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West Devon
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Date:

Dear Councillor

WEST DEVON HUB COMMITTEE - TUESDAY, 8TH DECEMBER, 2020

I refer to the agenda for the above meeting and attach papers in connection with the following item(s).

Agenda No Item

4. **Confirmation of Minutes (Pages 1 - 6)**

 Minutes of meeting held 1 December 2020
7. **Month 7 Revenue Budget Monitoring 2020/21 (Pages 7 - 24)**
8. **Draft Revenue Budget Proposals 2021/22 (Pages 25 - 58)**

Yours sincerely

Darryl White
Senior Specialist – Democratic Services

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Agenda Item 4

At a Meeting of the **HUB COMMITTEE** held via Teams on **TUESDAY** the **1st** day of **December 2020** at **2:00 pm**

Present:

Cllr N Jory – Chairman
Cllr L Samuel – Vice Chairman

Cllr R Cheadle	Cllr C Edmonds
Cllr A F Leech	Cllr J Moody
Cllr C Mott	Cllr T G Pearce
Cllr D K A Sellis	

In attendance:

Chief Executive
Deputy Chief Executive
Director of Place and Enterprise
Director of Governance & Assurance
Monitoring Officer
Democratic Services Manager
Head of Housing, Revenues and Benefits
Specialists – Place Making
Specialist - Heritage

Other Members in attendance:

Cllrs Crozier, Ewings, Heyworth, Hipsey, Kemp, Kimber, Moyse, Ratcliffe, Renders, Southcott, Spettigue, Vachon, Wood and Yelland

***HC 32 APOLOGIES**

No apologies were received in advance of this meeting.

***HC 33 DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be discussed and these were declared as follows:

Cllr N Jory declared a Disclosable Pecuniary Interest in agenda item 3: 'Urgent Business' (Minute *HC 34 below refers) by virtue of his employment with the Business Information Point and left the meeting during consideration of this agenda item.

***HC 34 URGENT BUSINESS**

The Lead Member for Economy proceeded to advise that one urgent item had been agreed to be raised at this Committee meeting. The item related to the Additional Restrictions Grant (ARG) scheme and was considered urgent in line of the associated time constraints.

At this point, the meeting considered the urgent item and, in discussion, particular reference was made to:-

(a) monitoring the effectiveness of the Scheme. When questioned, officers gave an assurance that the effectiveness of the Scheme would be reported via the weekly Bulletin updates that were currently being issued to all Members;

- (b) the organisations that could be entitled to be in receipt of financial support from the business support element of the ARG scheme. It was noted that no decisions had been made on which organisations would be supported through this element of the scheme and each decision would be looked at on an individual case-by-case basis;
- (c) the work of officers in developing and administering the Scheme. The importance of this Scheme was reiterated by a number of Members and officers were thanked for their hard work and commitment in setting up and administering the Scheme so quickly.

It was then **RESOLVED** that:

1. the Additional Restrictions Grant (ARG) Scheme (as outlined in Appendix 1 of the presented agenda report), including the Scheme of Delegation to administer the scheme contained therein, be noted; and
2. approval be given to the use of £50,000 from the ARG funding for wider business support measures (in addition to a potential further £50,000 that is subject to a separate report later on the agenda for approval for the Broadband Reserve (Minute HC 40 below refers)). (NB. this would bring the total ARG funding for wider business support to £100,000); and
3. authority be delegated to the Director of Place and Enterprise and Head of Placemaking, in consultation with the lead Hub Committee Member for the Economy, to allocate expenditure from this Reserve.

***HC 35 MINUTES OF LAST MEETING**

The Minutes of the Hub Committee meeting held on 20 October 2020 were confirmed as a true and correct record.

***HC 36 PUBLIC QUESTION TIME**

In accordance with the Hub Committee Procedure Rules, there were no questions submitted by members of the public.

***HC 37 HUB COMMITTEE FORWARD PLAN**

Members were presented with the most recently published Hub Committee Forward Plan that set out items on the agenda for Hub Committee meetings for the next four months.

The contents of the Forward Plan were duly noted.

***HC 38 COVID-19 RECOVERY PLAN PROGRESS UPDATE**

Consideration was given to a report that provided an update on the progress of the Task and Finish Groups and the Council's ongoing Response and Recovery activity.

In discussion, the following points were raised:-

- (a) It was recognised that the Plan would be a constantly evolving document that would require regular monitoring by the Hub Committee;

- (b) In emphasising the importance and relevance of the financial situation, support was expressed for the proposed approach that was outlined in the presented agenda report.

It was then **RESOLVED** that:

1. the Council's continuing response to the COVID-19 Pandemic be noted;
2. the Council's progress in developing and delivering the Recovery and Renewal Plan be noted;
3. the progress of the Localities and Communities and the Consultation and Engagement Task and Finish Groups be noted; and
4. officers be requested to finalise the Recovery and Renewal Plan in-line with the approach set out in the presented agenda report and present a final version to the next Council meeting for adoption.

***HC 39**

HOUSING STRATEGY PUBLIC CONSULTATION

The Committee considered a report that sought to approve the draft Housing Strategy for a public consultation exercise that would commence on 7 December 2020 for a five week period.

During discussion, reference was made to:-

- (a) an updated version of the draft Strategy. Officers advised that the version of the draft Strategy that had been published with this Committee agenda had since been updated. The Committee was informed that there was one significant update to the originally published version that sought to recognise the potential pre-determination concerns associated with the following sentence:

'We will support an appropriately located planning application for an Extra Care housing scheme in West Devon'.

The Committee welcomed this revision which was reflected in the recommendation that was then **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED**;

- (b) feedback from the public consultation exercise. The lead Member hoped that the Council would be in receipt of a number of constructive representations during the proposed public consultation exercise;
- (c) the work of those officers involved in developing the draft Strategy;
- (d) mixed affordable housing tenures. Members expressed the hope that the Strategy would ultimately lead to an increased number of affordable homes being developed through a greater number of mixed housing tenures. In addition, Members hoped that the Strategy would enable the opportunity for more local residents to be able to at least own a share of their own home;

- (e) the deliverability of the Strategy. Officers confirmed that an Annual Delivery Plan would underpin the Strategy and it was hoped that the first version of this document would be published alongside the revised Strategy in March 2021;

It was then **RESOLVED** that the Hub Committee:

1. approve the updated ('Version 5') draft Housing Strategy 2021-26 for consultation;
2. authorise the Head of Housing, Revenues and Benefits to carry out a public consultation exercise on the draft Housing Strategy; and
3. note that a report on the outcome of the consultation exercise will be presented to Members in March 2021.

HC 40

BROADBAND COMMUNITY SUPPORT

A report was considered that set out how the Council would support communities that would not be included in the current Connecting Devon and Somerset programme.

In discussion, reference was made to:-

- (a) the risks associated with the proposals. Whilst acknowledging that the Council would be liable in the event of any funding shortfall, Members were of the view that the risk of this occurrence was low;
- (b) the commitment and efforts of the Sydenham Damerel Community Fibre Partnership. A number of Members paid tribute to the dedication and commitment of the Partnership and felt that this scheme could be seen to be a flagship for other Community Groups that were suffering from a similarly poor standard of Broadband provision;
- (c) the customer service of BT Openreach. In terms of managing expectations, a Member wished to make the point that BT Openreach was often a difficult organisation to make contact with and it did not tend to deliver schemes at a particularly fast pace.

It was then **RESOLVED** that:

1. the development of a Broadband Community Support Strategy be approved to support the Council's Economic and Health & Wellbeing Objectives;
2. Council be **RECOMMENDED** to approve the creation of a Broadband Community Support Earmarked Reserve of £100,000, to be financed by transferring:
 - £50,000 from the existing Business Rates Retention Earmarked Reserve; and
 - £50,000 from the Business Rates Discretionary Fund (Additional Restrictions Grants (ARG) Scheme);

3. the Council enter into a Memorandum of Understanding with the Sydenham Damerel Community Fibre Partnership on terms to be agreed by the Director of Customer Service Delivery, in consultation with the Head of Legal Services;
4. subject to completion of the Memorandum of Understanding, the Council enter into a contract with BT Openreach in order to provide a scheme in Sydenham Damerel on behalf of the Sydenham Damerel Community Fibre Partnership; and
5. the actions taken to date be noted and endorsed.

HC 41 CORNWALL AND WEST DEVON MINING LANDSCAPE WORLD HERITAGE SITE: MANAGEMENT PLAN 2020-2025

The Committee considered a report that outlined the process for, and progress made in, reviewing the Cornwall and West Devon Mining Landscape World Heritage Site (WHS) Management Plan. In addition, the report also requested that the final Plan be recommended for adoption.

In discussion, reference was made to:-

- (a) the annual contributions from the Borough Council. When questioned, it was confirmed that the annual contribution from the Borough Council amounted to £4,000;
- (b) the potential benefits associated with World Heritage Status;
- (c) Peter Tavy and Mary Tavy. The local Ward Member for Peter Tavy and Mary Tavy parishes expressed his disappointment that these areas had been excluded from the Site area. In response, the lead Hub Committee Member (in her capacity as the Council's appointed representative on the Partnership) informed that she would relay these concerns at the next Board meeting.

It was then **RESOLVED** that the Hub Committee **RECOMMEND** to Council that the World Heritage Site Management Plan 2020-2025 be endorsed for immediate adoption.

(The meeting terminated at 4:00 pm)

Chairman

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF MINUTES HC 40 PART 2 AND HC 41 WHICH ARE RECOMMENDATIONS TO THE FULL COUNCIL MEETING ON 8 DECEMBER 2020, WILL BECOME EFFECTIVE FROM WEDNESDAY 9 DECEMBER 2020 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

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Report to: **Hub Committee**

Date: **8th December 2020**

Title: **Month 7 Revenue Budget Monitoring
2020/2021 (to the end of October 2020)**

Portfolio Area: **Performance & Resources – Cllr C Edmonds**

Wards Affected: **All**

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

Date next steps can be taken: **N/A**

Author: **Pauline Henstock** Role: **Head of Finance Practice
and Deputy S.151 Officer**

Lisa Buckle **Corporate Director for
Strategic Finance
(S151 Officer)**

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Recommendations: That the Hub Committee resolves to:-

- i) Note the significant forecast income and expenditure variations for the 2020/21 financial year and **the overall projected underspend of £90,000** (1.2% of the total annual Budget of £7.713 million).
- ii) Note the loss of income streams already experienced by the Council from April 2020 to October 2020 of £0.712 million in total as shown in Section 6 of the report.
- iii) Recommend to Council to transfer £220,000 into a COVID Earmarked Reserve, to protect against future COVID losses in 2021-22, as set out in 1.8.
- iv) Recommend to Council to fund £30,000 of audio-visual equipment for the Tavistock Guildhall Heritage project and to finance this from the Business Rates Retention Earmarked Reserve, as set out in Section 7.

1. Executive summary

- 1.1 Covid 19 has caused financial strain for all Councils up and down the country where Councils find themselves being caught in a 'perfect storm'. Councils have to manage both the increased costs of coping with Covid19 and supporting vulnerable people in the community and the loss of key income streams such as car parking income and council tax income.
- 1.2 The factors affecting the Council's finances are issues affecting the whole Local Government sector. The Council is well-placed to meet the financial challenges arising from Covid19, due to its prudent financial management over previous years.
- 1.3 This report enables Members to monitor income and expenditure variations against the approved budget for 2020/21, and provides a forecast for the year end position.
- 1.4 The gross service expenditure budget for 2020/21 was set at £23 million (£7.713 million net). **The report identifies a projected underspend of £90,000 which is 1.2% of the overall budget set for 2020/21 of £7.713 million.**
- 1.5 This position is after taking into account the £0.826 million Government grant received for Covid-19 and the estimated £0.449 million Government funding that the Council is anticipating towards income losses on sales, fees and charges. This position is also after factoring in the one-off funding sources of £501,000, which were approved by Council on 22nd September 2020 for the Amended Budget for 2020-21.
- 1.6 The Council's level of Unearmarked Reserves currently stands at £1.086 million. The underspend reported in this report of £90,000 would be added to Unearmarked Reserves, giving a year end balance of £1.176 million. As part of the Medium Term Financial Strategy, Members have set a minimum balance for Unearmarked Reserves of £900,000.
- 1.7 The loss of income streams already experienced by the Council from April 2020 to October 2020 total £0.712 million, as shown in Section 6 of the report.
- 1.8 It is recommended to transfer £220,000 into a COVID Earmarked Reserve, to protect against future COVID losses in 2021-22. The £220,000 is made up of the historic bank reconciliation adjustment of £69,000 and the 4th tranche of Government COVID funding received of £151,000. This will provide some funding in 2021-22, should the Council still be experiencing losses in income from COVID. The £90,000 underspend predicted in this report is the position after factoring in the transfer of £220,000 into a COVID Earmarked Reserve.

1.9 It is also recommended to Council to fund £30,000 of audio-visual equipment for the Tavistock Guildhall Heritage project and to finance this from the Business Rates Retention Earmarked Reserve.

2. Background

2.1 Regional and national context

2.2 The previous budget monitoring position for the end of June was reported to the Hub Committee on 28th July 2020. This report contained details on the joint lobbying with 'Team Devon' regarding the Coronavirus pandemic and its impact on the Councils' finances across Devon Councils. Local Government is a frontline service and we want to ensure our voice is heard in the calls for financial support.

2.3 On 2nd July, the Rt Hon Robert Jenrick MP announced a new comprehensive package of support for Councils, to address spending pressures and losses in income streams. There were three central pillars of support announced:-

- A new scheme to compensate Councils for losses of income, though not in their entirety (an 'income guarantee' scheme)
- An extra £500million to cover extra COVID19 expenditure costs
- To allow council tax and business rate losses in income to be repaid over the next 3 years of budget cycles, instead of just the next one year

2.4 The Government will compensate Councils for their income losses above the first 5% of their budgeted income from sales, fees and charges. Income losses above the first 5% will be compensated by the Government paying for 75 pence in every pound of the losses thereafter. This has been estimated at £449,000 for the Council for 2020-21, based on the income shortfalls to date. The first claim for £241,000 has already been paid by the Government. In the Spending Review announced on 25th November 2020, the Chancellor confirmed that the sales, fees and charges income compensation scheme will be extended to cover the first three months of 2021-22.

2.5 This Budget Monitoring report also excludes the impact of reductions in income from Business Rates and Council Tax as these do not affect the General Fund in 2020/21 (apart from the pooling gain). This is further explained in Section 6.

2.6 The Chancellor announced a Tax Income Guarantee Scheme for 2020-21 as part of the Spending Review 2020. The new reimbursement scheme, worth £762m nationally for 2020-21 local tax losses, will be launched to compensate Councils for 75% of irrecoverable losses of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. This will be paid through an unringfenced grant. Further details are awaited.

2.7 Financial Monitoring arrangements

2.8 The Council's financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Hub Committee as part of the Council's arrangements for budget management. Revenue budget monitoring reports are normally brought to the Hub Committee on a quarterly basis. However due to the current Covid 19 pandemic and the subsequent financial pressures facing Local Authorities, it was felt more prudent to update the Hub Committee on a more regular basis.

3. Outcomes/outputs

3.1 **Budget overview** - Table 1 below provides an analysis of the projected variances against budget. The report is 'high level' at this early stage of the year and does not include any in-depth monitoring of the salaries budgets within each area or some of the smaller areas of expenditure. This will be done for the Quarter 2 Budget Monitoring report.

TABLE 1: 2020/21 BUDGET FORECAST

	2020/21 Budget expenditure /(income)	Budget variations		£000	Note
		%	£000		
	£000			£000	
APPROVED BUDGET 20/21 (Amended Budget £7.713m)				7,212	
Reductions in expenditure/additional income					
Customer Service & Delivery					
COVID-19 Government grant support (the Council's share of £1.6bn allocation – 1 st , 2 nd and fourth tranche of COVID funding)	-	-	(736)		A
Savings on staff and Member travel and expenses	91	50%	(45)		B
Historic bank reconciliation adjustment	-	-	(69)		C
Governance & Assurance					
Garden Waste income	(205)	20%	(40)		D
Strategic Finance					
Non-Distributed Costs – Pensions Employer Contributions (secondary rate)	430	19%	(80)		E
Sub total of variations				(970)	

	2020/21 Budget expenditure /(income)	Budget variations			Note
Increases in expenditure/reductions in income					
Customer Service & Delivery					
COVID-19 expenditure	n/a	n/a	180		F
Homelessness - reimbursement of expenditure	(144)	10%	15		G
Investment income	(105)	67%	70		H
Licensing income	(114)	13%	15		I
Land Charges income	(95)	11%	10		J
Council Tax Collection income	(102)	54%	55		K
Housing Benefit overpayment recoveries	(135)	85%	115		L
Place and Enterprise					
Car parking income - assumes actual losses in April to Oct and 40% drop from Dec onwards	(1,147)	54%	620		M
Commercial Property Investment net income	(1,099)	15%	165		N
Employment Estates income	(328)	15%	50		O
Planning income	(402)	10%	40		P
Other Comprehensive Income & Expenditure					
Business Rates Pooling gain	(135)	100%	135		Q
Provision for Bad and Doubtful Debts	n/a	n/a	140		R
Sub total of variations				1,610	
PROJECTED OUTTURN				7,852	
Government grant funding anticipated from the income guarantee scheme for sales, fees and charges				(449)	S
Recommendation 3: Transfer to a COVID Earmarked Reserve: (Fourth tranche of COVID funding of £151K and bank reconciliation adj of £69K)				220	T
Amended Budget 2020/21 financing sources (includes the third tranche of Government COVID funding of £90K)				(501)	U
Sub-total				7,122	
PROJECTED UNDERSPEND FOR 2020-21				(90)	

There is projected to be an overall surplus of £90,000 when compared against the total net revenue budget set for 2020/21

This position is after taking into account the £0.826 million Government grant received for Covid-19 and the estimated £0.449 million Government funding that the Council is anticipating towards income losses on sales, fees and charges.

Notes

- A COVID-19 grant support** – The Council has received nearly £826,000 of Government grant support for the Covid19 pandemic from four tranches of Government funding. This will assist the Council to partly meet its projected loss of income streams but it is only part of the solution.
- B Savings on staff and Member travel and expenses** – due to Covid 19 it is currently anticipated that a saving of up to £45,000 could be achieved in 2020/21. These savings are due to staff and Members working from home in accordance with Government guidance.
- C Historic bank reconciliation adjustment** – There is an historical difference of £69,000 on the bank reconciliation. This results from an historic reconciling item arising from a change in software systems that should have been written off in previous years. This was reported to the Audit Committee on 13th October 2020 as part of the audit of the Accounts for 2019/20. This difference will be written off in 2020/21.
- D Garden Waste income** – this income target is expected to be exceeded in 2020/21 by £40,000.
- E Non-Distributed Costs (Pensions Employer Contributions – secondary rate)** – There is an £80,000 saving on the cash amount paid to Devon County Council for pensions employer contributions. This is an annual saving until April 2023. This is based on a 17 year deficit recovery period and the results of the last actuarial valuation in 2019. An amount of £325,000 is payable in 2020-21, rising to £350,000 by 2022-23. This payment for the secondary rate is in addition to a 14.8% primary rate set for the three years from 1st April 2020 to 30 March 2023.
- F COVID-19 expenditure** – one-off items of direct Covid 19 expenditure such as extra housing costs, ICT, waste collection and remote working and shielding costs.
- G Homelessness** – homelessness reimbursement of expenditure is currently forecast to be reduced by 10% (£15,000) due to Covid 19.

- H Investment income** – due to the historic low in interest rates (base rates are 0.1%), investment income is currently anticipated to be 67% down which equates to a shortfall of £70,000. Further options for fixed term deposits will continue to be explored with the Council’s treasury management advisers.
- I Licensing income** – due to Covid-19 it is currently anticipated that licensing income could be reduced by 13% (£15,000) in 2020/21.
- J Land Charges income** – based on income to date a shortfall of 11% in land charges income is currently forecast for 2020/21 which equates to £10,000.
- K Council Tax Collection income** – summons costs recovered in respect of Council Tax and Business Rates are currently anticipated to be 54% down on the 2020/21 budget.
- L Housing Benefit overpayment recoveries** – it is unlikely that the majority of this income target (£115,000) will be achieved in 2020/21 as we expect to see fewer overpayments being created due to the introduction of DWP Real Time Information referrals. There is also an expectation that recovery will reduce year on year as collection becomes more difficult. This is partly due to Covid 19 but also reflects the outturn position for 2019/20 where this income target has not been achieved in full. The income target needs to be reduced to Nil for 2021/22 and reflected within the Medium Term Financial Strategy.
- M Car parking income** – The prediction for the year (a £620,000 reduction in income) includes the actual losses in car parking income for the first seven months and an assumption of a 90% drop in November followed by an on-going 40% drop in income levels from 1st December 2020 for the rest of the year. This would equate to an overall 54% reduction in the budgeted income for the year of £1.147 million. The actual shortfall in income from April to October is £397,000. This position will be monitored on a monthly basis.
- N Commercial Property Investment gross income** – Income from Investment properties could be impacted by tenants’ ability to pay during the Covid19 pandemic. A reduction of 15% (165,000) has been modelled across the Investment property portfolio as a ballpark estimate. This is in line with estimates being made in other Councils. It is early in the year to be able to firm up this figure but this is envisaged to be a worse case scenario. A monitoring and update report on the Commercial Property Investment portfolio was presented to the Audit Committee on 21st July 2020. This report detailed the rental income position on the portfolio to the end of June.

- O Employment Estates income** – Income from Employment Estates properties could be impacted by tenants’ ability to pay during the Covid19 pandemic. A reduction of 15% (£50,000) has been modelled across the Employment Estates property portfolio as a ballpark estimate. This is in line with estimates being made in other Councils. It is still early in the year to be able to firm up this figure but this is envisaged to be a worse case scenario.
- P Planning Income** – Actual Planning Income is predicted to be £40,000 under the income target of £402,000 in 2020-21, mainly due to COVID.
- Q Business Rates Pooling Gain** – due to Covid 19 it is anticipated that there will be no Business Rates Pooling Gain in 2020/21. The S151 Officer and the Business Rates Specialist will continue to attend the Devon Business Rates Pooling meetings and provide quarterly monitoring information on the business rates position. A worst case scenario of no pooling gain has been modelled in this report.
- R Provision for Bad and Doubtful Debts** – A provision for bad and doubtful debts of £140,000 has been estimated for 2020/21. This provision will cover debts such as Sundry Debtors but will exclude bad debt provisions for Council Tax and Business Rates income streams.
- S Government Grant Funding for Income Losses** – on 2 July, the Rt Hon Robert Jenrick MP announced a new scheme to compensate Councils for losses of sales, fees and charges income, though not in their entirety. The Government will compensate Councils for their income losses above the first 5% of their budgeted income from sales, fees and charges. Income losses above the first 5% will be compensated by the Government paying for 75 pence in every pound of the losses thereafter. This has been estimated at £449,000 for the Council for 2020-21, based on the income shortfalls to date. The first claim for £241,000 has already been paid by the Government.
- T Transfer to Earmarked Reserves** – It is recommended to transfer £220,000 into a COVID Earmarked Reserve, to protect against future COVID losses in 2021-22. The £220,000 is made up of the historic bank reconciliation adjustment of £69,000 and the 4th tranche of Government COVID funding received of £151,000. This will provide some funding in 2021-22, should the Council still be experiencing losses in income from COVID.

U Amended Budget 2020/21 – The Council set an Amended Budget in 2020/21 on 22nd September 2020. The one-off funding sources identified totalled £501,000. This was £89,000 from the 3rd tranche of COVID funding and £130,000 from administering the Business Rates Grants. There was an underspend of £133,000 on closing the Statement of Accounts for 2019-20. In addition it was agreed to utilise £69,000 of funding from uncommitted New Homes Bonus (NHB) in 2020-21 and to also reduce the capital budget for the remedial works to the Tavistock Viaduct by £80,000 (this was funded by NHB).

4. Review of Earmarked Reserves

- 4.1 The Council annually undertakes a review of the level of its Earmarked Reserves as part of the budget setting process. Budgeted contributions to and from Earmarked Reserves as part of the 2021/22 Budget will also be assessed.
- 4.2 A schedule of Earmarked Reserves is attached at Appendix A, which shows Earmarked Reserves have a projected balance of £3.436 million at 31.3.2021 currently.
- 4.3 The Council's level of Unearmarked Reserves currently stands at £1.086 million. The underspend reported in this report of £90,000 would be added to Unearmarked Reserves, giving a year end balance of £1.176 million.
- 4.4 As part of the Medium Term Financial Strategy, Members have set a minimum balance for Unearmarked Reserves of £900,000.

5. Prudential Indicators

- 5.1 The prudential code indicators were approved in the Capital, Investment and Treasury Management Strategy report to Council on 28th April 2020.
- 5.2 The indicators are monitored during the year through the normal revenue and capital monitoring processes. All Treasury Management limits have been adhered to.

6. Income and Reserves

Income monitoring is an integral part of financial management. Below shows the current income shortfalls already experienced from April to October 2020 (**which total £712,000**). The table also shows the latest 2020/21 projections for the major streams of income.

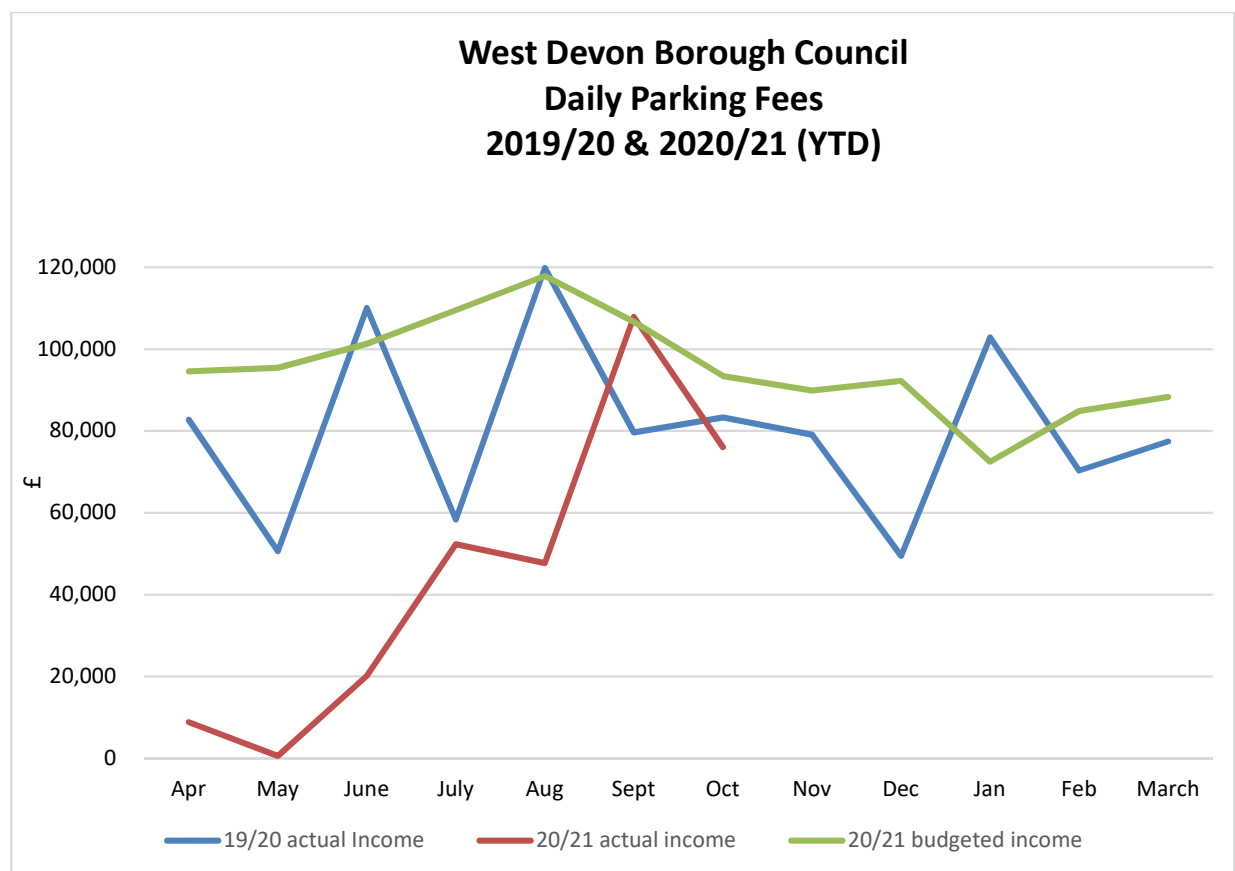
Service	Income Shortfall			Projected Income 2020/21 £'000	Income Budget 2020/21 £'000	Deficit/ (Surplus) £'000	Deficit/ (Surplus) %
	April - June 2020 £'000	July - Sept 2020 £'000	Oct 2020 £'000				
Car Parks*	254	126	17	527	1,147	620	54%
Planning	(26)	17	12	362	402	40	10%
Commercial Property *	41	41	14	934	1,099	165	15%
Employment Estates*	12	12	4	278	328	50	15%
Garden Waste	-	(12)	(4)	245	205	(40)	(20%)
Trade Waste*	-	-	-	15	15	-	-
Waste & Recycling	-	-	-	280	280	-	-
Kilworthy Park*	-	-	-	141	141	-	-
Homelessness	4	4	1	129	144	15	10%
Business Rates Pooling Gain	33	33	11	-	135	135	100%
Investment income	19	18	8	35	105	70	67%
Licensing*	21	(10)	(4)	99	114	15	13%
Land Charges	12	(5)	(4)	85	95	10	11%
Council Tax Collection	14	14	5	47	102	55	54%
Housing Benefit overpayments	10	10	10	20	135	115	85%
TOTAL	394	248	70	3,197	4,447	1,250	

Note* N.B. It is difficult to gauge an exact income position for these services as some of the income is raised via sundry debtors. As soon as the sundry debtor invoice is raised the income is credited to the ledger in line with proper accounting practice. For these services a best judgement has been made at this stage in terms of how much debt is likely to remain unpaid. All invoices raised in excess of £5,000 have been looked at in detail to see if they have been settled as at 30th October 2020.

Car Parking Income

The graph below shows car parking income to the end of October 2020. Income from car parking has been significantly below that of the previous year (2019) and below that of the budgeted income, due to the COVID19 pandemic.

The prediction for the year (a £620,000 reduction in income) includes the actual losses in car parking income for the first seven months and an assumption of a 90% drop in November followed by an on-going 40% drop in income levels from 1st December 2020 for the rest of the year. This would equate to an overall 54% reduction in the budgeted income for the year of £1.147 million. The actual shortfall in income from April to October is £397,000. This position will be monitored on a monthly basis.



Council Tax and Business Rates Income

Reductions in Council Tax and Business Rates income are excluded from this report, as these do not affect the General Fund in 2020/21, due to the way the accounting for these income streams go through the Collection Fund. Therefore a large part of the reductions in income will affect the Council's financial position in 2021/22, although it does affect the cashflow position of the Council in 2020/21.

Reductions in the collection rate for Council Tax and Business Rates will be reflected within the Collection Fund accounting. No pooling gain for Business Rates has been assumed for 2020/21.

On 25th November 2020, the Chancellor announced a Tax Income Guarantee Scheme for 2020-21 as part of the Spending Review 2020. The new reimbursement scheme, worth £762m nationally for 2020-21 local tax losses, will be launched to compensate Councils for 75% of irrecoverable losses of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. This will be paid through an unringfenced grant.

7. Tavistock Guildhall Heritage project – Audio-visual equipment

- 7.1 It is recommended to Council to fund £30,000 of audio-visual equipment for the Tavistock Guildhall Heritage project and to finance this from the Business Rates Retention Earmarked Reserve. Tavistock Town Council is the accountable body for the project and the £30,000 would be a partnership contribution to the project.
- 7.2 The Tavistock Guildhall Heritage project is *critical to positioning Tavistock as a destination*. Tavistock is the eastern gateway and 'urban jewel' of the Cornwall and West Devon Mining Landscape World Heritage Site. At its heart is the Victorian Guildhall (built in 1848), which contains one of the earliest examples in the country of a purpose-built combined courtroom and police station.
- 7.3 The Guildhall exemplifies how the Dukes of Bedford used their mineral wealth to create an outstanding example of a planned metal mining town with magnificent public buildings.
- 7.4 Put at its simplest, the project aims to conserve and repair a group of Grade 2* Listed Buildings that has been identified as being 'At Risk' and to secure its viable long-term use.
- 7.5 However, that prosaic description belies the project's true significance to the future of Tavistock's Town Centre. It will be one of the central planks in the strategy for the Town Centre's recovery and for the promotion of the town throughout the country and internationally.
- 7.6 Equally important is the role that these buildings and spaces will play in creating a visitor experience that will support the promotion of Tavistock's heritage to the wider world. Thus, the project is a key part of West Devon Borough Council's Conservation Area Improvement programme and the recovery plan for the town centre.
- 7.7 The Guildhall will, thus, be an all-year-round centre of excellence attracting over 30,000 visitors each year.

- 7.8 These facilities will be managed by the newly formed Tavistock Heritage Trust, who will deliver a diverse but coordinated programme of experiential learning events and volunteering which will enable more people to visit the town and engage with its heritage.
- 7.9 **The Audio Visual installation** - Through interactive displays, users will learn about Tavistock's international architectural and historical significance and will be stimulated to explore the town and nearby heritage sites either on their own or by participating in one of the activities provided by the Gateway Centre staff and volunteers.
- 7.10 In addition, the Guildhall will be available for community use outside of public opening hours, for example, for talks, guided tours, lectures and performances.
- 7.11 Experience from similar complexes throughout the country indicates that the quality of the visitor experience is the key to the project's success and that the availability of high-quality audio-visual and IT facilities is central to that experience.

8. Management Actions

- 8.1 It is best practice as part of Budget Monitoring reports, for the Council to state whether there are any corrective actions that need to be taken for the variances identified in the report.
- 8.2 The Recovery and Renewal Plan, as the Council's response to Covid19, sets out Financial Stability as a Recovery and Renewal Theme.
- 8.3 The management actions for this Budget Monitoring report are as set out below:-
- To complete monthly Government returns on COVID costs and loss of income
 - To continue lobbying with 'Team Devon' for further Government financial support in light of the impact of Covid 19
 - Monthly budget monitoring reports, to including monitoring reserves
 - A review of statutory versus discretionary expenditure
 - A continual review of the Council's Capital Programme
 - A comprehensive review of all Earmarked Reserves and contributions to Earmarked Reserves
 - The Medium Term Financial Strategy has been revised in October
 - To lobby Government for a change in some of the 'rules' for Councils (such as to change the accounting rules for capital repayments on borrowing and capital receipts flexibility)
 - To lobby for fair funding for rural Councils
 - Assess options for further investment

9. Options available and consideration of risk

9.1 At this early stage it is important to note that these forecasts can change over the course of the year. Managers can seek out opportunities to reduce any budget shortfalls, whilst considering the risk of any adverse impact on the customer experience.

10. Proposed Way Forward

10.1 Revenue budget monitoring will continue on a regular basis and further reports will be brought to the Hub Committee during the current Covid 19 situation.

11. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Statutory Powers that apply to this report are the Local Government Act 1972 Section 151 and the Local Government Act 2003 Section 28.
Financial implications to include reference to value for money	Y	<p>The report identifies a projected underspend of £90,000 which is 1.2% of the overall budget set for 2020/21 of £7.713 million.</p> <p>This position is after taking into account the £0.826 million Government grant received for Covid-19 and the estimated £0.449 million Government funding that the Council is anticipating towards income losses on sales, fees and charges. This position is also after factoring in the one-off funding sources of £501,000, which were approved by Council on 22nd September 2020 for the Amended Budget for 2020-21.</p> <p>The loss of income streams already experienced by the Council from April 2020 to October 2020 total £0.712 million, as shown in Section 6 of the report.</p> <p>It is recommended to transfer £220,000 into a COVID Earmarked Reserve, to protect against future COVID losses in 2021-22. The £220,000 is made up of the historic bank reconciliation adjustment of £69,000 and the 4th tranche of Government COVID funding received of £151,000. This will provide some funding in 2021-22, should the Council still be experiencing losses in income from COVID. The £90,000 underspend predicted in this report is the position after factoring in the transfer of £220,000 into a COVID Earmarked Reserve.</p>

		It is also recommended to Council to fund £30,000 of audio-visual equipment for the Tavistock Guildhall Heritage project and to finance this from the Business Rates Retention Earmarked Reserve. As set out in Appendix A, the Business Rates Retention Earmarked Reserve would have a remaining balance of £554,000 at 31.3.2021.
Risk	Y	<p>1) Budget variances – continual monthly budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Hub Committee provides an opportunity for Members to identify and instigate remedial action where appropriate.</p> <p>2) Resource Planning – the Hub Committee takes into account any significant issues when developing the Council’s Medium Term Financial Strategy. These are identified in the Management Actions section of the report (Section 7).</p>
Supporting Corporate Strategy		The budget monitoring process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change – Carbon / Biodiversity Impact		None directly arising from this report.
<i>Comprehensive Impact Assessment Implications</i>		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendix A – Schedule of Reserves (Earmarked Reserves and Unearmarked Reserves)

Background Papers:

Council – 22nd September 2020 – Amended Budget 2020-21

Hub Committee – 28 July 2020 – Month 3 Revenue Budget Monitoring 2020/2021

Hub Committee – 30 June 2020 - Month 1 and 2 Revenue Budget Monitoring 2020/2021

Finance Community of Practice budget monitoring working papers.

Approval and clearance of report

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

RESERVES - PROJECTED BALANCES						APPENDIX A
	Cost Centre	Opening Balance	Additions to Reserve	Predicted Spend	Projected Balance	Comments
		01.04.2020 £000's	2020/21 £000's	2020/21 £000's	31.03.2021 £000's	
EARMARKED RESERVES						
Specific Reserves - General Fund						
2016/17 Budget Surplus Contingency	W0848	196	0	(180)	16	This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve. Commitments mainly relate to the Capital Programme £50k, Future IT Procurement £18k, Community Housing Staffing £12k and Fusion Leisure Support £92K
Broadband Community Support (subject to Council approval)	New code		100	(100)	0	As per the report to the Hub Committee on 1st December 2020, it is recommended to Council to approve the creation of a Broadband Community Support Earmarked Reserve of £100,000, to be financed by transferring £50,000 from the existing Business Rates Retention Earmarked Reserve and £50,000 from the Business Rates Discretionary fund (Additional Restrictions Grants, ARG Scheme).
Business Rates Retention Scheme	W0824	904	0	(350)	554	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income e.g. due to appeals. Commitments relate to Fusion Leisure Support £200k and Town Centre Support Initiative £70k. There are further proposals to the Hub Committee (and Council subsequently) to also spend £50,000 on the creation of a Broadband Community Earmarked Reserve and £30,000 on Audio Visual Equipment for the Guildhall, Tavistock (Recommendation 4 of the Budget Monitoring Hub Committee report of 8th December 2020).
Cannons Meadow, Tavistock	W0900	8	0	(3)	5	This reserve contains a commuted sum to be written down to revenue annually over 10 years
Car Parking Maintenance	W0833	464	0	(231)	233	The commitments include Brook Street Car Park, Council Owned Asset Investment & Development £20k (minute ref HC4) and Grounds Maintenance £30k (Hub 10/9/19)
COVID Earmarked Reserve (subject to Council approval)	New code	0	220	0	220	It is recommended that the COVID-19 LA Support Grant (4th tranche of £151K and the bank reconciliation adjustment of £69K) is put into a COVID Earmarked Reserve as per Recommendation 3.
Economic Grant Initiatives	W0914	22	0	(21)	1	Reopening High Street Grants - COVID 19 £17.5k, Pop Up Business School £3.7k
Elections	W0903	0	20	0	20	Reserve utilised in full in 2019/20 to fund the cost of District Council Elections held in May 19
Environmental Health Initiatives	W0857	20	0	(2)	18	Contribution towards the cost of an Environmental Health Specialist Student Placement
Financial Stability	W0859	454	0	0	454	This reserve was created in 2018/19 from the Business Rates Pilot funding. This funding was set aside to assist to smooth out future years' funding variations or reductions, in particular any changes from the Fair Funding Review (this has been delayed and it has been confirmed this will not happen in 2021-22).
Flood Works	W0915	16	0	0	16	
Grounds Maintenance	W0901	18	0	0	18	
Homelessness Prevention	W0924	115	0	0	115	This reserve has been created following underspends on Homelessness Prevention Costs in previous years
ICT Development	W0836	66	25	(91)	0	Major commitments are the New IT Procurement, Hub Ctee Jan 20 Min Ref HC73 (£65k) and CIVICA Financials archiving module (£19k). £25K a year is contributed to this reserve.
Innovation Fund (Invest to Earn)	W0850	432	0	(217)	215	Commitments totalling £247k mainly relate to the upgrading of Hayedown Depot. This reserve originated from New Homes Bonus funding.
Invest to Save	W0902	12	0	(8)	4	
Joint Local Plan	W0860	20	0	0	20	This is a new Reserve for Joint Local Plan funding, there are commitments to fund staffing costs.
Leisure Services	W0855	204	0	(204)	0	Capital Programme Funding, Fusion leisure monthly support due to temporary closure of leisure facilities during COVID-19 pandemic £46k (April - June 20) and a further £97k for period July - Sept. Playing pitch strategy £7k
Maintenance Fund (Estates)	W0927	170	0	0	170	
Management, Maintenance & Risk Management	W0861	190	119	(2)	307	This is a relatively new reserve set up to manage the ongoing maintenance costs of the Council's Commercial Property Portfolio. The contributions to the reserve equate to 10% of the rental income.
Neighbourhood Planning Grants	W0897	16	0	0	16	
New Homes Bonus (NHB)	W0804	401	348	(485)	264	The NHB is used to support the funding of the revenue budget and the Capital Programme. The commitment includes £297,135 to fund the 2020/21 revenue budget and £130,000 to fund the capital programme
Outdoor Sports & Recreation Grants	W0852	18	0	(6)	12	Cycling design work, Tavistock to Plymouth
Planning Policy and Major Developments	W0840	122	25	0	147	This reserve is for all planning matters and is also to meet appeal costs. £25K a year is contributed to this reserve.
Revenue Grants	W0821	508	0	(35)	473	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. The annual contribution of £32,500 from this reserve relates to the funding of three housing posts which were made permanent in the 2020/21 budget process and are funded from the Flexible Homelessness Support Grant
Support Services Trading Opportunities	W0856	8	0	0	8	
Strategic Change (T18)	W0925	67	0	(60)	7	The commitments are £50,000 for the capital requirement of the Public Toilets pay on entry review (HC.19) and £10,000 for Kilworthy Park marketing
Vehicle Replacement	W0931	396	50	(446)	0	This is a new reserve set up to fund the Council's vehicle replacement programme (Council 4 Dec 2018). £50K a year is contributed to this reserve.
Waste & Cleansing Options Review	W0853	104	0	(14)	90	The commitment relates to three weekly collection trial costs (Hub 4 June 2019)
Other Reserves below £15,000 (combined)		33	0	0	33	
TOTAL EARMARKED RESERVES		4,984	907	(2,455)	3,436	
TOTAL UNEARMARKED RESERVES	W0950	1,086	90		1,176	Note: This Unearmarked Reserve has a minimum balance of £900,000 (set by Members as part of the Medium Term Financial Strategy). The projected underspend for 2020-21 of £90,000 (as set out in this report) would be added to this Unearmarked Reserve.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		6,070	997	(2,455)	4,612	

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Agenda Item 8

Report to: **Hub Committee**

Date: **8th December 2020**

Title: **Draft Revenue Budget Proposals for 2021-22**

Portfolio Area: **Cllr N Jory – Budget Setting Process**

Wards Affected: **All**

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

Date next steps can be taken:

Hub Committee 2nd February 2021

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance (S151 Officer)**

Contact: Email: lisa.buckle@swdevon.gov.uk

Recommendations:

It is recommended that the Hub Committee:

- i) Notes the forecast budget gap for 2021/22 of £0.104 million (1.4% of the predicted Net Budget of £7.3million) and the position for future years.
- ii) Notes the current options identified and timescales for closing the budget gap in 2021/22 and future years, to achieve long term financial sustainability.

It is recommended to Council:

- iii) That West Devon Borough Council continues to be part of the Devon Business Rates Pool for 2021/22, subject to there being no announcements within the Finance Settlement (expected to be announced in the week commencing 14th December), which in the opinion of the S151 Officer (in consultation with the Leader of the Council and the Portfolio Holder for Finance), would change this recommendation.

1. Executive summary

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2025/26. The Council, along with other local authorities, has faced unprecedented reductions in Government funding. Between 2009/10 and 20/21, the Council's Core Government funding has reduced by £3 million. The Council now receives **no main Government Grant (Revenue Support Grant)** – this has been reduced to zero. Core Government funding has been reduced by £3million per year since 2009/2010.
- 1.2 West Devon has continued to work in partnership with South Hams District Council which has allowed West Devon Borough Council to achieve annual savings of £2.2 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.3 The Medium Term Financial Strategy (MTFS) was approved by Members on 20 October 2020 and it set out the budget strategy for the Council for the next five years, with regular reviews (at least annually) and updates when items are further known or are announced by the Government.
- 1.4 The MTFS sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 1.5 A Cross Party Member Working Group (Financial Stability Review Group) was set up in November 2017 with defined Terms of Reference to look at the Medium Term Financial Strategy and to further look at options for securing financial stability for the longer term.
- 1.6 Covid 19 has caused financial strain for all Councils up and down the country where Councils find themselves being caught in a 'perfect storm'. Councils have to manage both the increased costs of coping with Covid19 and supporting vulnerable people in the community and the loss of key income streams such as car parking income and council tax income.
- 1.7 The factors affecting the Council's finances are issues affecting the whole Local Government sector. The Council is well-placed to meet the financial challenges arising from Covid19, due to its prudent financial management over previous years.

- 1.8 Due to the rapidly changing financial position, the Council is undertaking frequent revenue budget monitoring reports. The latest revenue budget monitoring report for Month 7 (end of October) predicts an underspend (surplus) of £90,000 for 2020/21. This takes into account the Amended Budget for 2020/21 which was set by Council on 22 September 2020.
- 1.9 The key assumptions within the Medium Term Financial Strategy are as below. Each of these is described in more detail in Section 4.
- A one year 'rollover settlement' (with no negative Revenue Support Grant in 2021/22) continues to be the most likely scenario
 - The business rates baseline reset will be deferred until 2022/23
 - The Settlement Funding Assessment (SFA) will increase in line with inflation – this is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income.
 - There will be a phasing in of negative Revenue Support Grant (RSG) as part of the business rates baseline reset with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go
 - It is assumed Council Tax limits for District Councils will remain at the higher of £5 or 1.99% for 2021/22 onwards – the Spending Review referred to a council tax referendum limit of 2%, which we interpret as a simplified description (The Finance Settlement expected to be announced in the week commencing 14th December should confirm the limit for District Councils)
 - The Spending Review confirmed that there will be one more year of the New Homes Bonus payments as part of a one year 'rollover settlement'. We anticipate that bonuses will still be payable for growth in 2020-21 (Year 11), although that has not been officially confirmed as yet
 - A modest business rates pooling gain of £40,000 has been modelled for 2021/22 with no further gains for 2022/23 onwards. Business rates income is assumed to be down by 3%.
 - No council tax collection fund surplus has been assumed for any years going forward (normally the Council receive a surplus share of around £67,000 per annum) and it has been assumed that the council tax collection rate will reduce by 1%. The Collection Fund deficit for 2020-21 – which would ordinarily be recouped in 2021-22 – will instead be recovered in equal instalments over three years, in line with new Government regulations. The deficit is expected to be around £26,000 per annum.
 - Rural Services Delivery Grant has been assumed to continue at the same level with a slight inflationary increase across the 5 years – In 2021-22, the national total of £81 million has been frozen

- No permanent reductions to the Council's income streams (such as car parking income, planning income etc. as a result of the Covid pandemic) have been built into the Base Budget for 2021/22. This will be regularly monitored over the next few months. The Government has confirmed that its income compensation scheme for sales, fees and charges for Councils will continue to apply in 2021/22, but only for the first quarter of the year. This is less than the full-year extension lobbied for through the South West Councils response to the Comprehensive Spending Review, and leaves the Council reliant on a rapid return to normal economic conditions by the Summer.
- The last pay award offer for 2020-21 was 2.75%. A 2% pay increase has been modelled from 2021/22 onwards (2% equates to £90,000). The Government has imposed a pay freeze on much of the public sector, subject to increases in the National Living Wage and a minimum increase of £250 in full-time equivalent wages of less than £24,000. Although setting pay levels in Local Government falls outside Central Government control, this freeze will have informed the setting of funding for Local Government and is likely to be a significant factor in determining the outcome.

1.10 The following table illustrates the predicted budget gap from 2021/22 onwards for the Council **as shown in Appendix B:**

Budget Gaps	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	103,713	116,291	436,729	176,530	197,450	1,030,714
Cumulative Budget Gap (assumes annual new budget gaps have not been addressed)	103,713	220,005	656,734	833,264	1,030,714	2,844,430

1.11 ***The forecast budget gap for 2021/22 is £103,713. This is 1.4% of the predicted Net Budget for 2021/22 of £7.3million.*** A cumulative budget gap of £220,005 is predicted for 2022/23 (this assumes that the budget gap for 2021/22 of £103,713 has not been closed). This increases to £1million by 2025/26. The aggregated Cumulative Budget Gap by 2025/26 is £2.8million, if no action has been taken in each individual year to close the budget gap annually.

- 1.12 The Government's Spending Review announcement contained no real surprises for local government, and largely confirmed the assumptions previously made within the Medium Term Financial Strategy in October.
- 1.13 The scale of the reduction in economic output this year and the consequent increase in Government borrowing were slightly higher than forecasts made by independent observers such as the IFS (Institute for Fiscal Studies).
- 1.14 The Medium Term Financial Strategy on 20th October 2020 set out a predicted budget gap of £175,775 for 2021/22. Since that report, two further areas for savings and extra income have been identified from the revenue budget monitoring report for Month 7 (2021/22). (This is also an item on the Hub Committee agenda for 8th December for consideration).
- 1.15 The two areas are:
- Pensions Employer Contributions – secondary rate – There is an £80,000 saving on the cash amount paid to Devon County Council for pensions employer contributions. This is an annual saving until April 2023.
 - The Garden Waste income budget of £205,000 is expected to be exceeded by £40,000 in 2020/21.
- 1.16 In addition, new Regulations for the spreading of the Collection Fund deficit (for Business Rates and Council Tax income) have been announced and the collection fund deficit for 2021/22 has been estimated at £26,000. This is an additional cost in 2021/22 to fund. The TaxBase for 2021/22 has also been estimated at 20,200 Band D Equivalent Properties, following some further analysis on estimates of housing growth and the impact of the Council Tax Support scheme.
- 1.17 These areas together mean that the forecast budget gap for 2021/22 has decreased from £175,775 in the Medium Term Financial Strategy (October 2020) to £103,713 in these Draft Revenue Budget Proposals (December 2020) for 2021/22.
- 1.18 It is recommended that West Devon Borough Council continues to be part of the Devon Business Rates Pool for 2021/22, subject to there being no announcements within the Finance Settlement (expected to be announced in the week commencing 14th December), which in the opinion of the S151 Officer (in consultation with the Leader of the Council and the Portfolio Holder for Finance), would change this recommendation.

2 COMPREHENSIVE SPENDING REVIEW 2020

- 2.1 The Autumn Budget was cancelled on 23 September 2020 because there is too much uncertainty about the UK's economic outlook. Instead a one-year Spending Review was announced on 25 November 2020. This revealed that the economy is likely to contract by 11.3% this year – the largest single-year decline in more than three centuries.
- 2.2 The Government is expected to borrow £394 billion this year – seven times the amount anticipated in March. The spending plans announced have to be viewed in that context, and represent a holding position pending a more fundamental reappraisal of the country's ongoing economic capacity.

What are the implications for local government?

- 2.3 For 2021-22 there will be a **one year “rollover” settlement**, similar to that in 2020-21. A one year settlement has the advantage that it is simple, and there is no significant redistribution of funds. All local authorities will face increased financial pressure through a combination of increased demand for personal & protective services and reduced income from both taxes and demand-led income streams. Capacity to absorb these pressures will vary – which in turn will lead to calls for redistribution of the total sum available. However, it seems unlikely that significant changes will, or indeed, could be introduced before 2022-23.
- 2.4 Support for the impact of Covid-19 has largely been kept separate from the core funding for local authorities. In particular, the Government has stated that compensation will be provided for 75% of council tax or business rates income deemed to be irrecoverable. Further information is awaited on what criteria will be applied before tax is deemed to be irrecoverable, but this does at least provide some mitigation for losses that would otherwise feed into Collection Fund adjustments in 2022/23.
- 2.5 The compensation scheme for income lost from sales, fees and charges will continue for the first three months of 2021/22.
- 2.6 A further £1.55 billion in new funding for local government's COVID expenditure pressures was announced in the Spending Review. It is unknown whether this will be allocated using the COVID Relative Needs Formula (RNF) that was launched alongside Tranche 4 of the COVID Grant. It is also unknown whether the allocations will be published in the Provisional Local Government Finance Settlement (expected in the week commencing 14th December), or later next year.
- 2.7 There will be separate grant funding to help tackle homelessness amounting to £254 million – considerably more than the £103 million previously announced. Details of allocations and criteria are not yet available. The LGA has requested greater flexibility in the use of these funds than has previously been allowed.
- 2.8 Finally, there is a new, albeit small, £16 million grant programme to help local authorities improve their cyber security.

2.9 Many of the Spending Review announcements related to capital investment, which will extend beyond 2021-22. Of particular interest are the following proposals (details of which will follow at a later date):

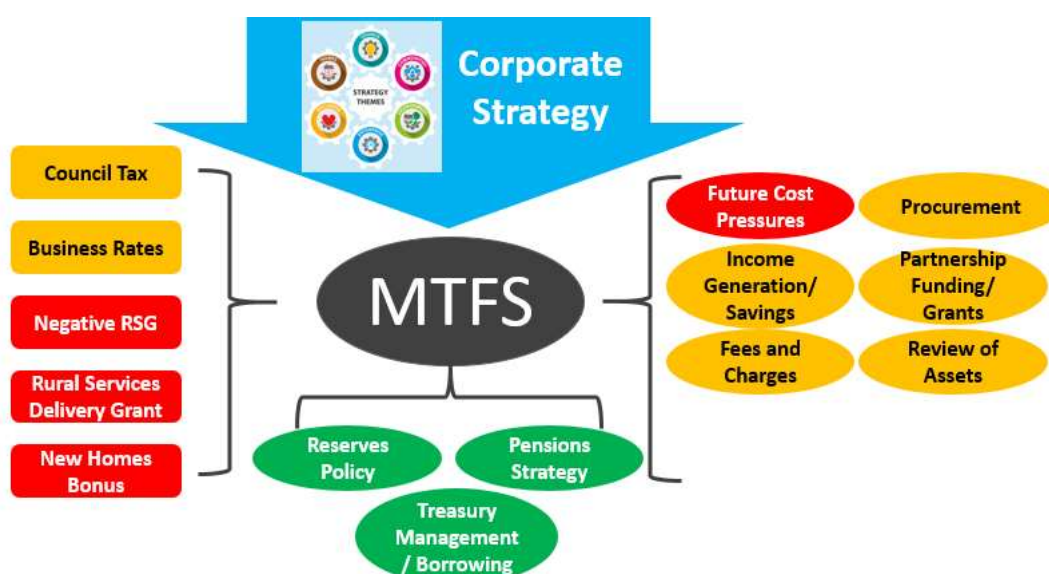
- a) a new Levelling Up Fund, allowing bids of up to £20 million to be made against a total allocation of £4 billion. Bids are to be evaluated jointly by the Treasury, MHCLG and Department for Transport. The inclusion of the latter department in evaluation suggests the likely focus of the overall fund. Bids must have real impact within the current Parliamentary term - which suggests a very short bidding and evaluation timescale if projects have to be complete and operational in less than four years' time - and must have local support, including that of the local MPs.
- b) £2 billion each for the Affordable Housing Programme and the National Home Building Fund in 2021-22. Over the next five years the funding for these two programmes is expected to come to nearly £20 billion in aggregate.
- c) £0.9 billion for flood and coastal defence projects. This is roughly double the previous provision, and is expected to continue at this level for at least a further four years.
- d) £220 million as a transitional arrangement pending introduction of a new UK Shared Prosperity Fund. This new Fund is intended to take the place of EU regeneration funds, although the 2021/22 funding appears to be for preparatory work, rather than fully-fledged schemes.

3 THE COMPONENTS MAKING UP A MEDIUM TERM FINANCIAL STRATEGY (MTFS)

3.1 The Diagram below sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies.

Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

2020/21 Net Amended Budget £7.7 million



3.2 The key assumptions within the MTFS are as below. Each of these is described in more detail in Section 4.

- A one year 'rollover settlement' (with no negative Revenue Support Grant in 2021/22)
- The business rates baseline reset will be deferred until 2022/23
- The Settlement Funding Assessment (SFA) will increase in line with inflation – this is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income. September CPI was 0.5%.
- There will be a phasing in of negative Revenue Support Grant (RSG) as part of the business rates baseline reset with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go
- Council Tax limits for District Councils will remain at the higher of £5 or 1.99% for 2021/22 onwards: although the Spending Review documents refer to 2%, we are interpreting this as a simplified description of the arrangements that applied in 20-21 and which we expect to see repeated – i.e. that Districts can increase their share by the higher of 1.99% or £5. In terms of the overall council tax bill, the County Council are able to increase their proportion of the council tax bill by up to 4.99%, to include a 3% precept for adult social care. This could lead to further requests for relief through Council Tax Support. Police and Crime Commissioners will be able to increase their share of the council tax bill by £15. No announcement has yet been made by the Government as to whether any council tax referendum principles will apply to Town and Parish Councils in 2021/22. Details of the council tax principles for 2021/22 are expected to be announced with the Draft Local Government Finance Settlement in the week commencing 14th December.

- There will be one more year of the New Homes Bonus payments (as part of a one year 'rollover settlement'). We are waiting for full details of this scheme, but we expect existing legacy payments will be honoured – albeit with no new legacy payment in respect of year 10 of the scheme. The NHB payments envisaged will be used to finance the revenue base budget.
- A modest business rates pooling gain of £40,000 has been modelled for 2021/22 with no further gains for 2022/23 onwards. Business rates income is assumed to be down by 3%.
- Normally the Council receive a surplus share of around £67,000 per annum. The Collection Fund will be in deficit this year, which will be spread equally across the three years 21-22, 22-23 and 23-24 (£26,000 for each of the three years), in line with new Government regulations introduced earlier this year. We are currently assuming that there will be no Collection Fund surplus in future years, and that the council tax collection rate will reduce by 1%.
- Rural Services Delivery Grant has been assumed to continue at the same level with a slight inflationary increase across the 5 years – In 21-22 the national total has been frozen at £81 million.
- The last pay award offer for 2020-21 was 2.75%. A 2% pay increase has been modelled from 2021/22 onwards (2% equates to £90,000). Although setting pay levels in Local Government falls outside Central Government control, this freeze will have informed the setting of funding for Local Government and is likely to be a significant factor in determining the outcome.
- No permanent reductions to the Council's income streams (such as car parking income, planning income etc. as a result of the Covid pandemic) have been built into the Base Budget for 2021/22. This will be regularly monitored over the next few months. The Government's income compensation scheme for sales, fees and charges for Councils has only been extended for the first three months of 2021/22. The Month 7 Revenue Budget Monitoring report for 2020/21 (also on this Hub Committee agenda) makes a recommendation to transfer £220,000 into a Covid Earmarked Reserve, to protect against future COVID losses in 2021/22.

OVERALL POSITION – BUDGET GAP

- 3.3 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 3.4 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **Appendix B** illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £7.7 million in 2020/21.

3.5 A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if the Council Tax is increased by £5 per annum (shown in Appendix B).

3.6 The following table illustrates the predicted budget gap from 2021/22 onwards for the Council **as shown in Appendix B:**

Budget Gaps	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	103,713	116,291	436,729	176,530	197,450	1,030,714
Cumulative Budget Gap (assumes annual new budget gaps have not been addressed)	103,713	220,005	656,734	833,264	1,030,714	2,844,430

3.7 ***The forecast budget gap for 2021/22 is £103,713. This is 1.4% of the predicted Net Budget for 2021/22 of £7.3million.*** A cumulative budget gap of £220,005 is predicted for 2022/23 (this assumes that the budget gap for 2021/22 of £103,713 has not been closed). This increases to £1million by 2025/26. The aggregated Cumulative Budget Gap by 2025/26 is £2.8million, if no action has been taken in each individual year to close the budget gap annually.

3.8 The Government's Spending Review announcement on 25th November 2020 contained no real surprises for local government, and largely confirmed the assumptions previously made within the Medium Term Financial Strategy (MTFS) in October.

3.9 The Medium Term Financial Strategy on 20th October 2020 set out a predicted budget gap of £175,775 for 2021/22. Since that report, two further areas for savings and extra income have been identified from the revenue budget monitoring report for Month 7 (2021/22). (This is also an item on the Hub Committee agenda for 8th December for consideration).

3.10 The two areas are:

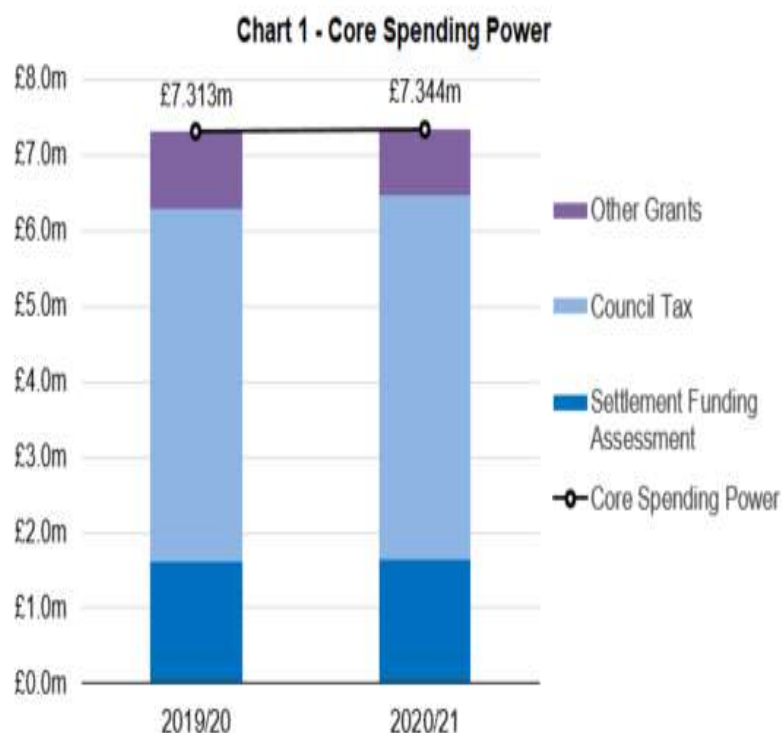
- Pensions Employer Contributions – secondary rate – There is an £80,000 saving on the cash amount paid to Devon County Council for pensions employer contributions. This is an annual saving until April 2023.
- The Garden Waste income budget of £205,000 is expected to be exceeded by £40,000 in 2020/21.

- 3.11 In addition, new Regulations for the spreading of the Collection Fund deficit (for Business Rates and Council Tax income) have been announced and the collection fund deficit for 2021/22 has been estimated at £26,000. This is an additional cost in 2021/22 to fund. The TaxBase for 2021/22 has also been estimated at 20,200 Band D Equivalent Properties, following some further analysis on estimates of housing growth and the impact of the Council Tax Support scheme.
- 3.12 These areas together mean that the forecast budget gap for 2021/22 has decreased from £175,775 in the Medium Term Financial Strategy (October 2020) to £103,713 in these Draft Revenue Budget Proposals (December 2020) for 2021/22.

4 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

- 4.1 In the Medium Term Financial Strategy (MTFS), it has been assumed that the Settlement Funding Assessment (SFA) will increase in line with inflation.
- 4.2 The SFA is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income. The breakdown of the increase in SFA for 2020/21 is shown below. The Council now receives no main Government grant (Revenue Support Grant).
- 4.3 The 'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax, as below. In the Spending Review (SR) 2020, the Chancellor announced that Core Spending Power (a measure of a Council's resources) is forecast to rise by 4.5% nationally in cash terms next year (mainly due to anticipated council tax increases nationally).

'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax.



Core Spending Power (£m)

	2019/20	2020/21	Change
Core Spending Power	7.313	7.344	0.42%
<i>Which consists of:</i>			
Settlement Funding Assessment (Business Rates Baseline)	1.622	1.648	1.63%
Assumed Council Tax	4.674	4.818	3.1%
New Homes Bonus	0.501	0.348	(30.5)%
Rural Services Delivery Grant	0.464	0.464	Nil
Other grants	0.052	0.066	26.9%

Business Rates and Negative Revenue Support Grant (RSG)

- 4.4 The Business Rates Reset will be delayed to 2022/23. A reset based on the current taxbase would have been badly distorted by the current economic crisis, and very unlikely to reflect the potential business rates that authorities can collect in future years.

- 4.5 A one year 'rollover settlement' (with no negative Revenue Support Grant in 2021/22) continues to be the most likely scenario. This means the Council wouldn't have to forego some of its business rates income (£293,000) by paying some of it back to Government in the form of 'negative government grant' in 2021/22. Negative RSG is effectively the Council's further predicted funding cuts.
- 4.6 It is anticipated there will be a phasing in of negative RSG as part of the business rates baseline reset in 2022/23, with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. Some of the negative RSG is expected to be offset by growth being dispersed across as Local Authorities.
- 4.7 Estimates have been made of the business rates baseline funding levels for 2021/22 onwards and the relative deductions for negative RSG. For example in 2019/20, the £1.648m is the amount the Council retains from its business rates income collected of £10.6 million (the Council keeps about 16p in every £1 collected of business rates to fund its services). The Council responded to the Government consultation on the Call for Evidence on Business Rates Reform. A joint response was also sent by the Devon Business Rates Pooling partners. A final report setting out the full conclusions of the Government review will be published in Spring 2021.

	Business Rates Income projected in the MTFS (£m)					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Business Rates Income	1.648	1.780	1.736	1.747	1.783	1.813
Less: Negative RSG change to baseline need	0	0	(0.136)	(0.182)	(0.227)	(0.293)
TOTAL	1.648	1.748	1.600	1.565	1.556	1.520

Business Rates reliefs

- 4.8 Aside from the retail relief, the other variance expected in business rates income in 2020/21 will be due to the businesses failing and subsequent reliefs. This is forecast at a -3% reduction in 2020/21, with a further 3% reduction in 2021/22. It is too early to tell the implications for the economy of COVID, other than the more general expectations of negative growth. See 4.20 on the Collection Fund.

- 4.9 The net collectable debt for Business Rates is £4.86 million for 2020/21. Prior to the pandemic, this was predicted to be £10.6million and the additional NNDR reliefs for the total value of the expanded retail discount and nursery discount for 2020/21 total £6.087million. Therefore over £6million worth of the Council's normal business rates bills issued of £10million are entitled to 100% business rates relief and have no business rates to pay in 2020/21 due to the coronavirus expanded retail discount and nursery discount. This amount is being reimbursed to the Council by the Government through a Section 31 Grant.
- 4.10 The Council and SWCouncils are lobbying the Government for these business rates reliefs to continue into 2021/22. The Spending Review referred to a freeze in the business rates multiplier next year, as the multiplier was going to increase by 0.5% but will now be frozen. Many businesses are asking whether the business rates reliefs in 2020-21 will be extended into next year to support retail, hospitality and leisure businesses. The Government will make a decision on this in the New Year to respond to the 'evolving challenges presented by COVID-19'. If the Retail Discount is discontinued, then this will place more pressure on business rates income for Councils in 2021-22.
- 4.11 By October 2020, the Council has collected 60.59% of the net collectable debt. This is 6.16% lower than October 2019 – a cash reduction of £324,000. A reduction of 3% is assumed in the overall year – the impact of the national lockdown in November may have had an impact on payment profiles. The 2019/20 collection rate for West Devon for business rates was 97.62%. The national average was 98%.

Devon Business Rates Pool

- 4.12 It is recommended that West Devon Borough Council continues to be part of the Devon Business Rates Pool for 2021/22, subject to there being no announcements within the Finance Settlement (expected to be announced in the week commencing 14th December), which in the opinion of the S151 Officer (in consultation with the Leader of the Council and the Portfolio Holder for Finance), would change this recommendation. Modelling has been carried out with the other Devon Authorities and Local Government Futures to inform this recommendation. A modest business rates pooling gain of £40,000 has been modelled for 2021/22 with no further gains for 2022/23 onwards.

Council Tax

- 4.13 The Council Tax Referendum limits for District Councils for 2020/21 was the higher of 1.99% or £5, for 2020/21. Although the Spending Review refers to a 2% limit for 21-22, we have interpreted this as being a simplified description of the limits that applied this year. Confirmation is not expected until the Local Government Finance Settlement but it is expected that the £5 limit for Districts will still apply for 2021/22. An increase in council tax of £5 for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for

West Devon of £241.63 in 2021/22 as shown in Appendix B (an increase of £5 for the year (10 pence per week) which equates to a 2.11% increase. The council tax for 2021/22, the WDBC share, will be set at the Council meeting on 16th February 2021. (A 1% increase in council tax generates £48,000 of extra council tax income).

- 4.14 The table below shows how an average Band D council bill is made up for West Devon Borough for 2020/21 as compared to the previous year. Of an average Band D Council Tax within the Borough of £2,066.87, an amount of £236.63 is the element of a council tax bill set by West Devon Borough Council. Therefore 11pence of every £1 paid (11%) in council tax is received by West Devon Borough Council to pay for our services. The rest of the council tax bill is set by Devon County Council, the Fire, the Police and Town and Parish Councils to fund the services they provide.

Precepting Authority	Band D 2019/20	Band D 2020/21	£ Increase	% Increase
West Devon Borough Council	£231.63	£236.63	£5.00	2.16%
Devon County Council Precept	£1,286.19	£1,313.73	£27.54	3.99%
Adult Social Care Precept	£98.10	£125.73	£27.63	
Devon & Cornwall Police & Crime Commissioner	£212.28	£221.64	£9.36	4.41%
Devon & Somerset Fire & Rescue	£86.52	£88.24	£1.72	1.99%
Average Parishes/Towns	£72.02	£80.90	£8.88	12.33%
TOTAL	£1,986.74	£2,066.87	£80.13	4.03%

- 4.15 A 1% reduction in council tax collection rates has been assumed for 2021/22 onwards. This may need to be revisited in future budget reports depending on the payment profiles being experienced in latter months of the year. As at the end of October 2020, 64.30% of the council tax has been collected. This is a decrease of 1.36% against the 2019/20 collection rates at the end of October. The 1.36% drop equates to £587,000 (WDBC share £64,570). See 4.20 on the Collection Fund.

- 4.16 The Borough Council is responsible for collecting all the Council Tax debt of £43m in 2020/21 as we are the Billing Authority. After keeping 11% of the council tax collected to run our services, the rest is paid over to Devon County Council, the Police, the Fire and Town and Parish Councils. The collection rate for Council Tax for West Devon was 97.71% for 2019-20. This was 0.91% higher than the national average of 96.8%.
- 4.17 More work has been completed on the Council TaxBase calculations for 2021/22 onwards, following the Council TaxBase estimate form (CTB1) submission. The effect of an increase in working age claimants for Council Tax Support for 2021/22 onwards has been modelled. The TaxBase for 2021/22 has been estimated at 20,200 Band D Equivalent Properties, following some further analysis on estimates of housing growth and the impact of the Council Tax Support scheme. The Council has written to Town and Parish Councils to advise that it would be prudent to budget for a 2% reduction in the TaxBase for 2021/22, to take into account the effect of a reduction in the council tax collection rate and also the impact of the Council Tax Support Scheme.
- 4.18 It has been assumed that the number of properties within the Borough will increase by 20 per annum from 2021/22 onwards. A low figure has been assumed to partly offset the impact of Council Tax Support on the Taxbase.
- 4.19 In 2020/21 the Government set no council tax referendum principles for Town and Parish Councils. It has not yet been announced by the Government whether any referendum principles will apply to Town and Parish Councils in 2021/22 onwards. This is expected to be announced in the Finance Settlement.

The Collection Fund - Council Tax and Business Rates Income

- 4.20 The Collection Fund holds all payments in and out relating to Council Tax and Business Rates. As such any losses incurred will be suffered by the Collection Fund in the year and then distributed to the Council and Precepting Authorities in future years. A large part of the reductions in income will affect the Council's financial position in 2021/22 onwards, although it does affect the cashflow position of the Council in 2020/21. In view of the exceptional conditions experienced in 2020/21, the Government has introduced Regulations requiring that the Collection Fund deficit this year be divided equally across 2021/22, 2022/23 and 2023/24. This is a one-off change to established practice.
- 4.21 Council Tax and Business Rates form a large share of the funding for the Council's budget and therefore these income streams are funding the essential services being delivered.

4.22 In the Spending Review 2020, the Government announced a Tax Income Guarantee Scheme for 2020-21. This new reimbursement scheme, worth £762m for 2020-21 local tax losses, will be launched to compensate councils for 75% of irrecoverable losses of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. This will be paid through an unringfenced grant. Further details of this scheme and how irrecoverable losses will be calculated are awaited.

Rural Services Delivery Grant

4.23 Rural Services Delivery Grant has been modelled to continue for 2021/22 onwards at previous levels (£81m nationally – WDBC share of £464,365) and the methodology for distribution to remain unchanged from 2020/21. The Council will continue to lobby on the basis that the £81m should be increased in future years to reflect the additional cost of delivering services in rural areas.

New Homes Bonus (NHB)

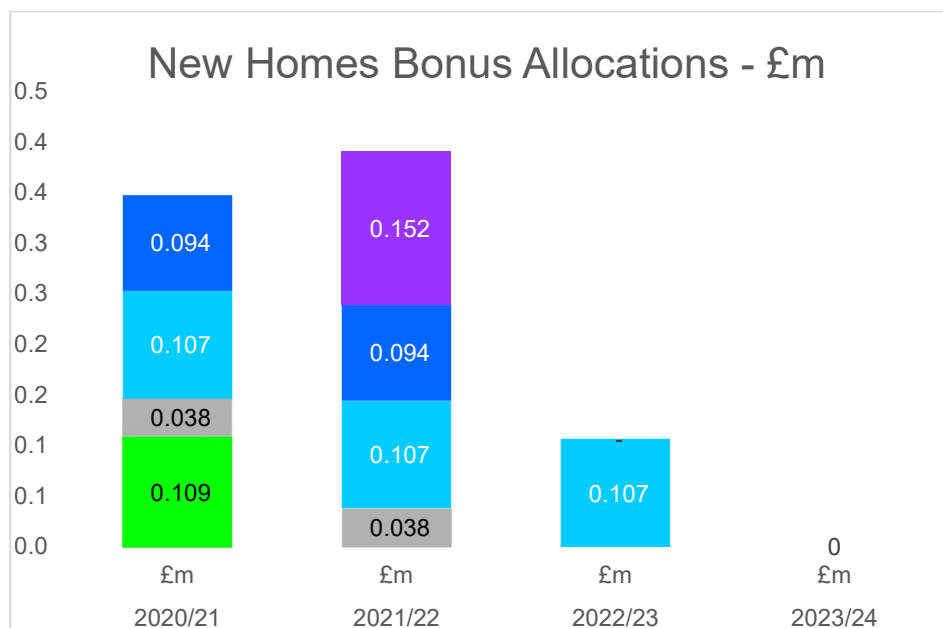
4.24 In theory, the New Homes Bonus (NHB) scheme is being phased-out , although consultation on any replacement has been deferred for a further year. The Spending Review has merely confirmed that for 2021/22 the scheme will continue to operate, albeit with no further legacy payments.

4.25 On 25 September, the Ministry for Housing, Communities & Local Government wrote to local authority Chief Finance Officers to request Council Tax Base data. The request included the data that would be required to support calculations, which “may be needed in calculating the bonus”, though no firm commitment as to the form this may take was given. The Council’s New Homes Bonus allocation for 2020/21 was £347,543 as shown below.

New Homes Bonus	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
2017/18 allocation	0.109			
2018/19 allocation	0.038	0.038		
2019/20 allocation	0.107	0.107	0.107	
2020/21 allocation	0.094	0.094		
2021/22 forecast allocation		0.152		
2022/23 forecast allocation			-	
Equals NHB Funding	0.348	0.391	0.107	-

This is a possible scenario - details to be confirmed in the Finance Settlement

No future years' allocations assumed



4.26 If the legacy payments for NHB from previous years are honoured by the Government, this would equate to £145,000 in 2021/22 and £107,000 in 2022/23 (although reform will be implemented in 2022/23). In light of the recent Government letter accompanying the CTB1 return issued on 25th September, it is reasonable to assume that a further allocation for 2021/22 will also be made.

4.27 The modelling in the MTFS therefore assumes NHB funding of £195,000 in 2021/22 will be available to fund the revenue base budget (being the legacy payments plus an additional allocation of £50,000 for 2021/22). The 2021/22 allocation (Year 11) could be higher than £50,000 and could be as much as £152,000 (shown in purple), which would result in 2021/22 allocation of NHB of £391,000 as shown. It is expected actual allocations will be announced with the provisional finance settlement in the week commencing 14th December. The Government will consult on reforms to the New Homes Bonus scheme shortly, with a view to implementing reform in 2022-23.

Other assumptions within the Medium Term Financial Strategy (MTFS)

4.28 The last pay award offer for 2020-21 was 2.75%. A 2% pay increase has been modelled from 2021/22 onwards (2% equates to £90,000). The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.

4.29 This report assumes inflation will run at 1% over the five year period. The Consumer Prices Index (CPI) was 1.0% in July 2020. RPI was 1.6%. CPI in September – the reference point for business rate increases and many welfare benefits – was 0.5%.

- 4.30 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.75% up to March 2021. By March 2022 the bank base rate is predicted to increase to 1.25%.

SAVINGS

- 4.31 On 22 September 2020 Council considered a report on strategic leisure options. It was agreed to continue with the Fusion contract as being the most appropriate means of supporting health and wellbeing objectives within the Borough. The savings from the re-profiled management fees from the leisure contract have been built within the Medium Term Financial Strategy. Management fees are repayable from 2021/22.
- 4.32 On 15th September 2020 the Hub Committee considered a report on three weekly trials. The annual savings expected from a three weekly scheme across the whole Borough is estimated at between £100,000 to £150,000 a year. These savings are modelled in the Medium Term Financial Strategy and are dependent on the outcome report and the Council decision.
- 4.33 Minute HC19 states that the Committee approve the continuation of the trial of three weekly refuse collections to around 1,000 households in the Borough until March 2021 to allow a full year of data to be analysed. An outcome report in March 2021 will include an officer appraisal over whether or not the Committee should recommend to Council that a three weekly refuse collection should be implemented for all households in the Borough with a potential start date of Autumn 2021. The Hub Committee noted the success of the enhanced recycling service.
- 4.34 Since the Medium Term Financial Strategy report in October, two further areas for savings and extra income have been identified from the revenue budget monitoring report for Month 7 (2021/22). (This is also an item on the Hub Committee agenda for 8th December for consideration).
- 4.35 The two areas are:
- Pensions Employer Contributions – secondary rate – There is an £80,000 saving on the cash amount paid to Devon County Council for pensions employer contributions. This is an annual saving until April 2023.
 - The Garden Waste income budget of £205,000 is expected to be exceeded by £40,000 in 2020/21.
- These have been built into Appendix A (savings and additional income) in this report.

5 PARTNERSHIP FUNDING AND GRANTS

5.1 The Hub Committee considered a report on Partnership funding on 5th November 2019. Minute HC50 on Partnership Funding resolved the following:-

It was then **RESOLVED** that:

1. The feedback given by each partner had been considered and evaluated based on local need, alignment to the Council's Corporate Strategy and statutory duty;

2. The following partners be awarded funding as follows for the next three years (2020/21 to 2022/23):-

Citizens Advice Torridge, North, Mid and West Devon - £32,900

West Devon Community and Voluntary Services (CVS) - £5,100

Junior Life Skills - £2,510

Okehampton Community Recreation Association (OCRA) - £1,333

Okehampton & District Community Transport Group - £6,533

Tavistock Ring & Ride - £6,533, provided a service still continues

Young Devon - £2,500

Heart of the South West Local Enterprise Partnership (LEP) - £5,000

Tamar Estuaries Consultative Forum - £4,624 + 2.75%

Tamar Valley Area of Outstanding Natural Beauty - £8,835

Cornwall & West Devon Mining Landscape World Heritage Site

Partnership Board (WHS) - £4,000; and

3. No alternative or additional commissioning opportunities be made available at this stage.

5.2 Two Members have requested that additional funds be made available to the Community Safety Partnership and included as an extra cost pressure from 2021/22 onwards. This has not yet been factored into the Budget report. This item was discussed at a meeting of the Financial Stability Review Group (FSRG) on 16 November 2020 and it was agreed to request that the Partnership set out a business case to demonstrate the need for extra funding (e.g. for youth outreach).

6 Treasury Management and Borrowing Strategy

6.1 The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £50 million in 2019. It is recommended to Council in December that this limit is retained as the Council's circumstances and financial indicators have not changed since this work was carried out.

6.2 In March, the Government launched a consultation on reforms to the Public Works Loan Board intended to prevent the trend, in a minority of local authorities, of taking on debt to buy assets primarily for income.

- 6.3 In the Spending Review 2020, the Government has announced the outcome of the consultation and has lowered the interest rate of Public Works Loan Board lending by 1%. This brings Public Works Loan Board interest rates back to the levels they were at before October 2019. Local Authorities will be asked to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB.

7 FEES AND CHARGES

- 7.1 Fees and Charges will be considered as part of the Budget Proposals report for 2021/22 to the Hub Committee on 2nd February 2021.
- 7.2 No permanent reductions to the Council's income streams (such as car parking income, planning income etc. as a result of the Covid pandemic) have been built into the Base Budget for 2021/22. This will be regularly monitored over the next few months. The Government's income compensation scheme for sales, fees and charges for Councils will only run for the first three months of 2021/22, so any losses from July onwards will have to be addressed by the Council's own finances.

8 FINANCIAL SUSTAINABILITY AND TIMESCALES

- 8.1 The Council will assess various options for closing the budget gap for 2021/22 onwards, to achieve long term financial sustainability. The table below sets out a timescale for those options and the various strands that the Council is exploring.

Option	Possible Budget Impact	Timescale
<p>Extended Leadership Team (ELT) Budget options</p> <p>The Extended Leadership (ELT) will continually look to identify budget options for Members to consider for income generation/savings/reduced expenditure for 2021/22 onwards, taking into consideration the Council's corporate strategy and the latest budget monitoring position.</p>	To be quantified	As per the Budget Timetable outlined in 11.3
<p>Asset Review</p> <p>Members and Officers are assessing options for the Council's Asset review.</p>	To be quantified	On-going

Option	Possible Budget Impact	Timescale
<p>Revenue Budget Monitoring report Each Revenue Budget Monitoring report to the Hub Committee will identify possible areas of future savings and additional income</p>	To be quantified	Options to be assessed as per the Budget Timetable outlines in 11.3
<p>Redevelopment of homeless provision A separate report on the potential redevelopment of homeless provision was on the Hub Committee agenda for 20th October.</p>	The capital project would provide a net income stream. This has not been reflected within the MTFS forecasts within this report.	Report was considered by the Hub Committee on 20 th October.
Funding Options		
<p>New Homes Bonus allocations for 2021/22 onwards The Council is awaiting details of the precise scheme that will apply in 2021/22. See 4.24 to 4.27 of the report.</p>	To be assessed. It is not known what NHB allocations (or a similar scheme) will be in future years when the NHB scheme is replaced.	Awaiting further announcements from the Government

Option	Possible Budget Impact	Timescale
<p data-bbox="360 309 877 376">Use of Earmarked Reserves as a temporary measure</p> <p data-bbox="360 416 877 595">The Council could temporarily utilise an element of Earmarked Reserves to balance an element of the 2021/22 budget, whilst longer term solutions are being implemented.</p> <p data-bbox="360 636 877 703">This would be a very short term solution though.</p>	To be assessed	To be decided as part of the Budget Process

- 8.2 Through the Financial Stability Review Group, further measures will continue to be considered to balance future years' budget positions.
- 8.3 Financial Stability is one of the themes within the Recovery and Renewal Plan. The action plan, setting out the areas being progressed and the timescales within which this will take place, was set out in Appendix 1 of the Recovery Plan. Following consideration of the Renewal and Recovery Plan in the Summer, the Action Plan for the Financial Stability Theme was updated and agreed by the Financial Stability Review Group (FSRG) on 18 August 2020.
- 8.4 The Revenue Budget Monitoring report (Month 7) for 2020-21 is projecting an underspend of £90,000, which is 1.2% of the overall budget set for 2020/21 of £7.7 million.

9 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

- 9.1 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. The Capital Budget Proposals for 2021/22 will be presented to the Hub Committee in February 2021.
- 9.2 **Investment Property Strategy** – The Council has agreed an Investment Property strategy. To date, four investment properties have been purchased with a value of £21.3 million in aggregate.
- 9.3 Purchases made within the strategy are capital expenditure. An income projection of £300,000 from the net ancillary income from investments in Investment property has been included within the Medium Term Financial Strategy.
- 9.4 The Council's Asset Base is £44 million at 31 March 2020. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

10 Earmarked and Unearmarked Reserves Policy

- 10.1 Earmarked Reserves at 31.3.2021 are predicted to be £4.612 million as set out in Appendix C.
- 10.2 Unearmarked Reserves are £1.086 million at 31.3.2020. The Council's Net Budget is £7.7 million for 2020/21. Therefore Unearmarked Reserves equate to 14% of the Council's Net Budget.
- 10.3 No contributions to Earmarked Reserves for the Planning Reserve (£25,000) or the Elections Reserve (£20,000) have been modelled for 2021/22. These contributions have been modelled to re-start in 2022/23.
- 10.4 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances. Section 25 of the Local Government Act 2003 requires the S151 officer to report on the adequacy of the Council's financial resources on an annual basis. This is routinely done in February each year when the Budget is set.
- 10.5 In February 2020, Members set a minimum balance for Unearmarked Reserves of £900,000, based on a risk assessment.

11 NEXT STEPS AND PROPOSED WAY FORWARD

- 11.1 The MTFS is the starting point for developing a meaningful five year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 11.2 Officers will continue to work with the Financial Stability Review Group and the results of this will be incorporated into future Budget reports. Section 8 sets out the potential timescales against the areas identified.
- 11.3 The table below shows the budget timetable for the budget meetings for the 2021/22 Budget.

8th December 2020	Hub Committee – To consider draft proposals for the Revenue Budget for 2021/22 (this report)
19 th January 2021	Overview and Scrutiny Committee – To consider draft proposals for the Revenue Budget and Capital Programme for 2021/22
2 February 2021	Hub Committee – To recommend Final Budget Proposals to Council for 2021/22

11th February 2021 (9am)	Date which Council Procedure Rule 16 applies
16th February 2021	Full Council – To approve Final Budget Proposals for 2021/22 and set the WDBC share of the Council Tax
23rd February 2021	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2021/22 (This is WDBC share plus all other precepting authorities share).

Note 1- Council Procedure Rule 16 states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Thursday 11th February 2021.

12. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Hub Committee is responsible for recommending to Council the budgetary framework. It is the role of the Overview and Scrutiny Committee to scrutinise the Budget proposals being proposed by the Council on an annual basis. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of the Budget report is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Financial implications to include reference to value for money		<p><i>The forecast budget gap for 2021/22 is £103,713. This is 1.4% of the predicted Net Budget for 2021/22 of £7.3million.</i> A cumulative budget gap of £220,005 is predicted for 2022/23 (this assumes that the budget gap for 2021/22 of £103,713 has not been closed). This increases to £1million by 2025/26. The aggregated Cumulative Budget Gap by 2025/26 is £2.8million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>It is recommended to Council that West Devon Borough Council continues to be part of the Devon Business Rates Pool for 2021/22, subject to there being no announcements within the Finance Settlement (expected to be announced in the week commencing 14th December), which in the opinion of the S151 Officer (in consultation with the Leader of the Council and the Portfolio Holder for Finance), would change this recommendation.</p> <p>The recommendations adopted and the annual budget setting process will ensure the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Council's auditors, Grant Thornton, provided an unqualified value for money opinion for the Borough Council for 2019-20, which was reported to the Council's Audit Committee on 13 October 2020.</p>
Risk		Each of the budget options taken forward by Members will consider the risks of the option.
Supporting Corporate Strategy		The Budget report supports all six of the Corporate Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		A Climate Change Action Plan was presented to Council in December 2019. Following this report, a strategy will be implemented as to how the Council could finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Comprehensive Impact Assessment Implications		
Equality and Diversity		Equality Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

- Appendix A – Budget pressures and savings
- Appendix B – Modelling of the Budget Position
- Appendix C - Schedule of Earmarked Reserves

Background Papers:

- Hub Committee 8th December 2020 – Revenue Budget Monitoring report (Month 7)
- Council 22nd September 2020 – Amended Budget Proposals 2020-21
- Hub Committee 20th October 2020 – Medium-Term Financial Strategy

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

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WEST DEVON BOROUGH COUNCIL

	BASE 2020/21 £	Yr1 2021/22 £	Yr2 2022/23 £	Yr3 2023/24 £	Yr 4 2024/25 £	Yr5 2025/26 £
BUDGET PRESSURES						
Waste collection, recycling and cleansing contract (estimate)	80,000	80,000	80,000	80,000	80,000	80,000
ICT future service provision	150,000	0	0	0	0	0
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)	75,000	0	0	75,000	0	0
Inflation on goods and services	70,000	70,000	70,000	70,000	70,000	70,000
Increase in salaries - increments and pay and grading	40,000	40,000	40,000	40,000	40,000	40,000
Salaries - provision for pay award at 2% for 21/22 onwards (the actual pay award for 20/21 was 2.75% and therefore 21/22 includes an extra 0.75% to build this extra amount for 2020/21 into the base budget)	90,000	124,000	90,000	90,000	90,000	90,000
Maintenance of trees	(20,000)	0	0	0	0	0
Reduction in Housing Benefit administration subsidy	10,000	10,000	10,000	10,000	10,000	10,000
National Insurance and National Living Wage	20,000	20,000	20,000	20,000	20,000	20,000
Two additional Planning Enforcement Case Managers (wdbc share of cost)	21,500	0	0	0	0	0
Climate Change Policy Officer (wdbc share of cost - 2 year temporary post)	25,000	0	(25,000)	0	0	0
Housing Posts (make three temporary posts permanent - wdbc share of costs - to be funded by Government grant - Flexible Homelessness Grant funding)	32,500	0	0	0	0	0
Economy Officer	25,000	0	0	0	0	0
SLT/ELT Restructure - redundancy/pension strain costs	25,000	0	0	(25,000)	0	0
Member Locality Fund (£500 per Member)	(15,500)	0	0	0	0	0
Payment Collection Expenses	20,000	0	0	0	0	0
Land Charges - reduction in Income target	15,000	0	0	0	0	0
Housing Benefit overpayment recoveries	0	135,000	0	0	0	0
TOTAL IDENTIFIED BUDGET PRESSURES	663,500	479,000	285,000	360,000	310,000	310,000

WEST DEVON BOROUGH COUNCIL

	BASE 2020/21 £	Yr1 2021/22 £	Yr2 2022/23 £	Yr3 2023/24 £	Yr 4 2024/25 £	Yr5 2025/26 £
Contribution to Earmarked Reserves (This line shows the annual contributions into the Reserve)						
Contribution to IT Development Reserve (£25K per annum)	25,000	25,000	25,000	25,000	25,000	25,000
Contribution to Planning Reserve (£25K per annum)	25,000	0	25,000	25,000	25,000	25,000
Contribution to Elections Reserve (20K per annum)	20,000	0	20,000	20,000	20,000	20,000
Contribution from the Flexible Homeless Government Grant for three housing posts (wdbc share of costs)	(32,500)	(32,500)	(32,500)	(32,500)	(32,500)	(32,500)
Contribution to Vehicles Replacement Reserve (£50K per annum) - Minute CM42	50,000	50,000	50,000	50,000	50,000	50,000
Total Contribution to Earmarked Reserves	87,500	42,500	87,500	87,500	87,500	87,500

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2020/21 £	Yr1 2021/22 £	Yr2 2022/23 £	Yr3 2023/24 £	Yr 4 2024/25 £	Yr5 2025/26 £
Income from Investment properties (£300,000 is in the Base Budget for 2021/22)	80,000	20,000	0	0	0	0
Re-procurement of contracts (e.g. savings from Leisure contract)	80,000	117,000	281,000	0	0	0
Income from three weekly trials (Hub Committee 15th September 2020)	0	50,000	75,000	0	0	0
Increase in Garden Waste income	0	40,000	0	0	0	0
Reduction in Pension Employer secondary rate contributions (due to a reduction in the actuarial deficit at 31.3.2019 - based on 17 year deficit recovery period)	175,000	80,000	0	0	0	0
Additional treasury management income (invest an extra £0.5m in CCLA)	15,000	0	0	0	0	0
Public Conveniences (£18K business rates savings in 2021/22)	0	18,000	0	0	0	0
Kilworthy Park - reduction in operating costs	0	10,000	0	0	0	0
Senior Leadership Team - Interim arrangement (£34,000) - Restructure (£60,000) as per July 2019 Council report	60,000	0	0	0	0	0
Additional Employments estates income	25,000	0	0	0	0	0
Income from Street Naming and Numbering	15,000	0	0	0	0	0
Reduction in Partnership funding	2,000	0	0	0	0	0
Corporate consultancy income	10,000	0	0	0	0	0
Council Tax Support Grant (CTSG) - the withdrawal of CTSG has been modelled from 1.4.2020	59,000	0	0	0	0	0
Reduction in ICT contracts	8,000	8,000	0	0	0	0
Implement e-billing in council tax	1,200	1,200	1,200	1,200	1,200	1,200
TOTAL SAVINGS AND INCOME GENERATION	530,200	344,200	357,200	1,200	1,200	1,200

Modelling assumptions: Assumes Council Tax is increased by £5 annually	BASE (Amended Budget 2020- 21)	Yr1	Yr2	Yr 3	Yr4	Yr5
	2020/21 £	2021/22 £	2022/23	2023/24 £	2024/25 £	2025/26 £
Modelling for the financial years 2020/21 onwards						
Base budget brought forward	7,078,595	7,211,895	7,242,982	7,054,490	6,976,561	6,976,561
Budget pressures (as per Appendix A)	663,500	479,000	285,000	360,000	310,000	310,000
Predicted one-off shortfall from the 2020-21 Amended Budget in 2020-21	501,000					
Savings already identified (as per Appendix A)	(530,200)	(344,200)	(357,200)	(1,200)	(1,200)	(1,200)
Projected Net Expenditure:	7,712,895	7,346,695	7,170,782	7,413,290	7,285,361	7,285,361
Funded By:-						
Council Tax income - Modelling a £5 increase in council tax each year (Taxbase 20/21 = 20,271.71 Band D Equivalent properties) - assumes a 1% reduction in council tax collection rates	4,796,895	4,832,117	4,936,990	5,042,061	5,147,331	5,152,411
Collection Fund Surplus / (Deficit)	67,000	(26,000)	(26,000)	(26,000)	0	0
Localised Business Rates (baseline funding level)	1,648,000	1,780,000	1,736,000	1,747,000	1,783,000	1,813,000
Business Rates Tariff/Top Up Adjustment amount (Negative Revenue Support Grant change to baseline need)	0	0	(136,000)	(182,000)	(227,000)	(293,000)
Business Rates Pooling Gain	95,000	40,000	0	0	0	0
Funding from Rural Services Delivery Grant	464,365	464,365	474,000	483,000	493,000	503,000
Funding from New Homes Bonus	377,135	195,000	157,000	0	0	0
Less: Contribution to Earmarked Reserves	(87,500)	(42,500)	(87,500)	(87,500)	(87,500)	(87,500)
Less: Contribution from Unearmarked Reserves (2019-20 Statement of Accounts underspend used to fund the 2020-21 Amended Budget)	133,000					
Use of 3rd tranche of Government COVID funding and New burdens Government grant for the administration of the Business Rates Grants	219,000					
Total Projected Funding Sources	7,712,895	7,242,982	7,054,490	6,976,561	7,108,831	7,087,911
Budget gap/(surplus) per year (Projected Expenditure line 4 - Projected Funding line 13)	0	103,713	116,291	436,729	176,530	197,450
Actual Predicted Cumulative Budget Gap	0	103,713	220,005	656,734	833,264	1,030,714
Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)	0	103,713	323,718	980,452	1,813,716	2,844,430
Modelling Assumptions: (Assumes an increase in Band D Equivalent properties of 20 per annum - This is low due to the anticipated impact of higher levels of Council Tax Support envisaged)						
Council Tax (Band D) (an increase of £5 per annum has been modelled)	236.63	241.63	246.63	251.63	256.63	256.63
Council TaxBase	20,271.71	20,200.00	20,220.00	20,240.00	20,260.00	20,280.00

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RESERVES - PROJECTED BALANCES						APPENDIX C
	Cost Centre	Opening Balance 01.04.2020 £000's	Additions to Reserve 2020/21 £000's	Predicted Spend 2020/21 £000's	Projected Balance 31.03.2021 £000's	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
2016/17 Budget Surplus Contingency	W0848	196	0	(180)	16	This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve. Commitments mainly relate to the Capital Programme £50k, Future IT Procurement £18k, Community Housing Staffing £12k and Fusion Leisure Support £92K
Broadband Community Support (subject to Council approval)	New code		100	(100)	0	As per the report to the Hub Committee on 1st December 2020, it is recommended to Council to approve the creation of a Broadband Community Support Earmarked Reserve of £100,000, to be financed by transferring £50,000 from the existing Business Rates Retention Earmarked Reserve and £50,000 from the Business Rates Discretionary fund (Additional Restrictions Grants, ARG Scheme).
Business Rates Retention Scheme	W0824	904	0	(350)	554	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income e.g. due to appeals. Commitments relate to Fusion Leisure Support £200k and Town Centre Support Initiative £70k. There are further proposals to the Hub Committee (and Council subsequently) to also spend £50,000 on the creation of a Broadband Community Earmarked Reserve and £30,000 on Audio Visual Equipment for the Guildhall, Tavistock (Recommendation 4 of the Budget Monitoring Hub Committee report of 8th December 2020).
Cannons Meadow, Tavistock	W0900	8	0	(3)	5	This reserve contains a commuted sum to be written down to revenue annually over 10 years
Car Parking Maintenance	W0833	464	0	(231)	233	The commitments include Brook Street Car Park, Council Owned Asset Investment & Development £20k (minute ref HC4) and Grounds Maintenance £30k (Hub 10/9/19)
COVID Earmarked Reserve (subject to Council approval)	New code	0	220	0	220	It is recommended that the COVID-19 LA Support Grant (4th tranche of £151K and the bank reconciliation adjustment of £69K) is put into a COVID Earmarked Reserve as per Recommendation 3.
Economic Grant Initiatives	W0914	22	0	(21)	1	Reopening High Street Grants - COVID 19 £17.5k, Pop Up Business School £3.7k
Elections	W0903	0	20	0	20	Reserve utilised in full in 2019/20 to fund the cost of District Council Elections held in May 19
Environmental Health Initiatives	W0857	20	0	(2)	18	Contribution towards the cost of an Environmental Health Specialist Student Placement
Financial Stability	W0859	454	0	0	454	This reserve was created in 2018/19 from the Business Rates Pilot funding. This funding was set aside to assist to smooth out future years' funding variations or reductions, in particular any changes from the Fair Funding Review (this has been delayed and it has been confirmed this will not happen in 2021-22).
Flood Works	W0915	16	0	0	16	
Grounds Maintenance	W0901	18	0	0	18	
Homelessness Prevention	W0924	115	0	0	115	This reserve has been created following underspends on Homelessness Prevention Costs in previous years
ICT Development	W0836	66	25	(91)	0	Major commitments are the New IT Procurement, Hub Cttee Jan 20 Min Ref HC73 (£65k) and CIVICA Financials archiving module (£19k). £25K a year is contributed to this reserve.
Innovation Fund (Invest to Earn)	W0850	432	0	(217)	215	Commitments totalling £247k mainly relate to the upgrading of Hayedown Depot. This reserve originated from New Homes Bonus funding.
Invest to Save	W0902	12	0	(8)	4	
Joint Local Plan	W0860	20	0	0	20	This is a new Reserve for Joint Local Plan funding, there are commitments to fund staffing costs.
Leisure Services	W0855	204	0	(204)	0	Capital Programme Funding, Fusion leisure monthly support due to temporary closure of leisure facilities during COVID-19 pandemic £46k (April - June 20) and a further £97k for period July - Sept. Playing pitch strategy £7k
Maintenance Fund (Estates)	W0927	170	0	0	170	
Management, Maintenance & Risk Management	W0861	190	119	(2)	307	This is a relatively new reserve set up to manage the ongoing maintenance costs of the Council's Commercial Property Portfolio. The contributions to the reserve equate to 10% of the rental income.
Neighbourhood Planning Grants	W0897	16	0	0	16	
New Homes Bonus (NHB)	W0804	401	348	(485)	264	The NHB is used to support the funding of the revenue budget and the Capital Programme. The commitment includes £297,135 to fund the 2020/21 revenue budget and £130,000 to fund the capital programme
Outdoor Sports & Recreation Grants	W0852	18	0	(6)	12	Cycling design work, Tavistock to Plymouth
Planning Policy and Major Developments	W0840	122	25	0	147	This reserve is for all planning matters and is also to meet appeal costs. £25K a year is contributed to this reserve.
Revenue Grants	W0821	508	0	(35)	473	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. The annual contribution of £32,500 from this reserve relates to the funding of three housing posts which were made permanent in the 2020/21 budget process and are funded from the Flexible Homelessness Support Grant.
Support Services Trading Opportunities	W0856	8	0	0	8	
Strategic Change (T18)	W0925	67	0	(60)	7	The commitments are £50,000 for the capital requirement of the Public Toilets pay on entry review (HC.19) and £10,000 for Kilworthy Park marketing.
Vehicle Replacement	W0931	396	50	(446)	0	This is a new reserve set up to fund the Council's vehicle replacement programme (Council 4 Dec 2018). £50K a year is contributed to this reserve.
Waste & Cleansing Options Review	W0853	104	0	(14)	90	The commitment relates to three weekly collection trial costs (Hub 4 June 2019)
Other Reserves below £15,000 (combined)		33	0	0	33	
TOTAL EARMARKED RESERVES		4,984	907	(2,455)	3,436	
TOTAL UNEARMARKED RESERVES	W0950	1,086	90		1,176	Note: This Unearmarked Reserve has a minimum balance of £900,000 (set by Members as part of the Medium Term Financial Strategy). The projected underspend for 2020-21 of £90,000 (as set out in Budget Monitoring report for Month 7) would be added to this Unearmarked Reserve.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		6,070	997	(2,455)	4,612	

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