (00:03:30)**

The Group had before it, and **NOTED**, a report * from the Director of Growth and Chief Executive providing Members with an update on performance against the Corporate Plan and local service targets for 2018/19 as well as providing an update on the key business risks.

It was explained that since the report had been published the figures for empty shops had changed slightly but this was a situation that changed on a daily basis. A further update would be brought to the March meeting.

Note: * Report previously circulated; copy attached to the signed minutes.

55 **FINANCIAL MONITORING (00:05:04)**

The Group received a verbal update report from the Group Manager for Financial Services presenting a financial update in respect of the income and expenditure so far in the year. This included the following highlights:

- At the last meeting it had been reported that the forecasted overspend for 2018/19 would be £168k, this had now reduced to £94k.
- There had been some improvement in the Revenues and Benefits area with some extra grants proving to be a bonus.
- Fees in relation to Planning had also improved during the last two months of December 2018.
- There had been some underspend in Customer Services area due to salaries.
- The Housing Revenue Account had previously shown a favourable variance of £25k, this had now improved to a favourable variance of £45k.
- Overall this represented an improved position.

56 **BUDGET 2019/20 - UPDATE (00:06:59)**

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) reviewing the revised draft General Fund budget for 2019/20.

In October there had been a predicted budget gap of £692k, however, the Council had now received the provisional grant settlement from central Government which had brought some good news. The Council had been fortunate to receive some recognition of its rurality through an increase to the Rural Services Delivery Grant. The settlement had also brought an unexpected bonus of £33k in relation to a redistribution of excess Business Rates levy. As part of the settlement the Council had also been given the freedom to raise its Council Tax by up to 3%. However, there was still a budget gap of £253k meaning that consideration needed to be given

to using a temporary transfer from ear marked reserves to meet the difference needed to secure a balanced budget.

Discussion took place with regard to:

- The Tiverton redevelopment project.
- Public Works Loan Board (PWLb) borrowing and when it is prudent to borrow money from them and when it wasn't.
- Treasury decisions were made on a daily basis depending on relevant circumstances at that particular moment.
- It was recognised that a lot of work had been undertaken to reduce the budget gap within the Council as well as receiving a better than expected settlement from Government.
- When preparing the budget, accountants looked at every single cost centre and realigned the budget taking into consideration what had happened in the previous year. A prudent, balanced and pragmatic approach had been employed.
- Recent funding in relation to a primary care facility in Crediton would be underwritten by the NHS. A secure contract would be drawn up to protect the Council against any loss. It was explained that institutions such as the NHS and other local authorities were amongst the most secure organisations to lend to.
- Many local authorities carried a lot of 'cash' and arrangements were in place to secure the best return when lending this 'cash'. Some investments were made in the very short term e.g. overnight whilst others were placed for a month or more. Investments were made with organisations within the Counterparty framework, whereby each had an appropriate credit rating and were considered very low risk.

Note: * Report previously circulated; copy attached to the signed minutes.

57 SHOPFRONT ENHANCEMENT SCHEMES (00:29:15)

The Group had before it a report * from the Head of Planning, Economy and Regeneration providing Members with an update on shopfront enhancement schemes and seeking Members approval to continue / re-instate such schemes in each of the three main market towns in the District.

The officer explained that similar schemes had worked very well both locally and nationally and represented a good way of encouraging shop keepers to improve the look of their businesses. The idea was to create a 'pot of money' within in each town which would then attract additional funding. It was predicted that a local steering group would administer the distribution of these funds.

Discussion took place with regard to:

- Some businesses only took a part of the amount that was offered to them.
- Some of the names had been redacted in the list of those who had previously benefited from the shopfront scheme for data protection reasons.
- Particular properties with an obvious need for improvement had been proactively approached to apply for funding.
- Investments usually lasted for three years.

RECOMMENDED to the Cabinet that it approves a seed fund totalling £15,000 to maintain / reinstate shopfront enhancement schemes for the three main market towns in the District.

(Proposed by Cllr F J Rosamond and seconded Cllr Mrs N Woollatt)

Note: * Report previously circulated; copy attached to the signed minutes.

58 **ECONOMIC DEVELOPMENT SERVICE UPDATE (00:41:15)**

The Group had before it, and **NOTED**, a report * from the Head of Planning, Regeneration and Growth updating Members on progress with key Economic Development Services priorities.

Discussion followed with regard to:

Devon Hydro and Smart Grid Project ('Mills Project')

- A full application to the Environment Agency had been submitted at the end of December with the aim of achieving approvals in March.
- The deadline of 31 March 2019 to register for the Feed In Tariffs (FIT's) and how this affected interested householders.
- The complexities involved in the Thorverton Mill system.
- The current lack of clarity regarding how the Government intended to support renewable industry in the future.

Exeter and the Heart of Devon (EHOD)

- The partnership was now looking to update its joint economic strategy to reflect changing roles and areas of focus for each local authority and to ensure that the partnership continued to evolve.
- Funding provided by Devon County Council to create business hubs, for example the Nook in Cullompton and facilities at the Hayridge Centre.
- The need for an update to Members regarding Broadband issues within Mid Devon. It was noted that the Scrutiny Committee were due to receive a presentation from Connecting Devon and Somerset in March, however it was suggested that the Economic Development Officer work with the Scrutiny Policy Officer to provide further updates to Members generally.

LEADER Programme

The programme was now closed for new applications. It was explained that there may be an opportunity to share in the national underspend for this programme.

Destination website

In partnership with the Tourist Information Service (TIS) and Tiverton Museum the Council had submitted an application to the LEADER fund for a destination website to help promote the District. The successful applicant would be informed in February 2019.

Master planning: Tiverton town centre

The master plan would be progressing towards stage 2 of the consultation.

Devon and Somerset Metro project

- Initial feasibility studies were being undertaken to establish possibilities in relation to timetables and the physical possibilities of being able to site a modern station in the proposed location. This needed to be established before the finer details could be considered.
- There were other issues to consider such as the rail industry's investment programme and possible amendments to the DfT franchise.
- The sparsity of land and car parking provision should a station in Cullompton receive the go ahead. People would be encouraged to walk and cycle to a potential station but there would always be a large number of passengers who would want to use their cars.
- There was a commitment to progress this from all those involved.

Market events

A monthly Farmers Market had now been introduced. The lead up to Christmas had been good and a special event for Remembrance Day with displays of poppies by local school children had been well received.

Note: * Report previously circulated; copy attached to the signed minutes.

59 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:10:00)

It was noted that the draft Economic Strategy would be discussed at the special meeting on 29th January. However, it was requested that a review of all the Council's websites be undertaken for the March meeting particularly in relation to the mobile interface which appeared to be using old technology.

(The meeting ended at 6.45 pm)

CHAIRMAN

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 29 January 2019 at 5.30 pm

Present

Councillors

Mrs B M Hull (Chairman)
A Bush, S G Flaws, Mrs S Griggs,
F J Rosamond and Mrs N Woollatt

Apologies

Councillor(s)

Mrs A R Berry, Mrs C Collis and J M Downes

Also Present

Councillor(s)

R J Chesterton

Also Present

Officer(s):

Stephen Walford (Chief Executive), Jenny Clifford (Head of Planning, Economy and Regeneration), John Bodley-Scott (Economic Development Team Leader), Chris Shears (Economic Development Officer) and Sarah Lees (Member Services Officer)

60 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllrs Mrs A R Berry, Mrs C A Collis and J M Downes.

61 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

Cllr Mrs N Woollatt declared a personal interest in that she is an owner of a mill.

62 **PUBLIC QUESTION TIME**

There were no questions from the member of the public in attendance.

63 **MINUTES**

The minutes of the meeting held on 10 January 2019 were confirmed as a true and accurate record and **SIGNED** by the Chairman subject to the following amendment:

Minute number 50 to be amended to say that Cllr Mrs Woollatt 'is' an owner of a water mill and not 'was' an owner of a water mill.

64 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement:

- She congratulated the officers who had travelled to London recently as shortlisted candidates for the LGC 'Driving Economic Growth' Awards. They

had given a presentation and the results would be announced on 13th March 2019.

65 ECONOMIC STRATEGY

The Group had before it a report * from the Head of Planning, Economy and Regeneration presenting the Council's draft Economic Strategy.

The report was introduced by the Economic Development Team Leader who reminded the Policy Development Group that a series of informal workshops had been held with them, giving the PDG Members the opportunity to shape the 'end product'. A presentation followed under the following headings and at each stage the PDG Members were encouraged to ask questions and to comment:

Economic Profile

What we know about Mid Devon, including:

- A growing and increasingly aging population
- High rates of employment
- High levels of commuting out of the district for work
- Low average wages
- A preponderance of low productivity sectors

National challenges

- Brexit
- Low productivity
- Changing Business Environment
- National Grand Challenges

Global Context

- Post-Brexit
- Economic Fragility
- Automation
- Climate change

Overarching Objectives

- Increasing Wages
- Increasing skill levels
- Delivering a Growth Agenda
- Increasing Productivity

A brief discussion followed regarding possible competition with other local authorities sharing the same economic objectives. It was explained that different local authorities had different strengths. Mid Devon benefited from its natural environment, there were many opportunities for investment and it already had a number of strong core businesses. The question was asked as to how to ensure skills could be delivered and what and where were the high paid jobs referred to in the report? It was stated

that the Council was not a skills provider but could act as a facilitator building strong relationships with organisations that could provide skills training, for example, there were possibilities with the Garden Village to create a skills innovation hub along with other partners. There was a need to recognise and acknowledge the Council's strategic position. It would focus on its 'broker' role going forwards. Certain sectors were recognised as having high valued jobs and the team would focus on liaising with those businesses. The key message to promote would be that Mid Devon was a great place to live, work and run a business.

It was felt important not to forget the importance of apprenticeships and the positive effect businesses could have by making visits to schools.

The document as it currently stood was felt to be slightly town centred, however, it was vital not to forget the parishes and to include them in future considerations.

Sixth form provision was also an important factor in considering skills training for the future as was the importance of public transport in non-urban areas.

Five Key themes had been identified:

- Employment & Skills
- Place
- Infrastructure
- Hi-tech, Innovation & Green Energy
- Agriculture, Food & Drink

Employment and Skills

- To increase the number of higher skilled, higher waged jobs in the district
- To work with Exeter and Heart of Devon partners to identify initiatives to increase skill levels within the district
- To work closely with Education and Training providers
- To engage with employers about their employment needs
- To attract centres of training excellence to the District

Place

- To increase the viability and vitality of town centres
- To nurture a sense of pride in our local towns
- To reduce the number of vacant town centre properties
- To increase the number of people living in our town centres
- To increase the number of visitors to Mid Devon

Consideration was given to the difficulties in 'nurturing a sense of pride' within some town centres as a lot of problems stemmed from absentee shop owners. Care needed to be taken in selecting the types of accommodation for development and adequate facilities needed to be provided. If the accommodation offered was of a low quality it would be difficult to foster a feeling of pride. It was confirmed that the master planning process would consider these factors and there would be a need to comply with relevant rules and regulations. Towns would need to be considered on an individual basis and it would be necessary to talk to Historic England in the case of

Cullompton for example so that older properties could be brought back into use as accommodation.

It was hoped that the Shop Front Enhancement Scheme would do much to improve the appearance of some shops in each of the three towns. In addition to this, within Tiverton, there was a Town Centre Partnership and the possibility of offering more pop-up shops and temporary exhibitions.

The master planning process was a key starting point in terms of identifying a realistic aspiration for the future, everything else would follow from this.

Infrastructure

- Improved digital infrastructure
- Improved transport
- Increase built-out commercial space for businesses
- Increase in the availability of incubator space
- Increase in the availability of 'next step' space, for those outgrowing incubator spaces

Section 106 monies had been provided by Lidl as part of their recent planning approval which would facilitate the provision of WiFi within Tiverton Town Centre.

Concern was raised regarding the provision of adequate public transport in the future and the need to consider supplying electric charging points, shared transport and electric bicycles. The Head of Planning, Economy and Regeneration explained that the County Council as the Highway Authority produced a local transport plan and this would address those issues. The plan talked about working with public transport providers and where necessary financial contributions would be sought.

Hi-Tech, Innovation & Green Energy

- Increase proportion of new jobs in high paid and high skilled roles
- Achieve a higher proportion of hi-tech businesses registered in the district
- Increase number of Mid Devon residents on Hi-Tech, Innovation based or Green Energy related courses
- Increase implementation of Hi-Tech businesses through partnership development
- Promote Mid Devon as a hub for Hi-Tech businesses

Consideration was given to the self-employed and people working from home. There could be opportunities to deliver some incubator space where collaborative activities could be encouraged.

Heathcoat's Factory was a good example of a local company trying to use green energy where it could by having solar panels and by using hydro generation. Further Government initiatives in terms of funding to support such schemes were anticipated in the future although none were available at the moment.

Agriculture, Food & Drink

- Raise the profile of the Mid Devon food and drink offer to enable local business growth
- Increase engagement and support for food, drink and agri-businesses
- Develop new channels through which local food and drink businesses could be promoted
- Retain specialist skills within the Mid Devon area

It was suggested that a food and drink festival would be a good idea in the locality and that it might be possible to co-ordinate this with the already planned local event for food producers.

Key interventions were listed as follows:

- Develop core business offer and sector-specific investment packages to support business growth and inward investment by April 2020
- Develop a detailed business plan for an incubation / flexible work space project by September 2019
- Set up a Business Champions group by December 2019
- Ensure a functioning commercial property register by December 2019
- Work with partners to launch a Mid Devon Business Awards by December 2019
- Deliver early milestone of Tiverton Town Centre Masterplan by April 2020
- Complete a masterplanning process in Cullompton, with the adoption of the masterplan in June 2020
- Define scope and staging of Crediton Masterplan project by June 2019
- Set up shopfront enhancement schemes in Crediton and Cullompton by December 2019
- Develop a detailed business plan to deliver a free public Wi-Fi network in Tiverton by September 2019
- Develop a partnership scheme for Cullompton with Heritage England to commence April 2020
- Work with partners to create two food and drink campaigns to drive through the website / guide and social media feeds e.g. food trail / field to fork by June 2020

The Group considered that launching the Business Awards was an excellent idea.

As part of the final discussion Members considered the overall ambition of the strategy. Greater productivity was seen as key, as was raising the level of pride and realistic aspiration. There was so much the Council could do from large scale strategic allocations to individual business support. There needed to be a cultural shift change across the whole of the Council with all officers working to support these goals not just the Economic Development team.

Members of the Policy Development Group commented that they had appreciated the opportunity to contribute to the whole process through a number of workshops and it was evident in the draft document that their ideas had been listened to and had shaped the future vision.

Once approved, a summarised version of the strategy would be available for businesses to access in the future.

It would be the responsibility of this Policy Development Group to monitor whether or not the action plan was being delivered in the immediate years to come.

RECOMMENDED to the Cabinet that:

- a) The Economic Strategy and year 1 action plan be approved.
- b) Delegated authority be granted to the Head of Planning, Economy and Regeneration in consultation with the Chairman of the Economy Policy Development Group and Cabinet Member for Planning and Economic Regeneration to finalise the document for publication (document appearance such as formatting, illustrative material and minor changes).
- c) Delegated authority be granted to Head of Planning, Economy and Regeneration in consultation with the Chairman of the Economy Policy Development Group and Cabinet Member for Planning and Regeneration to add an appendix to include key employment sites.

(Proposed by the Chairman)

Note: * Report previously circulated copy attached to the signed minutes.

66 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

No additional items were identified for the next meeting other than those already listed in the work programme.

(The meeting ended at 7.00 pm)

CHAIRMAN

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **COMMUNITY POLICY DEVELOPMENT GROUP**
held on 22 January 2019 at 2.15 pm

Present

Councillors

B A Moore (Chairman)
Mrs H Bainbridge, Mrs A R Berry,
Mrs C P Daw, Mrs G Doe, R J Dolley,
F W Letch and Mrs E J Slade

Apologies

Councillor(s)

Mrs E M Andrews

Also Present

Councillor(s)

Mrs J B Binks and C R Slade

Also Present

Officer(s):

Joanne Nacey (Group Manager for Finance), Rob Fish (Principal Accountant), Michael Lowe (Health & Safety Officer), Kevin Swift (Public Health Officer) and Carole Oliphant (Member Services Officer)

58 APOLOGIES AND SUBSTITUTE MEMBERS (00.01.22)

Apologies were received from Cllr Mrs E M Andrews.

59 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT

There were no declarations made.

60 PUBLIC QUESTION TIME (00.01.38)

Cllr Mrs J B Binks, as the outside representative for Citizens Advice, addressed the Group in relation to item 9 on the agenda the Draft Budget and said that in March 2017 the Community PDG had proposed a reserve of funds for agencies struggling with the implemented Service Level Agreements.

She explained that due to the reduced funding from MDDC Citizens Advice had cut back the hours when their offices were open to the public in Tiverton and Crediton.

She asked what had happened to the reserve fund agreed by the PDG in March 2017 and if a formula had been agreed for agencies to gain access to additional funding over and above their Service Level Agreement.

The Chairman advised that the questions would be addressed and discussed during the Draft Budget item.

61 **MINUTES OF THE PREVIOUS MEETING (00.07.25)**

The Minutes of the Meeting held on 20th November 2018 were approved as a correct record and **SIGNED** by the Chairman.

62 **CHAIRMANS ANNOUNCEMENTS (00.08.22)**

The Chairman had no announcements to make.

63 **GRANT FUNDED AGENCY (00.08.46)**

The Chairman introduced Molly Holmes, Chief Officer from Age UK Mid Devon. She explained that they were just coming to the end of the first year of funding through the Service Level Agreement.

Giving a presentation to the Group she explained that the most popular topic that clients contacted them about was Attendance Allowance (a non-means tested disability benefit) and that Age UK had helped residents of Mid Devon to claim £572K in benefits during 2017/2018.

With the funding received from MDDC they had introduced home visits and had supported 263 clients in their own homes. They had also been able support an additional 718 clients with benefits and welfare information and advice via their telephone advice service or drop in hubs in Cullompton and Tiverton.

They had hosted 5 information 'Free Cream Tea' events in rural parishes across Mid Devon, which had been very well attended and had enabled access to clients who they had not been able to engage with before. Ms Holmes asked if Members could recommend further communities where additional events could be hosted to encourage more residents to engage with the services that Age UK Mid Devon offered.

She then gave the Group an overview of the positive feedback and comments received from some of their clients.

In response to a question about there being no drop in hub held in Crediton, Ms Holmes explained that the hub they had there wasn't supported by the community and that they found it more beneficial to clients to be visited in their own homes. She pointed out that there was an Age Concern hub still available in Crediton.

The Chairman thanked Molly Holmes for her presentation.

64 **PUBLIC HEALTH INITIATIVES COMMUNICATION STRATEGY (00.22.25)**

The Group received a verbal report from the Public Health Officer on the communication strategy for public health initiatives and he explained that discussions had taken place about how best to communicate major public health initiatives to residents.

He explained that at the suggestion of the Cabinet Member for Community Wellbeing the Communication Team were currently making amendments to the MDDC website so that relevant information could be communicated and people could be signposted

to further information. He confirmed that a mock-up of the new web pages would be brought to the next meeting.

In response to a question regarding printed information for residents who did not have access to computers he said that resources were not currently available to print leaflets but he would bring some additional information on this approach to the next meeting.

65 HEALTH & SAFETY POLICY REVIEW OF INCIDENTS AND NEAR MISSES (00.26.50)

The Group received and **NOTED** a *report from the Director of Corporate Affairs and Business Transformation presented by the Health and Safety Officer outlining the numbers of health & safety incidents and near misses reported to the Council and the reasons for them.

The officer explained that his role was to monitor accidents and incidents and report them quarterly and that Group Managers had a responsibility to ensure that any instances were reported. He had the authority to investigate serious incidents and make recommendations to ensure processes and working practices were amended if required.

He explained that year to date there had been 23 minor incidents, which were mostly slips, trips and falls. There had been 5 instances reported with members of the public but when these had been investigated they were found to be no fault of MDDC.

In response to Members concerns about a MDDC refuse lorry which had spilled hundreds of litres of diesel in Crediton the Health and Safety Officer said that he had no knowledge of this but would investigate.

The Chairman stated that although it was unlikely that there would be zero incidents it was encouraging that the trend was downwards.

Note: *Report previously circulated and attached to the minutes

66 FINANCIAL MONITORING (00.035.33)

The Group received a verbal report by the Principal Accountant giving a financial update in respect of the income and expenditure so far in the year.

He explained that the overall General Fund variance was £94K in November which was an improvement of £74k from £168K reported in October. The improvement for Community PDG related services was £138k. The main areas of improvement were Revenues and Benefits at £75K and Planning at £63K. He explained the improvements in housing benefit subsidy, additional annex tax, new burdens grants from Government and additional council tax benefit.

67 DRAFT BUDGET (00.40.12)

The Group received and **NOTED** a *report of the Deputy Chief Executive (S151) presented by the Group Manager for Financial Services outlining the draft budget for 2019/2020.

She explained that the forecasted budget shortfall of £662K had been reduced to £253K. She stated that officers had gone into a great deal of detail and had been pragmatic in order to produce a robust budget. She confirmed that the Government settlement had come through in December and that the figures rarely changed.

She explained to the Group that a budget shortfall of £253K was not a great place to be in and if more savings could be found they would be but it would be unlikely. She stated that the budget gap would be plugged with the council's reserves and New Homes Bonus for 2019-2020 but this would mean that the 2020-2021 budget already had a gap of £253K and this could rise to as much as £1m.

In response to a question from the Chairman she confirmed that the overall budget was £10m and that the £253k shortfall represented about 2.5% which was favourable compared to other local authorities.

She explained to the Group that the Council were lobbying the Government hard to acknowledge that rural areas could be as or more deprived than urban ones and deserved the same level of funding.

She confirmed to the Group that the provisional Capital Programme was currently being completed and would be forwarded to all Members.

In relation to the questions asked by Cllr Mrs J M Binks at public question time she reminded the Group what had been agreed by them in March 2017:

1. The Citizens Advice was granted an additional £3k per annum over the agreed £12.5K Service Level Agreement taking their annual amount to £15.5K
2. The Tiverton Market Drop in Centre was granted £3k over the next 2 years to transition from a guaranteed yearly grant to Service Level Agreements

She explained that in March 2017 there was a forecasted £18K underspend in grants funding which was to be earmarked to assist struggling agencies transition to Service Level Agreements. However this had been used, in part, to grant the additional funding to the Citizens Advice and the Tiverton Market Centre agreed by the PDG at the March meeting.

She further explained that in 2017/2018 the council had ended the year with an overspend of £72k on the budget and that the remaining reserves for grant funded agencies had been used to plug the council's budget funding gap. She confirmed that there were now no funds left in the council's reserves specifically earmarked for grant funded agencies and that if the Group were minded to grant additional funding to the Citizens Advice this would need to be added to the forecasted £253K budget gap facing the council in 2019/2020 and be taken directly from the council's reserves.

The Chairman explained to the Group that although they had the best intentions in March 2017 to create and make available a reserve fund for grant funded agencies that because of budget pressures the council were no longer able to offer this fund.

There was a general discussion regarding the pressures on all grant funded agencies due to reduced funding from County, District and Town Council's and that the Service

Level Agreements brought in by MDDC gave agencies some clarity about how much funding they would receive over a three year period.

The Cabinet Member for Community Wellbeing explained that the Service Level Agreements were confirmed for the remainder of the year and work would begin again in the autumn for agencies to apply for ongoing funding through new agreements due to commence in 2020.

He explained that he had attended the open sessions recently run by the Citizens Advice and had been able to confirm that all the grant funded agencies supported by MDDC worked together to refer clients. He stated that the Citizens Advice had recently been awarded the contract by the Department of Work and Pensions to give Universal Credit advice and this would be a substantial revenue stream for them moving forward.

Note: *Report previously circulated and attached to the minutes.

68 **PERFORMANCE AND RISK (01.12.54)**

The Group had before it and **NOTED** a report * from the Director of Corporate Affairs and Business Transformation presented by the Group Manager for Performance, Governance and Data Security providing Members with an update on performance against the Corporate Plan and local service targets as well as providing an update on the key business risks.

Discussion took place regarding the risk severity explanations and the Group Manager for Performance, Governance and Data Security said she would circulate them onto members. She explained that the Risk Management Policy was being reviewed by the Audit Committee in March 2019.

Note: * Report previously circulated attached to the minutes

69 **IDENTIFICATION OF ITEMS FOR FUTURE MEETING (01.16.24)**

The Group requested that the Public Health Officer communicate the equipment and supplier used for the Trim Trail due to be completed shortly in Tiverton to the Town and Parish Council's so that this could be replicated by them if required. It was agreed that this would be added to the next Town and Parish newsletter.

(The meeting ended at 3.37 pm)

CHAIRMAN

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **PLANNING COMMITTEE** held on 9 January 2019 at 2.15 pm

Present

Councillors

Mrs F J Colthorpe (Chairman)
Mrs H Bainbridge, Mrs C Collis, Mrs G Doe,
P J Heal, D J Knowles, F W Letch,
B A Moore, R F Radford, J D Squire and
R L Stanley

Also Present

Councillor(s)

D R Coren and F J Rosamond

Present

Officers:

David Green (Group Manager for Development), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer), Alison Fish (Area Team Leader), Adrian Devereaux (Area Team Leader), Chris Shears (Economic Development Officer) and Sally Gabriel (Member Services Manager)

93 APOLOGIES AND SUBSTITUTE MEMBERS

There were no apologies.

94 PUBLIC QUESTION TIME

Mr Briden referring to Item 2 on the Plans List (Whitehall farm, Morebath) asked the following questions:

Have detailed scaled plans been submitted in terms of location, profile and specific structures and identification of units proposed?

Based on the existing S106 agreement for the existing approved planning permission, what restrictions are proposed on limited future development of the site and change of use/ownership?

The site entrance alteration plan dated 17 December 2018 submitted by the applicant conforms to guidance given for the previous approved planning permission, however it is misleading as it only shows a flat plan. The plan does not give any indication of the steep roadside bank up to the entrance, the height of Wyvern wall or the width of the entrance or the width of the narrow lane. Those factors appear to have been overlooked when the original application was granted and have the Highway Authority visited the site?

Ms. Hagenbrock again referring to Item 2 on the Plans List asked a series of questions:

Did you consider the impact that the 2 storey high building will have on the privacy of at least 13 houses facing all the proposals on the site?

Did you consider the pipe work under the entrance?

Did you consider the interference it will have on people who will always see the light from cars coming up and down the hill?

What will happen if there is no hedge?

Did you consider that 3 cabins on a hill, surrounded by people who live there all year round is not a good location for a tourist site?

Did you consider those who had bought houses for private reasons and for reasons to live in a rural hamlet so you know each other, so you can be relaxed and that children can play outside will lose all those advantages?

Mrs Shipperley again referring to Item 2 on the Plans List asked: assuming the planning application is approved and our quiet village gets possibly a bit noisier, what would the council's response be to residents complaints about noise and anti-social behaviour.

Cllr Hatton representing Morebath Parish Council and referring to Item 2 on the Plans List asked as a point of information whether the 2 written questions which were sent to the Planning Officer which he had responses to, were these responses added to the agenda pack?

He then referred to the questions:

How does the existing S106 agreement impact this application?

The application suggests dependence on grant funding and partnerships beyond the application can this be clarified?

He then asked a further question with regard to the lack of clarity of the application as the report implied that this was a continuation of the previous permission one example is the site access, the fact that it was agreed that a holiday home and workshop could be put on the site. Other parts of the application states that this is a new application, so are we starting with a blank sheet of paper and looking at a completely separate application or are we piggybacking on some agreement on the previous approval.

The Chairman indicated that answers to questions would be provided when the item was discussed.

95 DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

Members were reminded of the need to declare any interests when appropriate.

96 MINUTES OF THE PREVIOUS MEETING (00-10-18)

The minutes of the meeting held on 5 December 2018 were approved as a correct record and signed by the Chairman.

97 CHAIRMAN'S ANNOUNCEMENTS (00-11-11)

The Chairman had the following announcements to make:

- She reminded Members of the Self Build workshop that was taking place the next day.
- She welcomed Adrian Devereaux who had replaced Simon Trafford as Area Team Leader for the west of the district.
- She informed Members that application number 18/01381/LBC 45 Perter Street, Tiverton for two uPVC windows fascia's and a lean to was considered by this committee in October of last year. Members resolved that the application be deferred to allow further discussion to take place between the Conservation Officer and the applicant with regard to finding a scheme (with suitable design and materials) that would be acceptable to both parties. The officers had now negotiated and the application amended to timber windows and the other uPVC elements had been replaced by timber. The Town Council supported the revised application. The Ward Member was happy for the application to be a delegated approval and she had agreed that the application be a delegated approval as all parties were now in agreement.

98 DEFERRALS FROM THE PLANS LIST (00-13-44)

There were no deferrals from the Plans List.

99 THE PLANS LIST (00-14-06)

The Committee considered the applications in the plans list *.

Note: *List previously circulated; copy attached to the signed Minutes.

(a) No 1 on the Plans List ***(18/00171/FULL – Change of use of agricultural land for the erection of a dwelling with associated garden area and access, formation of ponds, and creation of access track – land at NGR 316200 113609 (Adjacent to Carlingwark), Clayhidon)***

The Area Team Leader outlined the contents of the report highlighting by way of presentation the location of the site set within the Blackdown Hills, the access to the site, the existing site plan, detailed area plans for the proposals, a plan of the current dwelling including the garden area, floor plans for the various levels and elevations and sections plans. Members also viewed illustrative sections which identified the fall of the land, perspectives of the application, the landscape masterplan and photographs from various aspects of the site and from across the valley which included perspectives from a distance. The Officer highlighted paragraph 79 of the National Planning Policy Framework which required any development in the countryside to be of exceptional quality, truly outstanding or innovative.

Consideration was given to:

- The view of the applicant who believed that the proposed design was of exceptional quality, the use of beech was innovative, the fact that local residents and the Parish Council supported the development.
- The views of the Parish Council who had been involved in the proposal from an early stage, the design was exciting and innovative and the thoughts of local residents who supported the application.

- The views of the Ward Member who supported the proposal, it had the support of local people and had gained the support of the AONB Team, he felt that the application was sensitive to the area, the project would involve local traders and that this was a one off innovative proposal.
- Whether the proposal was of exceptional quality
- The thoughts of the Design Panel
- The use of timber across the whole of the project.

RESOLVED that planning permission be refused as recommended by the Head of Planning, Economy and Regeneration.

(Proposed by Cllr R L Stanley and seconded by Cllr Mrs C A Collis)

(Vote: 6 for; 5 against)

Notes:

- i) Ms Annett (Applicant) spoke;
- ii) Cllr Kallaway spoke on behalf of Clayhidon Parish Council;
- iii) Cllr F J Rosamond spoke as Ward Member;
- iv) A proposal to approve the application was not supported.

(b) No 2 on the Plans List ***(18/01598/FULL – Erection of a self-supporting tree house, replacement of existing summerhouse with cabin on stilts and change of use of existing shed/adjoining garden for the siting of one cabin all for holiday use – land at NGR 295315 124977 (Whitehall Farm) Morebath).***

The Area Team Leader addressed the meeting highlighting the additional condition proposed on the update sheet. He provided answers to questions prior to outlining the application:

With regard to the plans that had been submitted, these had dimensions and site positions for the holiday accommodation. This was a full planning application recommended for approval with conditions and a phasing additional condition which would ensure that permission 16/00422/OUT could not be implemented in addition to any permission granted under the current application.

With regard to the 2 written questions that he had previously replied to, he reiterated his response: with regard to the S106 agreement, he referred to the current committee report and with regard to the S106 agreement as part of the previous approval on part of the site, this was a planning application for a different proposal and therefore a S106 agreement would not be required with this development which is considered to be policy compliant with planning conditions to be imposed to restrict the use of the holiday accommodation. With regard to the grant funding, in terms of the proposal being reliant on grant funding, the economic viability of the project was not a planning consideration for this type of application as there was no policy requirement for this to be provided for holiday accommodation. However, it is noted from discussions with the applicant and the Economic Development Department that

there was no guarantee that grant funding would be given to the proposal with the applicant still submitting the planning application in any event. If the application was to be dependent on the grant funding and this was not received, then the case could be made that any planning permission approved for holiday accommodation would not be implemented as a result.

The Highways officer had visited the site and had been involved in all of the applications on the site, the access had been addressed in the previous application and the proposed scheme would use the same access. He explained that there was an extant permission on the site which was a material consideration. With regard to the impact on neighbouring properties, he provided a plan which showed the nearest neighbours to the site. With regard to reference to the local amenities, the pipework such as the drainage system would be similar to any other development, the access arrangements would be a civil matter between interested parties. The impact of lights from passing traffic had been considered and it was felt that there would not be any additional noise issues with no objections raised from the Public Health Department. With regard to the loss of hedges, whilst the vegetation could not be relied on to screen a development, the setting on site of the holiday accommodation and distances involved were considered to be acceptable. With regard to opening times and whether this would be a good site for holiday accommodation, a business case and marketing strategy had been provided and with regard to any impact on the neighbours amenity, this had been addressed in the report.

The Officer then informed the meeting of the planning history on the site and outlined the contents of the report by way of presentation, highlighting the site location plan on the western edge of the village of Morebath, the elevations of the building that had been approved and the block plan of the current proposals for the tree houses and replacement of the existing summerhouse, the entrance plan, sewage plan, the elevations and proposed floor plans of the holiday units, the detailed plans of the tree houses and a plan identifying the nearest neighbours and the distances between those properties and the development site.

Consideration was given to:

- The number of visitors per unit and whether a register would be kept and inspected
- The pathway to the lower units
- The views of the objector who raised issues of concern with regard to the impact of the development on nearby residents, the height of the units were not suitable for the area and they would impact on the privacy of the neighbouring properties, there would be overlooking issues, traffic and parking problems and road safety issues. Morebath did not have a shop or a pub and there was also concern with regard to the behaviour of the tourists.
- The views of the applicant with regard to the peaceful retreat that he was trying to create, there would be little impact on neighbouring properties as there would be additional screening and no light pollution, the development would be good for local employment and good for tourism in the area.
- The views of the Parish Council with regard to the proposed and additional conditions, the history of the site, the environmental impact of the

development on the local community, over development of the site, whether the site could grow into an unregulated campsite, the narrow roads in the area, noise issues, how the groundwork would be retained and whether the site/business was sustainable.

- The views of the Ward Members with regard to the entrance to and the steepness of the site, the lack of business plans available, the height of the tree houses and the impact on local residents, possible noise issues, the lack of control set out in the previous applications, whether the business would work for the community in the long term and whether it was sustainable and whether the proposal fitted with the historic location.
- Whether further information was required

RESOLVED that Members were minded to refuse the application and therefore wished to defer the application for consideration of an implications report to consider the following issues:

- The impact of the proposal on the environment
- General traffic issues
- Design issues
- The economic impact of the development and whether it was sustainable
- Possible overdevelopment of the site
- The impact of the proposal on adjacent properties.

(Proposed by Cllr R L Stanley and seconded by Cllr Mrs H Bainbridge)

Notes:

- i) Cllrs B A Moore and R L Stanley made declarations in accordance with the Protocol of Good Practice for Councillors dealing with Planning Matters as they knew several of the objectors;
- ii) Cllr B A Moore declared a personal interest as his property had a building with a holiday let, this was not used and there was no intention to use it;
- iii) Cllr Mrs H Bainbridge declared a personal interest as she owned a holiday letting business 8 miles from the site;
- iv) Mr Veltink spoke in objection to the application;
- v) Mr Reynolds (applicant) spoke;
- vi) Cllr Hatton spoke on behalf of Morebath Parish Council;
- vii) Cllrs B A Moore and R L Stanley spoke as Ward Members;
- viii) The following late information was reported: 9 January 2019: a further proposed condition - the phasing of the development hereby approved shall ensure that no works to construct Treehouse 2 and the site 3 cabin as shown on Block Site Plan 1 and Block Site Plan 2 shall begin until Treehouse 1 is

fully constructed, together with completion of the site access, parking and turning area as shown on Block Site Plan 1.

Reason:

To prevent overdevelopment of the site and to allow for further assessment of the traffic generation to the site through any alternative proposal in the interest of highway safety and to ensure that adequate on-site facilities are available for traffic attracted to the site.

(c) No 3 on the Plans List ***(18/01685/FULL – Change of use of agricultural land for the siting of 3 safari tents, formation of car park and formulation of the site – land at NGR 278407 93548 (adjacent to Chimneys Cottage, Cheriton Bishop).***

The Area Team Leader outlined the contents of the report highlighting by way of presentation the site location plan close to the A30, the proposed block plan which showed the proposed access and parking facilities, the proposed landscaping bunds and location of the safari tents and photographs from various aspects of the site. There had been no objections from the Conservation Officer with regard to the impact on the adjacent listed building and a full business case had been submitted.

Consideration was given to:

- A management plan for the site and any noise impact and how this could be monitored
- The views of the agent with regard to the pre application liaison with planning officers, screening and landscaping of the proposal, the market research that had taken place and the fact that the Highway Authority had no issues with the proposal.
- The views of the Parish Council with regard to the loss of agricultural land, the site was outside the settlement limit, the scale of the proposed tents, the impact on the countryside and the need for a landscaping plan and effective screening, possible increase in traffic in the area and the impact of any commercial vehicles accessing the site.
- The views of the Ward Member with regard to some of the concerns raised which had been answered within the report, proposed screening, the need for semi-mature planting to the north of the site, whether low level lighting could be conditioned and refuse and recycling on the site.
- The views of the Economic Development Officer

RESOLVED that planning permission be granted subject to conditions and informative notes as recommended by the Head of Planning, Economy and Regeneration subject to an amendment to Condition 7 to consider low level lighting, an amendment to Condition 9 with regard to the planting of semi- mature trees as part of the landscaping plan and an additional condition (11) to consider details of recycling storage on site.

(Proposed by Cllr B A Moore and seconded by Cllr F W Letch)

Notes:

- i) Cllr P J Heal made a declaration in accordance with the Protocol of Good Practice for Councillors dealing with Planning Matters as he had been at the parish Council meeting when the item had been discussed;
- ii) Ms Bailey (Agent) spoke;
- iii) Cllr Milton spoke on behalf of Cheriton Bishop Parish Council;
- iv) Cllr P J Heal spoke as Ward Member;
- v) Cllr R L Stanley requested that his vote against the decision be recorded;
- vi) Cllr Mrs H Bainbridge requested that her abstention from voting be recorded;
- vii) The following late information was reported: Response from Cheriton Bishop Parish Council – 7th January 2019

Cheriton Bishop Parish Council met on the 10th December and resolved to object to this application because there were already several similar sites in the area and this would represent over development in a rural area. Concern was expressed about screening not being provided for the surrounding countryside views. Should this application be passed the Council would wish the following conditions to be attached: That the glamping site stayed as one unit with the house (i.e. could not be sold separately) and that the site was limited to the three tents that are shown on the application. So that it does not increase in size.

100 MAJOR APPLICATIONS WITH NO DECISION (2-29-37)

The Committee had before it, and **NOTED**, a list * of major applications with no decision.

It was **AGREED** that:

Application 18/02019/MOUT – Silverdale, Silverton be brought before the committee if minded to approve and if that was the case then a site visit take place.

Application 18/01935/MFUL – Joseph Locke Way, Crediton – be brought before committee for determination, no site visit required.

Application 18/01814/MFUL – Crown Hill, Halberton - be brought before the committee if minded to approve and if that was the case then a site visit take place.

Application 18/01634/MFUL – Linhay Close Culmstock - be brought before the committee if minded to approve and if that was the case then a site visit take place.

Note: *List previously circulated; copy attached to the Minutes.

(The meeting ended at 4.50 pm)

CHAIRMAN

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **PLANNING COMMITTEE** held on 6 February 2019
at 2.15 pm

Present

Councillors

Mrs F J Colthorpe (Chairman)
Mrs H Bainbridge, Mrs C Collis, Mrs G Doe,
P J Heal, D J Knowles, F W Letch,
B A Moore, R F Radford, J D Squire and
R L Stanley

Also Present

Councillor(s)

Mrs J B Binks and Mrs M E Squires

Present

Officers:

Kathryn Tebbey (Group Manager for Legal
Services and Monitoring Officer), David
Green (Group Manager for Development),
Adrian Devereaux (Area Team Leader),
Alex Marsh (Conservation Officer), Chris
Shears (Economic Development Officer)
and Sally Gabriel (Member Services
Manager)

101 APOLOGIES AND SUBSTITUTE MEMBERS

There were no apologies.

102 PUBLIC QUESTION TIME (00-02-53)

Cllr Mrs J B Binks referring to item 1 on the Plans List (Wisteria House, Morchard Bishop) stated that her co-ward member had called the application in with support from herself and the Parish Council; it concerned her that the interpretation of planning law could cause conflict between officers and residents. She informed the meeting that there would be a spate of applications for Listed Building Consent coming from Morchard Bishop, with a view to this, a site visit of all such listed properties in Morchard Bishop had been organised with the Conservation Officer for 2.00pm on 21 February, she asked whether the committee felt that this was a good idea and whether they would like to attend as well.

The Chairman indicated that she would consult with the committee and correspond further with Cllr Mrs Binks.

Dr Manning again referring to Item 1 on the Plans List stated that when he bought the property a survey had identified that there had been listed building consent granted for the annex which had double glazing. He asked whether the committee were aware that some of the seals in the upstairs windows were made of MDF and that this swelled with the condensation and would need to be replaced, with double glazing there would not be any condensation.

Mr Veltink referring to item 10 on the agenda (Whitehall Farm, Morebath) asked whether the additional units in the new application which were situated further down the village should be considered as over-development, if the application was approved would this set a precedent for further development in the area? He continued stating that the area was of great landscape value, what consideration had been given to this; also that the area had reduced signage and any signage would require planning permission, residents did not want people knocking on the door asking for directions but residents didn't want lots of signage everywhere either.

The Chairman indicated that answers to questions would be provided when the items were debated.

103 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

Members were reminded of the need to declare any interests when appropriate.

104 **MINUTES OF THE PREVIOUS MEETING (00-10-35)**

The minutes of the meeting held on 9 January 2019 were approved as a correct record and signed by the Chairman.

105 **CHAIRMAN'S ANNOUNCEMENTS (00-11-00)**

The Chairman had the following announcements to make: she informed the meeting that the following posts had been filled within Development Management – Jake Choules, Planning Assistant would start on 18 February and Oliver Dorrell – Planning Officer would start on 11th March.

106 **DEFERRALS FROM THE PLANS LIST**

There were no deferrals from the Plans List.

107 **THE PLANS LIST (00-12-14)**

The Committee considered the applications in the plans list *.

Note: *List previously circulated; copy attached to the signed Minutes.

(a) No 1 on the Plans List (***18/01467/LBC – Listed Building Consent for the replacement of 11 windows with new hardwood timber windows – Wisteria House, Fore Street, Morchard Bishop***)

The Conservation Officer outlined the contents of the report highlighting by way of presentation the location of the listed building in the village of Morchard Bishop and photographs of the windows taken from various angles and compared with those taken in 1916. Members also received photographs of the street frontage and the details of each window which the Conservation officer felt could all be repaired rather than replaced. He outlined the guidance given by Historic England and the national policy which sort to conserve the original windows in the listed property.

Consideration was given to:

- The technical risk to the dwelling of replacing the windows.
- Whether double glazed hardwood windows were appropriate.
- Whether just repairing the windows would stop the issues with condensation and draught and whether the impact/harm of new windows to the listed building outweighed the benefits.
- The impact of the condensation on the fabric of the property.
- The views of the applicant's agent, with regard to the listing and the fact that the new windows had been designed to retain the 19th Century style and would stop the threat to the fabric of the building, the current windows were not original and the new windows would be more suitable and would match the 1916 windows shown in the photographs.
- The views of the Parish Council with regard to the visual impact of new windows on the property; other properties in the village had double glazed hardwood windows and that the new windows would benefit the property in the long term.
- The views of one of the Ward Members with regard to the condensation problems, the windows had been updated in the 1960's and that the replacement bars could match the existing.
- The porch had not been present in the early pictures but had been in place for many decades.
- The use of hardwood windows in listed properties was acceptable, with only the double glazing being the issue

RESOLVED that:

- a) Listed Building Consent be granted for the following reason: the design detail and material of the replacement windows conserved the character of the conservation area and therefore was deemed acceptable;
- b) Delegated authority be given to the Head of Planning, Economy and Regeneration to produce a set of conditions to include a condition which stated that the glazing bars of the windows be the same as the existing design.

(Proposed by Cllr P J Heal and seconded by Cllr Mrs H Bainbridge)

Notes:

- i) Mr Lewin (agent for the applicant) spoke;
- ii) Cllr Grant (Morchard Bishop Parish Council) spoke;
- iii) Cllr Mrs M E Squires spoke as Ward Member;
- iv) The following late information was provided, the reason for call in by Cllr Mrs M E Squires had been omitted from the report: which read 'To discuss the issue of conservation and how that sits with climate change and the need to conserve our energy needs coupled with insulation for residents and affordability with running costs in the future.'

108 MAJOR APPLICATIONS WITH NO DECISION (00-54-35)

The Committee had before it, and **NOTED**, a list * of major applications with no decision.

It was **AGREED** that:

Application 19/00038/MOUT – Culmbridge Farm, Hemyock be brought before the committee if minded to approve and if that was the case then a site visit take place.

Note: *List previously circulated; copy attached to the Minutes

109 APPEAL DECISIONS (00-55-37)

The Committee had before it and **NOTED** a list of appeal decisions * providing information on the outcome of recent planning appeals.

Note: *List previously circulated; copy attached to signed Minutes.

110 APPLICATION 18/01598/FULL - ERECTION OF A SELF SUPPORTING TREE HOUSE, REPLACEMENT OF EXISTING SUMMERHOUSE WITH CABIN ON STILTS AND CHANGE OF USE OF EXISTING SHED/ADJOINING GARDEN FOR THE SITING OF ONE CABIN, ALL FOR HOLIDAY USE - LAND AT NGR 295315 124977 (WHITEHALL FARM) MOREBATH (00-56-50)

The Committee had before it an * implications report of the Head of Planning, Economy and Regeneration regarding the above application; Members at the meeting on 9 January 2019, were minded to refuse planning permission, but a final decision was deferred pending consideration of an implications report.

The Area Team Leader addressed the meeting highlighting the additional responses from the Highway Authority on the update sheet following concern raised by Ward Members over the practicality of the access proposed and the possible addition of a further condition to address this. In respect of the questions posed in public question time, he provided the following responses: whether the application would result in overdevelopment and would this set a precedent – overdevelopment had been addressed in the report and each application was dealt with on its individual merits. With regard to designations, Morebath was not in an area of great landscape value but the site was in an area for control of advertisements, therefore signage with deemed consent would be based on reduced sizes in this area.

The Officer then informed the meeting of the planning history on the site and outlined the contents of the report by way of presentation, highlighting the site location plan on the western edge of the village of Morebath, the elevations of the building that had been approved and the block plan of the current proposals for the tree houses and replacement of the existing summerhouse, the entrance plan, sewage plan, the elevations and proposed floor plans of the holiday units, the detailed plans of the tree houses and a plan identifying the nearest neighbours and the distances between those properties and the development site. He referred Members to the implications report and the four reasons for refusal for consideration.

Consideration was given to:

- The views of the Ward Members with regard to the inadequate design of the proposal, the narrow and steep access, the dramatic topography and the fact that the proposal with regard to the tree houses was out of character for the local area, the increase in traffic movement as there were no local services in the village, possible issues with the treatment plant flowing into Shuttern Brook and the impact of this on Bampton. Consideration was also given to the character of the site and impact upon the visual amenity of this part of Morebath, as well as impact on neighbouring properties. Further, whether the proposal was viable and whether it was in line with policy DM24, was there a long term business case and was there any benefit to the local community.
- The views of the Economic Development Officer outlining the need for the tourist accommodation in the area and that he had worked with the applicant and was satisfied with the nature of the proposal. Whilst the success of the business could not be guaranteed such a project should be supported.

It was therefore

RESOLVED that planning permission be refused on the following grounds:

1. The design, scale and appearance of the proposed development would, in the opinion of the Local Planning Authority, be inappropriate to this site and out of keeping with the rural character of the area and the visual amenity of the area in general representing overdevelopment of the site. The proposal is therefore considered to be contrary to policies COR2 of the Mid Devon Core Strategy (Local Plan Part 1), DM2 and DM24 of the Mid Devon Local Plan part 3 (Development Management Policies) and the objectives of the National Planning Policy Framework.
2. In the opinion of the Local Authority, the proposed development would prejudice road safety due to the proposed widening of the access and level changes involved resulting in a steep gradient and through the increase in traffic travelling along a narrow congested lane without a public footpath. The development is therefore considered to be contrary to Policy COR9 of the Mid Devon Core Strategy and DM2 and DM24 of the Mid Devon Local Plan part 3 (Development Management Policies).
3. Insufficient information has been submitted to demonstrate a business case has been justified for holiday accommodation on this site which would provide economic benefits to the community and represent sustainable development. Therefore the development is considered to be contrary to DM24 of the Local Plan Part 3 (Development Management Policies).
4. The proposed development would result in a detrimental impact on the amenity of occupiers of neighbouring property through overlooking and increased disturbance through noise and light pollution. The development is therefore considered to be contrary to Policy DM2 of the Local Plan Part 3 (Development Management Policies).

(Proposed by Cllr R L Stanley and seconded by Cllr B A Moore)

(Vote 6 for: 5 against)

Notes:

- i) Cllrs B A Moore and R L Stanley made declarations in accordance with the Protocol of Good Practice for Councillors dealing with Planning Matters as they knew several of the objectors;
- ii) Cllr B A Moore declared a personal interest as his property had a building with a holiday let, this was not used and there was no intention to use it;
- iii) Cllr Mrs H Bainbridge declared a personal interest as she owned a holiday letting business 8 miles from the site;
- iv) Cllr Mrs F J Colthorpe declared a personal interest as she had attended Morebath Parish Council meeting as a the County Councillor;
- v) Cllrs Mrs C A Collis, Mrs F J Colthorpe, G Doe, P J Heal and D J Knowles requested that their vote against the decision be recorded;
- vi) Cllrs Mrs H Bainbridge, B A Moore and R L Stanley to be available should the applicant appeal the decision;
- vii) The following late information was reported: 5 February 2019

One letter of objection has been received from a Mr Edwards

One letter of support has been received from Bell Cornwell Charter Town Planners acting on behalf of the applicant.

Both letters have been circulated to Members ahead of the Planning Committee Meeting.

A response has been received from Ian Sorenson from the Local Highway Authority in answer to an email from Cllr Moore highlighting concern raised over the practicality of the access proposed. Ian Sorenson outlines that he would support a condition requiring the access details being submitted for approval.

The following comment was made:

‘It is fair to say that an initial look at the landscape plan conditioned by the LPA shows the access edge closest to Morebath village being 1 in 10 and the levels on the plan are prominent, but as the road descends to the bend the access steepens dramatically and unless all the levels were considered this steepening of the access may not have been picked up. Looking at this plan the access appears to rise to a maximum height some 3.0m in from the road and then drops away again into the site. The access would benefit from a lowering of the western access edge to provide an improved gradient, but should be done in such a way as to not provide an adverse cross fall’.

- viii) Note: *Report previously circulated copy attached to signed minutes.

111 **PLANNING PERFORMANCE AGAINST TARGETS QUARTER THREE 1ST OCTOBER- 31ST DECEMBER 2018 (1-31-00)**

The Committee had before it and **NOTED** a * report of the Head of Planning, Economy and Regeneration providing the Committee with information on the performance of aspects of the planning function of the Council for quarter 3 of 2018/19

The Group Manager for Development outlined the contents of the report stating that national planning performance indicators continued to be met and exceeded in the majority of areas measured. He highlighted the many changes within the team and the proposed new staff which would help to improve performance statistics.

Note: *Report previously circulated copy attached to signed minutes.

(The meeting ended at 3.50 pm)

CHAIRMAN

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COUNCIL 27 FEBRUARY 2019

SPECIAL URGENCY DECISIONS: OCTOBER – DECEMBER 2018

Cabinet Member(s): The Leader of the Council
Responsible Officer: Group Manager for Legal Services and Monitoring Officer

Reason for Report: To report special urgency decisions taken in the preceding quarter.

RECOMMENDATION: that the report be noted.

Financial Implications: The decision taken was ‘in principle’ and it was acknowledged that further financial due diligence was required before a final decision could be taken. Where there is a cost to such due diligence (e.g. valuation, legal etc.), it is expected that such costs are met by the other party.

Legal Implications: Rule 17.3 of the Access to Information Procedure Rules in the Constitution requires the Leader to submit quarterly reports to Council on decisions taken by Cabinet under Rule 16 (Special Urgency). The legal implications of the decision ‘in principle’, in terms of due diligence and any other matters which arise, are still being assessed – as the decision itself recognised.

Risk Assessment: Any risk arising from the decision reported here was assessed at the time of the decision, but the ongoing due diligence is an integral and essential part of that due diligence.

Equality Impact Assessment: None arising from this report.

Relationship to Corporate Plan: None arising from this report, but the decision described below might fall within the section on “Economy” – be more entrepreneurial and commercial as a council and also “Community” – working with health partners; the retention and development of local facilities and services; and working with partners on the public health agenda.

1.0 Introduction

1.1 The Council has made provision in its Constitution for decisions to be taken which are so urgent that there is insufficient time:

- (a) to publish a Notice of Key Decision in the Forward Plan; and
- (b) to comply with the general exception (to the obligation to publish a Notice of Key Decision) set out in Rule 15 of the Access to Information Procedure Rules (“the Access Rules”).

1.2 The relevant provisions on Special Urgency are set out in Rule 16 of the Access Rules. Rule 17 then addresses subsequent reporting requirements. Rule 17.3 provides:

In any event the Leader of the Council will submit quarterly reports to the Council on the Cabinet decisions taken in the circumstances set out in Rule

16 (special urgency) in the preceding three months. The report will include the number of decisions so taken and a summary of the matters in respect of which those decisions were taken.

2.0 Special urgency decisions – October to December 2018

- 2.1 There has been one decision taken relying on the special urgency powers in the quarter being reported. This decision, taken on 18 December 2018, was as follows:

“To agree to make a loan to the NHS of £2.1m repayable over 28 years on an annuity basis at a fixed interest rate of 3.75%, subject to the Deputy Chief Executive in consultation with the Group Managers for Finance and Legal:

- a) Completing a suitable loan agreement or similar arrangement with the NHS adequately protecting the Council’s position;*
- b) Registering a charge over the relevant land and completing a deed of priorities to be registered at the land registry; and*
- c) Being satisfied following any further due diligence deemed necessary that the loan remains a financially prudent course of action before the NHS is permitted to draw down any portion of the loan.”*

- 2.2 The reasons for the decision were:

“The NHS requires certainty over the loan before Christmas in order to progress the scheme which has the benefit of planning permission. Therefore it would not be possible to go through Cabinet on 3 January 2019. However, it is acknowledged that the loan cannot be finally agreed until the matters raised above have been concluded. Finance and Legal Officers will complete the necessary due diligence to ensure this is properly costed and prudent in financial and legal terms.”

- 2.3 The decision form also set out the following background to the decision:

“Background

The NHS approached us as they have a desire to create a “strategic, integrated primary care facility for Crediton”. They intend to co-locate the two town practices from existing premises to a new-build primary care facility, strategically located for future medical expansion in Crediton and Mid Devon. The new building will be 80% funded by the NHS from a national funding programme, bringing £4.1m of inward investment into Mid Devon.

Project Timeline

2015 - Crediton’s GPs began to analyse how the GP Primary Care services in Crediton could be made sustainable for the next 20 to 30 years.

2016 – Joseph Locke Way, Crediton was identified as a strategically located site.

Funding

The 80% funding from the NHS is interest free (£4.1m) plus regional and IT funding. The request is for MDDC to lend £2.1m over 28 years with a First Call, as a primary bank lender would have. The NHS would have second-call. This de-risks the repayment.

What this would mean

1. MDDC has First call, just as a primary bank lender - so the value in the building will always repay the borrowing. The NHS have second call.
2. Guaranteed stream of rental income from NHS to cover interest.
3. Larger partnership of committed individuals providing this key service to the community.
4. Will always be a requirement for NHS England to provide primary care services to the Crediton Community – so there will always be a need to them to support a building of this nature.
5. Profitable, long standing, ongoing business with continued stream of income from NHS based on the registered list
6. Notional rent review every three years which may increase the rental income
7. Huge percentage of funding for the project provided by NHS England ETTF, so provides highest level of security on MDDC borrowing. Depending on the interest rate we agree with the borrower, we will make a “mark-up” on the PWLB rate. Clearly Treasury management decisions would have to be made to ascertain the timing of any borrowing needed by the Council. The following is a possible scenario.

We lend £2.1m over 28 years; interest payable half-yearly on an annuity basis. We charge 3.75% which is c1% above the PWLB rate. This would mean that **if** the Council had to borrow in order to lend, we would receive c£27k per annum in **additional** interest income, reducing as the loan is repaid (£503k in total). **If we did not need to borrow** as we had sufficient funds within our own resources, this profit would rise to between c£62k in the early years reducing as the loan is repaid (£1.019m in total).

Summary

This investment would tick several boxes including providing a hub for local residents, providing a purpose built building which would enhance the area and it would also be a reliable, low-risk source of income to the Council at a time of falling Central Government funding and increasing cost pressures.”

- 2.4 The decision was taken under Rule 16.3 by the Cabinet Member for Finance, Peter Hare-Scott and authorised by the Chairman of Scrutiny Committee, Frank Rosamond.

3.0 Current position

- 3.1 Financial and legal due diligence is on-going, although further progress depends on the settlement of the terms of both the ETTF funding (NHS England’s Estates and Technology Transformation Fund) and the acquisition of the property. Until that is sufficiently clear, key aspects of the due diligence, including valuation, assessment of risk and final heads of terms cannot be progressed – otherwise work would be abortive and need to be repeated on a different basis.
- 3.2 It remains the case that the decision depends on a satisfactory outcome of this due diligence and the finalisation of the terms, with internal and external expertise being deployed. It is also the case that if the final ‘deal’ is materially

different from that which was described in the decision, a new or supplementary decision will be necessary. It would not be helpful to make incremental or piecemeal decisions as the negotiations and diligence progress. The pathway and process for any further decision will be determined by the detail of what is being decided and the timing. It should not be assumed that such a decision will, or will not, be an urgent decision – it very much depends on the circumstances and whether the manner of decision-taking meets the principles and rules set out in the Constitution.

Contact for more Information: Kathryn Tebbey, Group Manager for Legal Services Manager and Monitoring Officer, 01884 234210, monitoringofficer@middevon.gov.uk

Circulation of the Report:

List of Background Papers: Decision recording form dated 18 December 2018

FULL COUNCIL 27 February 2019

Independent Remuneration Panel Report – February 2019

Responsible Officer: Group Manager for Legal Services and Monitoring Officer, Kathryn Tebbey

Reason for Report: Following a review of the current Member Allowances Scheme, the report sets out the Independent Remuneration Panel's views for consideration by Council to set a Scheme of Allowances from 1 April 2019 until 31 March 2020.

RECOMMENDATIONS:

- a) That the Basic Allowance to be paid to all Councillors remains at the current level of £5011.91 p.a. with any increases being linked to the staff pay award.
- b) That Special Responsibility Allowances be paid to the following Members at the unchanged levels indicated below:

Position	Weighting x basic	SRA
Leader of the Council	3.00	£15035.77
Deputy Leader	1.50	£7518.40
Cabinet Member	1.25	£6264.65
Scrutiny Committee Chair	1.25	£6264.65
PDG Chair	0.75	£3759.20
Audit Committee Chair	0.75	£3759.20
Planning Committee Chair	1.25	£6264.65
Licensing/Regulatory Chair	0.25	£1252.72
Standards Chair	0.25	£1252.72
Chairman of the Council	0.50	£2506.48

- c) To confirm that no Member should be entitled to claim more than **one** Special Responsibility Allowance.
- d) Carers' allowances be calculated on the current basis namely, the actual expenditure up to the national living wage of a person over 25.
- e) That travel allowances be linked to HMRC rates and calculated at the national levels indicated, currently:
 - 45p per mile for the first 10,000 miles
 - 25p per mile thereafter
 - 5p per mile per passenger carried (up to a maximum of 4 passengers payable to the driver)
 - 25p per mile for pushbikes
 - 24p per mile for motorcycles

NB: To be increased in line with HMRC rates from 1 April 2019 once known.

- f) That the subsistence allowances be linked to those of the staff, currently these are as follows:

- Breakfast - £7.50
- Lunch - £10.35
- Tea - £4.07
- Dinner - £12.80

NB: To be increased in line with HMRC rates from 1 April 2019 once known.

- g) That all claims for travel and subsistence reimbursement be accompanied by an appropriate receipt.
- h) That an annual digital allowance of £150 continue to be paid to Members using digital devices only.
- i) That Members of the Authority are not entitled to pensions and therefore neither the basic allowance nor SRA be treated as an allowance in respect of which pensions are payable.

Relationship to Corporate Plan: None

Financial Implications: The recommendations do not propose any financial increase therefore there are no additional financial implications for the Council.

Legal Implications: The Local Authorities (Member's Allowances) Regulations 2003 require that an Independent Remuneration Panel consider Members Allowances and make their recommendations to Council.

Risk Assessment: Failure to follow the Members Allowances Regulations could leave the Council open to challenge.

1.0 Introduction

- 1.1 The Independent Remuneration Panel are required to meet each year to recommend a Members Scheme of Allowances for the following financial year. Accordingly the Panel met on 14 November 2018 and considered a number of factors relating to the allowances paid to Members at Mid Devon District Council. These are set out within the accompanying report.

2.0 The Panel's Recommendations

- 2.1 The Panel do not consider that there is evidence available to them to support a finding of a significant change in the workload of Members since the last time they met and therefore the Panel are not recommending any increases for the period 1 April 2019 to 31 March 2020 although they do recognise that

the Council is entering a period of change in terms of its focus on wider strategic collaboration and with significant development and regeneration proposals coming forward. Members might want to reflect on what evidence might assist the Panel in its deliberations since it will be undertaking a Fundamental Review of the Members Allowances scheme over the next twelve months with a view to recommending a revised scheme to commence on 1 April 2020.

- 2.2 The accompanying report from the IRP (Appendix 1) proposes nine recommendations for consideration by the Council (as set out above). A draft Scheme of Members' Allowances for 2019-2020 is attached at Appendix 2.

Contact for more Information: Kathryn Tebbey, Group Manager for Legal Services and Monitoring Officer or Sarah Lees 01884 234310, Member Services Officer.

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INDEPENDENT REMUNERATION PANEL

REPORT ON MEMBERS' ALLOWANCES FROM
1 APRIL 2019 TO 31 MARCH 2020

FOR

MID DEVON DISTRICT COUNCIL

INDEPENDENT REMUNERATION PANEL

REPORT ON MEMBERS' ALLOWANCES FROM 1 APRIL 2019 TO 31 MARCH 2020

1. INTRODUCTION

The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to have regard to the recommendations of an independent panel in agreeing allowances paid to councillors.

The Independent Panel operates under the provisions of the Local Authorities (Members' Allowances) (Regulations) 2003. These regulations require that all councils set up independent panels and take account of their advice before agreeing their councillors' allowances scheme.

2. MEMBERSHIP

There has been one change to the membership of the Panel since the last set of recommendations were presented to Council in February 2018. Mr Richard Watkins had resigned from the Panel, meaning that the remaining Panel members are as follows:

- Paul Baker – Deputy Director for Primary Care, NHS
- Jonathan Rich – Solicitor
- Karen Stone – Business Manager, South West Councils

3. CONDUCT OF THE REVIEW FOR 2019/20

The Panel met at Phoenix House on 14 November 2018 for the purposes of reviewing the Mid Devon District Council Scheme of Members Allowances for 2019/20. In advance of the meeting they had received the following information:

- a) Current MDDC Members Allowances Scheme and previous IRP report.
 - b) Survey of South West Members Allowances for 2017/18 providing bench marked data.
 - c) Notes from the IRP Chairs and Advisers meeting held on 19 June 2018.
 - d) Somerset County Council IRP Report, Fundamental Review July 2017 (including an interesting section on a suggested change to the rationale used to calculate the Basic Allowance).
 - e) Devon County Council IRP Report, Fundamental Review February 2018 (including a recommend change to the Carers Allowance provision and the detailed analysis and reasoning for this).
- (NB: It was noted that although these reports related to County Council's there were some interesting points of interest)

4. SCHEME OF ALLOWANCES

4a Basic Allowance

The Panel had reviewed the range of Basic Allowances paid to other similar South West councils and noted that an amount of £4871.28 represented the average amount paid across the South West with the highest being £7200 and the lowest £2733. They therefore continue to recommend that the Basic Allowance paid to all Members of Mid Devon District Council remain at £5011.91 and that this continue to be increased in line with any staff pay award during 2019/20.

4b. Special Responsibility Allowances (SRA)

The Local Authorities (Members' Allowances) Regulations 1991 provide that SRA may be paid to those Members of the Council who have "**significant additional responsibilities**" over and above the generally accepted duties of a Councillor. In setting the SRAs, the Panel in the past concluded that the best approach was to use the Basic Allowance as the starting point and then give a weighting to the role attracting the SRA which could be applied to the Basic Allowance. The Panel remain of the view that the link between the Basic Allowance and SRA is an important one.

The Panel continue to be of the view that the weightings applied to the agreed Basic Allowance are appropriate - and therefore recommend a continuation of the current levels until 31 March 2020. These are as follows:

Position	Weighting x basic	SRA
Leader of the Council	3.00	£15035.77
Deputy Leader	1.50	£7518.40
Cabinet Member	1.25	£6264.65
Scrutiny Committee Chair	1.25	£6264.65
PDG Chair	0.75	£3759.20
Audit Committee Chair	0.75	£3759.20
Planning Committee Chair	1.25	£6264.65
Licensing/Regulatory Chair	0.25	£1252.72
Standards Chair	0.25	£1252.72
Chairman of the Council	0.50	£2506.48

The Panel continues to recommend that Members should not be entitled to claim more than **one** SRA.

4c. Chairman's Allowance

There was no change to the Panel's previous recommendation that the allowance paid to the Chairman of the Council be split between his civic role and his constitutional role. That is, a small budget (not exceeding £2,000 and to be agreed each year during the budget setting process) be allocated for civic functions. The Special

Responsibility Allowance paid at the above rate should be for the constitutional role in chairing Full Council meetings.

4d. Carers' Allowance

There is no change to the Panel's previous recommendation that the carers' allowance should be the hours of the care required at the actual expenditure up to the national living wage for a person over the age of 25, which from 1 April 2019 will be £8.21.

4e. Travel and Subsistence Allowances

They continue to recommend that reimbursement of approved mileage remain at the rates published by HMRC which for 2018/19 are (these figures to be amended in line with the HMRC rates as from 1 April 2019 once they are known):

Travelling Allowances

- 45p per mile for the first 10,000 miles
- 25p per mile thereafter
- 5p per mile per passenger carried (up to a maximum of 4 passengers payable to the driver)
- 25p per mile for pushbikes
- 24p per mile for motorcycles

Subsistence Allowances

The Panel recommends that subsistence allowances should be the same as for employees which for 2018/19 are (these figures to be amended in line with the HMRC rates as from 1 April 2019 once they are known) in each case up to a maximum of:

- Breakfast - £7.50
- Lunch - £10.35
- Tea - £4.07
- Dinner - £12.80

(all to be submitted with receipts)

4f. IT Allowance

The panel considered that the the only reason to suggest an increase would be if councillors were incurring extra costs but no evidence to suggest this was happening had been forthcoming.

The Panel continues to be of the view that the use of digital devices needs to be incentivised and therefore continues to recommend that one sum of £150 per annum be paid as an overall IT allowance only to those Members going 'paperless'.

4g. Pensions

The Government has now removed the entitlement of elected councillors to join the Local Government Pensions Scheme.

CONCLUSION

The Panel concluded that there did not appear to be an appetite for a change to allowances at the current time and that this was probably related to the fact that 2019 was an election year. The Panel were therefore unanimous in agreeing that the current scheme, with no recommended changes, should remain in place for 2019/20. This was agreed mindful that there was already a clause within the scheme to increase the Basic Allowance in line with any staff pay rises which for 2019/20 was expected to be within the region of 2%.

It was noted that certain members of the Cabinet were continuing to undertake more duties in relation to initiatives such as the Culm Garden Village and the Heart of the South West Joint Committee, which required frequent attendance and participation in more meetings. It was agreed that further feedback be sought on this during the next review and that the Panel be informed about the impact this was having on the roles and responsibility of Members.

Looking ahead, the Panel were mindful of the fact that a Fundamental Review of the Members Allowances Scheme had not been undertaken since 2015 and strongly felt that one ought to take place during 2019 as the new Council establishes itself with a view to recommending a revised scheme for the year commencing 1 April 2020. That process has already begun with a questionnaire having been circulated to all Members seeking their views on their allowances and a date set to meet with those Members who wish to express their views in person.

SUMMARY OF RECOMMENDATIONS

The Panel recommends that from 1 April 2019 until 31 March 2020:

- a. The Basic Allowance to be paid to all Councillors remains at the current level of £5011.91p.a., with any increases being linked to the staff pay award.
- b. Special Responsibility Allowances be paid to the following Members at the levels indicated:

Position	Weighting x basic	SRA
Leader of the Council	3.00	£15035.77
Deputy Leader	1.50	£7518.40
Cabinet Member	1.25	£6264.65
Scrutiny Committee Chair	1.25	£6264.65
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Planning Committee Chair	1.25	£6264.65
Licensing/Regulatory Chair	0.25	£1252.72
Standards Chair	0.25	£1252.72
Chairman of the Council	0.50	£2506.48

- c. No Member should be entitled to claim more than **one** Special Responsibility Allowance.
- d. Carers' allowances be calculated on the current basis namely, the actual expenditure up to the national living wage of a person over 25.
- e. That travel allowances be linked to HMRC rates and calculated at the national levels indicated, currently:
 - 45p per mile for the first 10,000 miles
 - 25p per mile thereafter
 - 5p per mile per passenger carried (up to a maximum of 4 passengers payable to the driver)
 - 25p per mile for pushbikes
 - 24p per mile for motorcycles

NB: To be increased in line with HMRC rates from 1 April 2019 once known.

- f. That subsistence allowances be linked to those of the staff, currently these are as follows in each case up to a maximum of:
 - Breakfast - £7.50
 - Lunch - £10.35
 - Tea - £4.07
 - Dinner - £12.80

NB: To be increased in line with HMRC rates from 1 April 2019 once known.

- g. That all claims for travel and subsistence reimbursement be accompanied by an appropriate receipt.
- h. That an annual digital allowance of £150 continues to be paid to Members using digital devices only.
- i. That Members of the Authority are not entitled to pensions and therefore neither the basic allowance nor SRA be treated as an allowance in respect of which pensions are payable.

ELECTIONS

The regulations provide that a Member may, by notice in writing, given to the proper officer (the Director of Finance, Assets and Resources) elect to forgo any part of his or her entitlement to an allowance under the scheme.

Paul Baker
Jonathan Rich
Karen Stone

February 2019

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Draft for Approval

MEMBERS' ALLOWANCES SCHEME 2019 - 2020

The Mid Devon District Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) Regulations 2003, hereby makes the following scheme:

1. This scheme may be cited as the Mid Devon District Council Members' Allowances Scheme, and shall have effect for the period 1st April 2019 until the 31st March 2020
2. In this scheme:

 "Councillor" means a Member of the Mid Devon District Council who is Councillor;

 "year" means the twelve months ending with 31st March.

Basic Allowance

3. Subject to paragraph 8, from 1st April 2019 a Basic Allowance of £5011.91 shall be paid to each Councillor. Any increases thereafter will be linked to the staff pay award until the next review.

Special Responsibility Allowances

4. (i) For each year a Special Responsibility Allowance shall be paid to those Councillors who hold the Special Responsibilities in relation to the Authority that are specified in the Schedule to this scheme. These Allowances shall be calculated based upon a weighting applied to the Basic Allowance, therefore any increase in the Basic Allowance as a result of a staff pay award shall also result in an increase to the Special Responsibility Allowances.
- (ii) Subject to paragraph 6, the amount of each such Allowance shall be the amount specified against that Special Responsibility in that Schedule.
- (iii) No Councillor is entitled to claim more than one Special Responsibility Allowance.

Renunciation

5. A Councillor may, by notice in writing given to the Head of Finance, elect to forego any part of his/her entitlement to an Allowance under this scheme.

Part-Year Entitlements

6. (i) The provisions of this paragraph shall have effect to regulate the entitlements of a Councillor to Basic and Special Responsibility Allowances where, in the course of a year, this scheme is amended or that Councillor becomes, or ceases to be, a Councillor, or accepts or relinquishes a Special Responsibility in respect of which a Special Responsibility Allowance is payable.

(ii) If an amendment to this scheme changes the amount to which a Councillor is entitled by way of a Basic Allowance or a Special Responsibility Allowance, then in relation to each of the periods:

(a) Beginning with the year and ending with the day before that on which the first amendment in that year takes effect; or

(b) Beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the year.

7. The entitlement to such an Allowance shall be to the payment of such part of the amount of the Allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of the days in the period years to the number of days in the year.

(i) Where the term of office of the Councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that Councillor to a Basic Allowance shall be to the payment of such part of the Basic Allowance as bears to the whole the same proportion as the number of days during which his term of office subsists bears to the number of days in that year.

(ii) Where this scheme is amended as mentioned in sub-paragraph (ii), and the term of office of the Councillor does not subsist throughout the period mentioned in sub-paragraph (ii)(a), the entitlement of any such Councillor to a Basic Allowance shall be to the payment of such part of the Basic Allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole the same proportion as the number of days during which his term of office as a Councillor subsists bears to the number of days in that period.

(iii) Where a Councillor has during part of, but not throughout a year, such Special Responsibilities as entitle him or her to a Special Responsibility Allowance, that Councillor's entitlement shall be to payment of such part of that Allowance as bears to the whole the same proportion as the number of days during which he has such Special Responsibilities bears to the number of days in that year.

(iv) Where this scheme is amended as mentioned in sub-paragraph (ii), and a Councillor has during part, but does not have throughout the whole, of any period mentioned in sub-paragraph (ii)(a) of that paragraph any such Special Responsibilities as entitle him or her to a Special Responsibility Allowance, that Councillor's entitlement shall be to payment of such part of the Allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such Special Responsibilities bears to the number of days in that period.

Carers' Allowance

8. A Carers' Allowance of the actual expenditure incurred up to a maximum of the national living wage of a person over 25 years of age or the actual cost of childcare at an accredited Nursery, will be paid for care of dependants whether children, elderly people or people with disabilities to Members whilst carrying out approved duties. The maximum period of the entitlement will be the duration of the approved duty and reasonable travelling time. The Allowance will not be payable to a Member of the claimant's own household. The Carers' (reasonable) expenses will be paid and must be accompanied by a receipt.

Travelling and Subsistence Allowances

9. Travelling and subsistence allowances will be paid in accordance with the scales of allowance set out in schedule to this scheme in connection with or relating to such duties as are within one or more of the following categories:

- (a) the attendance at a meeting of the authority or of any committee or sub committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub committee of such a body;
- (b) the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and one or more local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee provided that it is a meeting to which members of at least two such groups have been invited;
- (c) the attendance at a meeting of any association of authorities of which the authority is a member;
- (d) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;
- (e) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;
- (f) any conference or meeting of any body where the Council or a Committee have agreed to send a representative;
- (g) as a member of a deputation approved by the authority, a committee or sub committee;
- (h) the Chairman or Vice Chairman of the authority, Committees or Policy Development Groups at meetings with a Chief Officer where Council or Committee business is discussed;
- (i) the Chairman of the Council and Chairmen of Committees acting in such capacity at meetings of Parish Councils;
- (j) Civic Receptions and other social functions;
- (k) Members attending meetings of Parish Councils within their Wards, or as Ward Member at meetings at the request of a Parish Council; and
- (l) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees or sub-committees.
- (m) the start point for a Member claiming travel to attend a meeting be at the Mid Devon border and not outside.

Payments

10. (i) Payments shall be made in respect of Basic and Special Responsibility Allowances, subject to sub-paragraph (ii), in instalments of one twelfth of the amount specified in this scheme on the 22nd day of each month.
- (ii) Where a payment of one twelfth of the amount specified in this scheme in respect of a Basic Allowance or a Special Responsibility Allowance would result in the Councillor receiving more than the amount to which, by virtue of paragraph 8, he or she is entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

Claims

11. Claims for the payment of dependent carers' allowance and travelling and subsistence allowances must be made by the person to whom they are payable within two months of the date on which an entitlement to such allowance arises. Such claims must be evidenced by relevant receipts.

Pensions

12. None of the allowances contained within this scheme shall be eligible for inclusion within the Local Government Pension Scheme.

Tax and Benefits

13. Income Tax

- a) Basic, Special Responsibility and Carers Allowances are subject to Income Tax as they are payments made in respect of the duties of an office.
- b) The HMRC is notified of the names and addresses of all Members who claim taxable allowances. Tax is deducted at basic rate until the HMRC notified the Council of the appropriate tax code for each Member.
- c) Some expenses incurred by Members in the course of their Council duties may be deductible against tax. Any Member who believes that some of his/her expenses as a Member may be tax deductible should contact his/her Tax Office.

14. National Insurance Contributions

- a) Basic, Special Responsibility and Carers Allowance payments will attract National Insurance (NI) Contributions at levels that vary depending on the total earnings of Members.
- b) Some Members may not be liable to any NI Contributions on Allowances if they are over the state retirement age; in accordance with prevailing legislation. See the Government website for more information. <https://www.gov.uk/tax-national-insurance-after-state-pension-age>
- c) Some Members, who are married women or widows who have elected to pay reduced rate NI Contributions may also need to have the NI Contributions on Allowances calculated at a reduced rate.
- d) Members who are self-employed may also be subject to different levels of NI Contributions.
- e) Members who believe that they fall into any of the above categories should contact the Head of Finance who will seek further information to assist with the query. Members should also obtain the appropriate certificates from the Department of Work and Pensions (DWP).

15. Chairman's Civic Budget

A small budget (not exceeding £2,000 and to be agreed each year during the budget setting process) be allocated to the Chairman of the Council for civic functions.

Payments with regard to his or her Civic role should be paid retrospectively and only on production of a receipt/s

16. IT Allowances

Until 31st March 2020 IT allowances will be paid as follows:

A digital allowance of £150 to be paid to Members using digital devices only.

DATED this 31st March 2019

SCHEDULE

With effect from 1st April 2019, the following are specified as Special Responsibilities in respect of which Special Responsibility Allowances are payable, and the amounts of those Allowances:

Leader of the Council	£15035.77
Deputy Leader of the Council	£7518.40
Cabinet Member	£6264.65
Chairman of Scrutiny Committee	£6264.65
Chairmen of Policy Development Groups	£3759.20
Chairman of Audit Committee	£3759.20
Chairman of the Planning Committee	£6264.65
Chairman of the Licensing/Regulatory Committee	£1252.72
Chairman of the Standards Committee	£1252.72
Chairman of the Council	£2506.48

With effect from 1st April 2019 * (to be updated from 1st April 2019 once the new rates are known), the following amounts are specified as the amounts of allowance payable in respect of travelling and subsistence arising from those approved duties set out within this scheme:

(a) Travelling Allowances:

45p per mile for the first 10,000 miles
25p per mile thereafter
5p per mile per passenger carried (up to a maximum of 4 passengers, payable to the driver)
25p per mile for push bikes
24p per mile for motorcycles

(b) Subsistence Allowances

Breakfast	£7.50
Lunch	£10.35
Tea	£4.07
Dinner	£12.80

All claims for subsistence must be accompanied by a receipt. The maximum allowance will only be paid where the cost of subsistence is equal to, or greater than, the maximum allowance.

Note: *HMRC rates come into effect on the 1 April each year and therefore these amounts to be increased accordingly.

FOR INFORMATION AND CLARIFICATION - NOT PART OF THE APPROVED SCHEME

ELIGIBILITY TO ALLOWANCES AND EXPENSES

ALLOWANCES CLAIMABLE

Description of Approved Duty			Carers' Allowance	Travel & Subsistence
1.	(a)	Meetings of Council, Cabinet, Policy Development Groups, Audit, Scrutiny and Regulatory Committees (Members of Committees or Substitutes)	YES	YES
	(b)	Non-Committee Members attending	YES	YES
2.		Meetings of bodies to which the Authority makes appointments, or of Cabinet, Policy Development Groups, Audit, Scrutiny and Regulatory Committees	YES	YES
3.		Any meeting authorised by the Authority, Cabinet, Policy Development Groups, Audit, Scrutiny or Regulatory Committees to which duly appointed representatives of more than one Political Group have been appointed	YES	YES
		Non-duly appointed Members	NO	YES
4.		A meeting of a Local Authority Association	YES	YES
5.		Any conference or meeting of any body where the Council or a Committee have agreed to send a representative	YES	YES
6.	(a)	Any visits or inspections undertaken by Members, approved by the Authority or any Cabinet, Policy Development Groups, Audit, Scrutiny or Regulatory Committees. (Members of Committee or Substitutes)	YES	YES
	(b)	Non-Committee Members attending by invitation of the Cabinet, Policy Development Group, Audit, Scrutiny and regulatory Committees.	YES	YES
	(c)	Non-Committee Members attending uninvited	NO	YES
7.		As a Member of a deputation approved by the Authority, the Cabinet, Policy Development Group, Audit, Scrutiny or Regulatory Committees.	YES	YES

8.	By Chairman or Vice-Chairman of the Authority, Cabinet, Policy Development Group, Audit, Scrutiny and Regulatory Committees at meetings with a Chief Officer where Council or Committee business is discussed	YES	YES
9.	By Chairman of the Council and Chairman of Committees acting in such capacity at meetings of Parish Councils	YES	YES
10.	For any particular duty for which express authority from time to time is given by the Authority or in case of emergency by the Chairman or Vice-Chairman of the Authority	NO	YES
11.	Civic Receptions and other social functions	NO	YES
12.	Members attending meetings of Parish Councils within their Wards, or as Ward Member at meetings at the request of a Parish Council	NO	YES

Notes:

- (1) In all cases, the duties for which claims are made must have been approved prior to the event.
- (2) Meetings (3 above) includes Working Groups, approved seminars, and Briefing meetings where more than one Political Group is invited
- (3) Other Briefing meetings fall within (8) above.

By virtue of paragraph(s) 6b of Part 1 of Schedule 12A
of the Local Government Act 1972.

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