

# South Hams Executive



<b>Title:</b>	<b>Agenda</b>
<b>Date:</b>	<b>Thursday, 30th July, 2020</b>
<b>Time:</b>	<b>10.00 am</b>
<b>Venue:</b>	<b>via Skype</b>
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Pearce <b>Vice Chairman</b> Cllr Bastone</p> <p><i>Members:</i> Cllr Hopwood Cllr Hawkins Cllr Baldry Cllr May</p>
<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
<b>Committee administrator:</b>	Democratic.Services@swdevon.gov.uk

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|--|----------------|
| <b>1. Minutes</b>  | <b>1 - 6</b>   |
| to approve as a correct record the minutes of the meeting of the Executive held on 18 June 2020;   |                |
| <b>2. Urgent Business</b>  |                |
| brought forward at the discretion of the Chairman;   |                |
| <b>3. Division of Agenda</b>   |                |
| to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;  |                |
| <b>4. Declarations of Interest</b>   |                |
| Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting; |                |
| <b>5. Public Question Time</b>   | <b>7 - 8</b>   |
| a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;  |                |
| <b>6. Executive Forward Plan</b>   | <b>9 - 12</b>  |
| <b>7. Month 3 Revenue Budget Monitoring 2020/2021 (to the end of June 2020)</b>  | <b>13 - 38</b> |
| <b>8. Write Off Report</b>   | <b>39 - 46</b> |
| <b>9. Changes to Pest Control Service</b>  | <b>47 - 52</b> |

**MINTUES OF A MEETING OF  
THE EXECUTIVE  
HELD VIA SKYPE ON THURSDAY 18 JUNE 2020**

<b>Members in attendance by skype:</b>			
<b>* Denotes attendance</b>			
<b>∅ Denotes apologies for absence</b>			
*	Cllr K J Baldry	*	Cllr N A Hopwood
*	Cllr H D Bastone (Vice Chairman)	∅	Cllr D W May
*	Cllr J D Hawkins	*	Cllr J A Pearce (Chairman)

<b>Also in attendance</b>
Cllrs Abbott, Austen, Birch, Brazil, Brown, Hodgson, Holway, Long, O'Callaghan, Pannell, Pennington, Reeve, Rose, Rowe, Smerdon, Spencer, Sweett, and Taylor.

<b>Officers in attendance and participating</b>		
All items		Chief Executive; Deputy Chief Executive; Director of Governance and Assurance; Director of Place and Enterprise; S151 Officer; Monitoring Officer; Democratic Services Manager; Specialist Democratic Services
Item 9	E.90/19	Business Manager (Case Management)

**E.82/19      INTRODUCTORY COMMENTS**

The protocol for the meeting was outlined, in light of this being the first formal Executive meeting since the adoption of the Remote Meeting Procedure Rules.

**E.83/19      MINUTES**

The minutes of the Executive meeting held on 6 February 2020 were confirmed as a true and correct record.

**E.84/19      DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting but none were made.

**E.85/19      PUBLIC QUESTION TIME**

It was noted that the following public question had been received in accordance with the Executive Procedure Rules, for consideration at this meeting. The response is shown in italics.

Cllr Pearce responded to the following question:

Question from Rhiannon Augenthaler:

“The council might be aware that one of the most venerated barristers of our time, Michael Mansfield, is currently taking legal action against the rollout of 5G and that DC is currently taking 5G to Scrutiny. I request that South Hams District council takes proactive steps to prevent 5G capable infrastructure from being rolled out anywhere in South Hams and that all planning applications for any 5G infrastructure (eg 5Gmasts) are objected or at least put on hold until DCC has made their recommendation after their full Scrutiny process?”

Response:

*“South Hams District Council’s (SHDC) involvement in 5G is limited to its development management planning function. We have a duty to determine applications submitted to us and there is clear government guidance in the NPPF (paras 112 to 116) which states that LPAs should not impose a blanket ban on new electronic communications in certain areas or over a wide area.*

*“In relation to 5G, the NPPF is explicit in its support as part of a network of high quality communication infrastructure.*

*“A large number of telecommunications works are permitted development. Subject to certain stipulations concerning the maximum height of masts, number of antennae, or dishes, the Council has no powers. Land such as conservation areas, AONBs or World Heritage sites are excluded from these PD rights. Some proposals require an application to be made for prior approval but this is limited to the siting and the appearance of the apparatus.*

*“In all cases, telecommunications operators are encouraged to site share and must comply with statutory conditions and restrictions and mobile network operators have a code of best practice. Telecommunications operators must abide by the following documents:-*

- 1. Code of Best Practice on Mobile Network development in England 2016: Edition Published: 24.11.2016*
- 2. Cabinet Siting and Pole Siting Code of Practice Issue 2 November 2016*

*“The first of these documents states-*

*“Consistent with the advice set out in paragraph 46 of the NPPF, local planning authorities should not seek to determine health and safety matters that are subject to separate controls. Providing applications are accompanied with an International Commission on Non-Ionizing Radiation Protection (ICNIRP) certificate, planning authorities are not required to make any further judgement on health and safety issues.”*

In line with the process followed at previous formal remote meetings, the Leader confirmed that a copy of the response would be sent to Ms

Augenthaler and she would be invited to submit a supplementary question based upon the contents of this response. .

**E.86/19 EXECUTIVE FORWARD PLAN**

Members were presented with the Executive Forward Plan setting out items on the agenda for Executive meetings for the next four months and noted its content without any comment.

**E.87/19 CORONAVIRUS RESPONSE AND DRAFT RECOVERY AND RENEWAL PLAN**

Members were presented with a report outlining the plan for the Council's response and recovery to the Coronavirus pandemic. This report had been considered at the Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee held on 4 June 2020. The report had been updated in Section 11 to take into account the latest financial position since the Joint Meeting.

The Leader introduced the report and outlined the addition of a further work stream, Place and Environment, reflecting the importance of a green recovery. Assuming that Members were minded to approve the additional recommendation at part 5, the Leader advised that work stream meetings would then be held during weeks commencing 6<sup>th</sup> and 13<sup>th</sup> July 2020. There were no questions.

It was then **RESOLVED** that the Executive:

1. Note and endorse the Council's response to the Coronavirus (COVID-19) Pandemic to date and thank and congratulate the Town and Parish Councils and other Community Groups for their response and actions to the COVID-19 Pandemic;
2. Request that Officers develop a Recovery and Renewal Plan in-line with the Framework and Objectives that are outlined in Appendices A2, A3 and A4;
3. Take into account the conclusions of the Joint meeting on the priority areas for the Strategic Framework for Recovery and Renewal (as summarised at Appendix B);
4. Request that an update on progress against development of the Plan be presented back to a Joint meeting of the Overview and Scrutiny Panel / Development Management Committee to be held on 3 September 2020; and

That, in light of the discussions at the Joint Meeting:

5. A series of Recovery and Renewal Theme-Based Member Workshops (as set out at paragraph 3.4 below) be convened in advance of the Joint Meeting that is to be held on 3 September 2020.

## E.88/19 MONTH ONE AND TWO REVENUE BUDGET MONITORING 2020/21

Members were presented with a report enabling them to monitor income and expenditure variations against the approved budget for 2020/21, and provided a forecast for the year end position.

The Deputy Leader introduced the report. During the debate the S151 Officer clarified that precept payments were statutory and paid in accordance with the Local Government Finance Act. Any changes for precept payments to major precepting authorities (DCC, the Police and the Fire Authority) to be on a proportional basis (reflecting the actual council tax collection rates in 2020/21) would require a change to primary legislation. Following clarification on the figures for investment income, homelessness reimbursement (as opposed to income), and waste, the S151 Officer confirmed this report would now be presented to the Executive on a monthly basis.

It was then **RESOLVED** that the Executive:

- i) Note the significant forecast income and expenditure variations for the 2020/21 financial year and the overall projected overspend of £2.588m (27.5% of the total Budget £9.411 million).
- ii) Note the loss of income streams already experienced by the Council in April 2020 and May 2020 of £0.979 million in total as shown in Section 6 of the report.
- iii) Present an Amended Budget for 2020/21 to the September cycle of Committee meetings, setting out recommendations as to how the projected losses could be financed and what action could be taken. This is in order to achieve a balanced budget for 2020/21, in light of the Covid 19 pandemic.
- iv) Undertake a comprehensive review of all Earmarked Reserves

## E.89/19 IVYBRIDGE REGENERATION PROJECT

Members were presented with a report setting out the current position on the regeneration project at Leonards Road, Ivybridge. The report outlined recommendations to take this project forward.

The Deputy Leader introduced the report and referenced the statement which had been received from the PL-21 group. PL-21 were thanked for their continued engagement with the project and, should the Council approve the scheme in full in September, their input into the design phase of the project would be welcomed.

The Lead Officer confirmed that the Community Safety, Crime and Disorder section of the Impact Table should read "There are **no**

implications for crime and disorder reduction”.

During the discussion the Lead Officer clarified that use of Automated Number Plate Registration (ANPR) was being investigated; Ivybridge Town Council had been involved in the project and their involvement would be continually sought; the Council would seek to put solar panels on top of Aldi, and detailed aspects of the project would come later at the design phase should this project be approved by Council.

Following a request from a Member, it was agreed that, such was the significance of the project, that a fifth recommendation should be added whereby the Risk Management elements of the report should be considered by the Audit Committee prior to the Council meeting in September.

It was then **RESOLVED** that the Executive:

- 1) Notes the results of the public consultation on the proposals outlined in this report (69% were in favour and supported the development as detailed in Appendix C)
- 2) Notes the business case contained in Appendix A

And that the Executive **RECOMMENDED** to Council:

- 3) to spend a further £65,000 from the Economic Regeneration Earmarked Reserve, on commissioning further work to provide advice in order to move the project forward in the following areas:
  - a. Planning
  - b. Ecology
  - c. Automated Number Plate Recognition (ANPR) & car park lease structure to facilitate a pay on exit solution
  - d. Agreement to lease documents
  - e. Treasury management advice
- 4) Request that officers bring a subsequent report back to the Executive and Council in September with a recommendation for the project to move to the planning and tender stage, on the satisfactory conclusion of the work commissioned in Recommendation 3.
- 5) **RECOMMEND** that the Audit Committee Work Plan be updated to ensure that the Risk Management elements of the Ivybridge Regeneration project be considered at a future meeting.

E.90/19

## **GROUNDS MAINTENANCE REVIEW**

Members were presented with the report informing them of the outcome of an external review of the Grounds Maintenance Service.

The Lead Member outlined the points to the report's recommendation.

The Leader congratulated the Lead Member and officers on a very good report, while another Member noted that his experience of SHDC's Ground Maintenance Service, through his work with his Town Council, as being a much improved service and he was therefore fully supportive of this recommendation.

It was then **RESOLVED** that the Executive:

- i) Approves the implementation of the recommendations arising from the Grounds Maintenance Review as set out in paragraph 3.4 below.

And that the Executive **RECOMMENDED** to Council that:

- ii) The operating cost of the service will be reduced by 5% (£23,400)
- iii) Any in-year surplus after the saving is transferred into a Grounds Maintenance earmarked reserve at the end of each financial year to reinvest back into the service.

(Meeting commenced at 10:00 am and concluded at 11:26 am)



## **PUBLIC QUESTIONS AT EXECUTIVE MEETINGS**

The Council has agreed that 15 minutes should be set aside at the beginning its monthly Executive meetings to allow members of the public to ask questions.

Any member of the public who wants to raise a question at a meeting should:-

- (a) submit the question in writing to Democratic Services ([Democratic.Services@swdevon.gov.uk](mailto:Democratic.Services@swdevon.gov.uk)) by 5.00 pm on the Monday prior to the Executive meeting. This will allow a detailed answer to the question to be given at the meeting. If advance notice of the question cannot be given, the Chairman of the meeting has the discretion to allow questions on matters which are felt to be urgent;
- (b) ensure that normally questions are no longer than 50 words in length;
- (c) ensure that the question does not relate to a specific planning matter (this is specifically excluded from the public question time);
- (d) ensure that the question relates to something over which the Council has some control and is suitable to be considered, ie, that it is not derogatory to the Council; or relates to matters which the Council could consider confidential; or is substantially the same as a question which has previously been put in the past six months.

For any further advice on questions for Executive meetings, please contact Democratic Services ([Democratic.Services@swdevon.gov.uk](mailto:Democratic.Services@swdevon.gov.uk))

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## **SOUTH HAMS DISTRICT COUNCIL: EXECUTIVE LEADER'S FORWARD PLAN**

This is the Leader of Council's provisional forward plan for the four months starting July 2020. It provides an indicative date for matters to be considered by the Executive. Where possible, the Executive will keep to the dates shown in the plan. However, it may be necessary for some items to be rescheduled and other items added.

The forward plan is published to publicise consultation dates and enable dialogue between the Executive and all councillors, the public, and other stakeholders. It will also assist the Council's Overview and Scrutiny Panel in planning their contribution to policy development and holding the Executive to account.

Local authorities are required to publish updated forward plans on a regular basis. The Plan is published in hard copy and on the Council's website ([www.southhams.gov.uk](http://www.southhams.gov.uk))

*The Executive consists of six Councillors. Each has responsibility for a particular area of the Council's work.*

*Leader of the Council – Cllr Judy Pearce*

*Deputy Leader – Cllr Hilary Bastone*

*Lead Executive Member for Health and Wellbeing – Cllr Jonathan Hawkins*

*Lead Executive Member for Communities and Enterprise – Cllr David May*

*Lead Executive Member for Environment – Cllr Keith Baldry*

*Lead Executive Member for Customer Service Delivery – Cllr Nicky Hopwood*

Further information on the workings of the Executive, including latest information on agenda items, can be obtained by contacting Democratic Services on 01803 861105 or by e-mail to [democratic.services@swdevon.gov.uk](mailto:democratic.services@swdevon.gov.uk)

**All items listed in this Forward Plan will be discussed in public at the relevant meeting, unless otherwise indicated with \***

**KEY DECISIONS TO BE TAKEN BY THE EXECUTIVE**

<b>Portfolio Area</b>	<b>Report Title and Summary</b>	<b>Lead Member / Officer</b>	<b>Documents to be considered in making decision</b>	<b>Date of Decision</b>	<b>Consultees and means of Consultation</b>
<b>NON KEY DECISIONS TO BE TAKEN BY THE EXECUTIVE</b>					
Enterprise	<p><b>Title: Revenue Budget Monitoring for April, May and June 2020</b></p> <p><b>Purpose:</b> A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2020/21 for April, May and June 2020.</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	30 July 2020	
Homeless	<p><b>Title: Homeless Strategy Year 4 Action Plan</b></p> <p><b>Purpose:</b> To provide to Members an update on the Homeless Strategy Action Plan</p>	Cllr Bastone / Isabel Blake	Report of Head of Housing, Revenues, and Benefits Practice	30 July 2020	To initially be considered by the Overview and Scrutiny Panel at its meeting on 16 July 2020
Council	<p><b>Title: Write Off Report for Quarter 4 2019/2020</b></p> <p><b>Purpose of report:</b> The Council is responsible for the collection of: Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates. The report informs members of the debt written off for these revenue streams.</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	30 July 2020	
Environment	<p><b>Title: FCC Contract Review</b></p> <p><b>Purpose:</b> To provide Members with a review of the FCC contract performance</p>	Cllr Baldry / Jane Savage	Report of Head of Commissioning and Contracts	17 September 2020	

Council	<b>Title: Devon Districts Procurement Strategy</b> <b>Purpose of Report:</b> To seek adoption of Devon procurement strategy	Cllr Pearce / Rosie Wilson	Report of Corporate Procurement Officer	17 September 2020	West Devon, Teignbridge, Torridge, Exeter, Mid, and North Devon Councils
Council	<b>Title: Recovery Plan to the Covid-19 Crisis</b> <b>Purpose:</b> to consider the recommendations of the Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee on the draft Recovery Plan	Cllr Pearce / Drew Powell	Report of the Director of Governance and Assurance	17 Sept 2020	To be considered at the joint Overview and Scrutiny Panel / Development Management Committee meeting on 3 Sept 2020
Council	<b>Title: Amended Draft Budget 2020/21</b> <b>Purpose:</b> To consider a report that presents an amended budget for 2020/21 in light of the impact of Covid-19	Cllr Pearce / Lisa Buckle	Report of the Section 151 Officer	17 Sept	To be considered at the joint Overview and Scrutiny Panel / Development Management Committee meeting on 3 Sept 2020
Enterprise	<b>Title: Commercial Investments Update</b> <b>Purpose:</b> to update the Council on any commercial investment opportunities	Cllr Bastone / Chris Brook	Report of Director of Place and Enterprise	17 September 2020	
Enterprise	<b>Title: Revenue Budget Monitoring up to August 2020</b> <b>Purpose:</b> A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2020/21 up to August 2020.	Cllr Bastone / Lisa Buckle	Report of S151 Officer	17 Sept 2020	
Executive	<b>Title: Consent to grant a Long Lease at Totnes Pavillion</b> <b>Purpose:</b> To allow SHDC to grant Tadpool a long lease of the Totnes Pavillion to assist in securing investment into the site to improve the facility	Cllr Bastone / Chris Brook	Report of Director of Place and Enterprise	17 Sept 2020	
Strategic Planning / Environment	<b>Title: Coastal Concordat</b>	Cllr Pearce / Rob Sekula	Report of Head of Place Making Practice	17 September 2020	

	<b>Purpose of report:</b> To outline to Members the protocol for formal processes where these are shared across administrative boundaries / responsibilities				
Council	<b>Title: Medium Term Financial Strategy for the five years 2021/22 to 2025/26</b> <b>Purpose of the report:</b> To set the strategic intention for all of the different strands of funding available to the Council. This brings together all known factors affecting the Council's financial position and its financial sustainability, to provide a long term financial forecast.	Cllr Pearce / Lisa Buckle	Report of S151 Officer	22 October 2020	
Council	<b>Title: Capital Budget Monitoring Quarter 1 and Quarter 2</b> <b>Purpose of report:</b> The report advises Members of the progress on individual schemes within the approved capital programme for 2020/21, including an assessment of their financial position	Cllr Bastone / Lisa Buckle	Report of S151 Officer	22 October 2020	
Strategy	<b>Title: Housing Strategy</b> <b>Purpose of report:</b> To recommend to Members the adoption of a revised Housing Strategy	Cllr Pearce / Chris Brook	Report of Director of Place and Enterprise	22 October 2020	
Environment	<b>Title: New waste Service update</b> <b>Purpose of report:</b> To provide an update to Members on progress on the new waste service	Cllr Baldry / Jane Savage	Report of Head of Commissioning and Contracts	22 October 2020	

Report to: **Executive**

Date: **30<sup>th</sup> July 2020**

Title: **Month 3 Revenue Budget Monitoring  
2020/2021 (to the end of June 2020)**

Portfolio Area: **Support Services – Cllr H Bastone**

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)**

Contact: [pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk)  
[lisa.buckle@swdevon.gov.uk](mailto:lisa.buckle@swdevon.gov.uk)

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## **Recommendations:**

**That the Executive resolves to:-**

- i) Note the significant forecast income and expenditure variations for the 2020/21 financial year and the overall projected shortfall of £1.313 million (14.0% of the total Budget £9.411 million); and**
- ii) Note the loss of income streams already experienced by the Council in April, May and June 2020 of £1.247 million in total as shown in Section 6 of the report.**

## **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. It is important to stress that the Council is not in financial difficulty and a plan will be drawn up as to how the Council meets these challenges.
  - 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 £40 million (£9.411 million net). ***There is projected to be an overall shortfall of £1.313 million when compared against the total net revenue budget set for 2020/21, due mainly to the impact of the Covid 19 pandemic.*** This position is after taking into account the £0.9 million Government grant already received for Covid-19 and the estimated £1.455 million Government funding that the Council is anticipating towards income losses on sales, fees and charges (the Government 'income guarantee scheme'). More detail on this Government funding is in section 2.6 to 2.12.
  - 1.5 The figures in 1.4 excludes any reimbursement of lost income for Salcombe Harbour, as this is a ring fenced account so any financial impact on the Harbour has been excluded from this report.
  - 1.6 This forecast position is based on a range of assumptions which have been made as to how much the income streams of the Council could be affected by Covid19. Projections could improve and it is difficult to predict as we don't know how quickly things will bounce back. We will be monitoring our finances on a monthly basis and as actual figures emerge, we will refine these figures and our assumptions. The Council has also not yet had the detail of the Government's 'income guarantee scheme' and therefore this report is based on the Council's best estimate of how the scheme might work. This will need revising once the details of the scheme have been published.
  - 1.7 The month 2 budget monitoring report to the Executive on 18<sup>th</sup> June 2020 predicted a projected shortfall of £2.588 million. This improved position for the month 3 budget monitoring report is a reduction of £1.275 million and is predominantly due to the Government announcement on the 2 July 2020 regarding a comprehensive package of financial support for Councils as detailed in paragraph 1.4. This is a result of successful lobbying of Government as set out in section 2.



- 1.8 The significant extent of these predicted losses present imminent funding challenges for the Council. With income falling, unemployment expected to rise and a lack of certainty around funding, there are going to be difficult decisions to be made.
- 1.9 An amended budget for 2020/21 will be presented to the September cycle of Committee and Council meetings.
- 1.10 The Council's Accounts for 2019/20 will be published with the Audit Committee Agenda for the 30<sup>th</sup> July 2020. The Accounts show that the Council has underspent against its 2019/20 budget of £8.83 million by £112,000 (1.3%). This underspend of £112,000 will go into the Council's unearmarked reserves which now stand at £2.01 million. One of the options that Members could consider as to how to meet the budget shortfall in 2020/21 would be to use the 2019/20 underspend of £112,000 towards the projected budget shortfall.

## **2. Background**

### **2.1 Regional and national context**

- 2.2 The budget monitoring position for April and May was reported to the Executive on 18<sup>th</sup> June 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 Since the previous budget monitoring report, a further lobbying letter from South West Councils has been sent to the Rt Hon Robert Jenrick MP (Secretary of State for Housing, Communities and Local Government). Attached in Appendix C is a copy of the joint lobbying letter. This letter set out that the latest Government returns to MHCLG showed a financial challenge to South West Councils of over £1 billion across the region.
- 2.4 The Council will continue to lobby the Government so that we receive the appropriate level of funding to be able to plan confidently for the future. Each month, Councils complete a national return that informs the Government of how much COVID-19 is affecting the finances of Councils. The point has been made that these income losses have had a much bigger impact (in proportion to Net Budgets) on District Councils, than they have on County Councils and Unitaries.
- 2.5 The Society of District Council Treasurers (SDCT) has engaged Local Government Futures (who are specialists in the field of Local Government Finance), to put together evidence to show the losses experienced by District Councils. This will then be used for the purpose of lobbying the Government for further funding for District Councils. In a letter from the Chairman of the District

Councils' Network to the Chancellor, the financial needs of District Councils were set out, as well as stating that no part of the public sector is better placed than District Councils to catalyse and lead the recovery and that we will rise to the challenge.

**2.6 On 2<sup>nd</sup> 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

2.7 We are very pleased that our lobbying has been successful but there is still further work to do on this.

2.8 The main element of the announcement is that 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 is only the income losses from sales, fees and charges so it isn't clear yet which categories of income this will include.

2.9 It was specifically mentioned by the Minister at the Local Government Association conference that it will include losses in car parking income. So the Council will be compensated for these. It is expected that the Council will have to declare its losses and there will probably be some auditing of the figures involved – so it is expected that any funding will be retrospective once the 'actual losses' are known and quantified. The Government has promised that further details about these new allocations of the funding will be made in due course, including the principles which the Government intend to cover losses on, which will be shared with Councils ahead of the first process of collecting, calculating and compensating for relevant losses. For the new income loss scheme, the 5% deductible sum is to take account of volatility in income streams and to encourage Councils to minimise losses where they can.

2.10 The Government has said that they will further compensate Councils for their extra COVID expenditure, through a £500 million allocation nationally. It is not yet known how this will be allocated and details are awaited. The Council's main item of additional expenditure relates to the support for three months for the Leisure contract and the costs for the Devon Aligned Service.

- 2.11 In the next Spending Review the Government will also determine what support Councils will need, to help them meet the pressures of income losses from council tax and business rates. The Government has said that they are bringing in changes to allow Councils to spread their Collection Fund losses (for losses in Council Tax and Business Rates income) over the next three years instead of over the next one year. So this will 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. The Government will also agree an apportionment of irrecoverable council tax and business rate losses, between central and local Government for 2020 to 2021. More details are needed on this to be able to understand the detail of how Councils will be supported by this.
- 2.12 The Government announcement is below:  
<https://www.gov.uk/government/news/comprehensive-new-funding-package-for-councils-to-help-address-coronavirus-pressures-and-cover-lost-income-during-the-pandemic>

## **2.2 How we plan to respond as a Council**

- 2.21 In this report, assumptions have been made as to how much the income streams of the Council could be affected by Covid19. Projections could improve and it is difficult to predict as we don't know how quickly things will bounce back. We will be monitoring our finances on a monthly basis and as actual figures emerge, we will refine these figures and our assumptions.
- 2.22 The Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan (a separate item considered at the Executive meeting on 18<sup>th</sup> June) sets out the strategic objectives, part of which is the recovery and sustainability of the Council's financial position (Section 11). The financial sustainability Theme sets out a list of proposed areas for development.
- 2.23 The lockdown due to Covid19 has been eased and the financial assumptions around the Council's income streams have been revised. For example, the Council's car parks have re-opened and therefore the estimates in this report reflect this updated position.
- 2.24 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.
- 2.25 Future service delivery discussions are currently taking place with each Head of Practice area to discuss what services might look like under 'the new normal'. A thorough review of all expenditure will be needed, which takes into account a review of statutory expenditure

against non-statutory (discretionary) expenditure and also the corporate priorities.

- 2.26 This will include a review of the Council's Capital Programme and all capital projects. The Council's Medium Term Financial Strategy will also be revised in October.
- 2.27 The Council is undertaking a Comprehensive Review of all Earmarked Reserves, which total £10.294 million as shown in Appendix A. Budgeted contributions to and from Earmarked Reserves as part of the 2020/21 Budget are also being assessed. Unearmarked Reserves stand at £2.01 million following the closure of the 2019/20 Accounts (see Section 9). The Council is well placed in terms of its Reserves, which could be used if absolutely necessary. Reserve levels will be kept under constant review.
- 2.28 Time needs to be taken over the next few months and weeks to put together proposals for Members to consider for an Amended Budget for 2020/21. A Member Budget Workshop in August will be arranged, to explore all areas with Members, supplemented by Informal Council briefings. If there are areas that Members would like the Financial Stability Theme of the Recovery and Renewal Plan to cover, please let the Member lead (Cllr Pearce) or the Officer lead (Mrs Buckle) know. This is an evolving plan, to ensure and safeguard the delivery of services.
- 2.29 Options will be presented to Members for a revised Budget for 2020/21 during August and September 2020. This is in order to achieve a balanced budget for 2020/21, in light of the Covid 19 pandemic.
- 2.30 It should be noted that the financial landscape for Councils is ever-changing and there is still a great deal of uncertainty that Councils are working with in planning their finances for the longer term. The large areas of unknowns are around New Homes Bonus funding, Negative Revenue Support Grant (the Council no longer receives any core Government grant) and future allocations of Rural Services Delivery Grant. We are making the point to the Government that we must know what is happening to these key areas by this September, so that we can plan confidently for our finances for the future.

### **2.3 Financial Monitoring arrangements**

- 2.31 The Council's financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Executive as part of the Council's arrangements for budget management. Revenue budget monitoring reports are normally brought to the Executive 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 Executive on a monthly basis going forward, with monthly budget monitoring reports.

### 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		Note	
		%	£000		£000
	£000		£000	£000	
<b>APPROVED BUDGET</b>				<b>9,411</b>	
<b>Reductions in expenditure/additional income</b>					
<b>Customer Service &amp; Delivery</b>					
COVID-19 Government grant support (the Council's share of £1.6bn allocation)	-	-	(900)		A
Savings on staff and Member travel and expenses	98	51%	(50)		B
Savings on trade waste disposal costs	390	21%	(80)		C
<b>Sub total of variations</b>				<b>(1,030)</b>	
<b>Increases in expenditure/reductions in income</b>					
<b>Customer Service &amp; Delivery</b>					
COVID-19 expenditure	n/a	n/a (no budget)	171		D
Planning income	(918)	30%	275		E
Homelessness – reimbursement of expenditure	(256)	50%	128		F
Investment income	(203)	90%	183		G
Licensing income	(201)	40%	80		H
Land Charges income	(170)	30%	51		I
Council Tax Collection income	(155)	50%	78		J
Housing Benefit overpayment recoveries	(145)	100%	145		K
Pannier Markets income	(110)	30%	33		L
Pollution Control income – mainly private water sampling	(33)	40%	13		M

	<b>2020/21 Budget expenditure /(income)</b>	<b>Budget variations</b>			<b>Note</b>
<b>Place and Enterprise</b>					
Car and boat parking income - assumes actual losses in April and May and 30% drop in income levels from 1.7.2020	(3,160)	41%	1,286		N
Employment Estates income	(877)	25%	219		O
Dartmouth Lower Ferry income	(818)	30%	245		P
Follaton House income	(322)	10%	32		Q
Community Parks & Open Spaces income	(129)	60%	77		R
Coast Protection income	(59)	50%	30		S
Outdoor Sports & Recreation income	(49)	40%	20		T
<b>Governance &amp; Assurance</b>					
Waste & Recycling – delay to the September 2020 go live date for Devon Aligned Service	2,778	8%	209		U
Trade Waste income	(819)	30%	246		V
Leisure – interim support to the leisure contractor	n/a	n/a (no budget)	103		W
Waste & Recycling income - mainly recycling credits	(517)	10%	52		X
<b>Other Comprehensive Income &amp; Expenditure</b>					
Business Rates Pooling gain	(225)	100%	225		Y
<b>Sub total of variations</b>				<b>3,901</b>	
<b>PROJECTED OUTTURN</b>				<b>12,282</b>	
<b>Less: Use of Earmarked reserves:</b>					
<b>Leisure:</b> Interim support to Leisure contractor (Note V) to be funded by the Land and Development Earmarked Reserve (Minute Reference CM97/19)				<b>(103)</b>	
Government grant funding anticipated from the income guarantee scheme for sales, fees and charges				<b>(1,455)</b>	Z
<b>PROJECTED SHORTFALL</b>				<b>1,313</b>	

***There is projected to be an overall shortfall of £1.313 million when compared against the total net revenue budget set for 2020/21, due mainly to the impact of the Covid 19 pandemic.***

This position is after taking into account the £0.9 million Government grant received for Covid-19 and the estimated £1.455 million Government funding that the Council is anticipating towards income losses on sales, fees and charges. This excludes Salcombe Harbour which is a ring-fenced account and therefore any financial impact on Salcombe Harbour is excluded from this report, both in terms of the income shortfall and any reimbursement from the Government 'income guarantee' scheme.

### **Notes**

- A. **COVID-19 grant support** – The Council has received £900,000 of Government grant support for the Covid19 pandemic. This will assist the Council to partly meet its projected loss of income streams but it will only be 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 £50,000 could be achieved in 2020/21. These savings are due to staff and Members working from home in accordance with Government guidance.
- C. **Savings on trade waste disposal costs** – due to the anticipated shortfall in trade waste income (see Note V) there is likely to be a consequential reduction in disposal costs of £80,000 in 2020/21.
- D. **COVID-19 expenditure** – small one-off items of direct Covid 19 expenditure such as extra housing costs, ICT and remote working and shielding costs.
- E. **Planning income** – planning income is projected to be down by 30% (£275,000) due to Covid 19, this is a slightly improved position from the May monitoring report which projected a 40% shortfall. However, this is a volatile area which can be very difficult to forecast so it will be kept under close review over the coming months.
- F. **Homelessness – reimbursement of homelessness expenditure** is currently forecast to be reduced by 50% (£128,000) due to Covid 19.
- G. **Investment income** – due to the historic low in interest rates (base rates are 0.1%), investment income is currently anticipated to be 90% down which equates to a shortfall of £183,000. Further options for fixed term deposits will continue to be explored with the Council's treasury management advisers.
- H. **Licensing income** – due to Covid-19 it is currently anticipated that licensing income could be reduced by 40% (£80,000) in 2020/21.

- I. **Land Charges income** – based on income to date a shortfall of 30% in land charges income is currently forecast for 2020/21 which equates to £51,000.
- J. **Council Tax Collection income** – summons costs recovered in respect of Council Tax and Business Rates are currently anticipated to be 50% down on the 2020/21 budget.
- K. **Housing Benefit overpayment recoveries** – it is unlikely that any of this income target (£145,000) 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. This is in line with the outturn position for 2019/20 where this income target has not been achieved. The income target needs to be reduced to Nil for 2021/22 and reflected within the Medium Term Financial Strategy.
- L. **Pannier Markets income** – assumes a 30% drop in Pannier Markets income in the year. Following the new Government guidance on the re-opening of open air markets, the decision was taken for the markets in Totnes, Kingsbridge, Ivybridge and the farmers market in Kingsbridge to reopen in early June.
- M. **Pollution Control income** – pollution control income (mainly private water sampling) is likely to be 40% down on budget due to Covid 19.
- N. **Car & boat parking income** – The prediction for the year (a £1.286 million reduction in income) includes the actual losses in car parking income for the first three months and an assumption of an on-going 30% drop in income levels from 1<sup>st</sup> July 2020 for the rest of the year. This would equate to an overall 41% reduction in the budgeted income for the year of £3.160 million. In the May budget monitoring report an assumption of 29% loss of income was made. This has been increased to 41% in this June budget monitoring report as unfortunately car parking income has not recovered in June as much as anticipated. In the first three months income has been down by £390,000 in April, £142,000 in May and £101,000 in June. This position will be closely monitored on a monthly basis.
- O. **Employment Estates income** – based on a high level review of invoices paid to date an income shortfall of 25% is currently modelled for Employment Estates. This equates to £215,000. This is a worst case scenario.
- P. **Dartmouth Lower Ferry income** – assumes a reduction in income of 30% over the financial year which equates to a loss of £245,000. In the first three months of April, May and June the ferry income has been down by £58,000, £51,000 and £46,000 respectively.



- Q. **Follaton House** income – It is anticipated that Follaton House income will be down by 10% (£32,000) due to Covid 19.
- R. **Community Parks & Open Spaces** income – due to Covid 19 a shortfall in Community Parks & Open Spaces income of 60% is currently anticipated. This equates to £77,000.
- S. **Coast Protection income** – Coast Protection income is likely to be 50% down on the 2020/21 budget due to Covid 19.
- T. **Outdoor Sports & Recreation income** – an income shortfall of 40% (£20,000) is currently anticipated for outdoor sports and recreation due to Covid 19.
- U. **Waste and Recycling – Devon Aligned Service start date** - there will be a delay to the end of September 2020 start date for the Devon Aligned Service. The new recycling service was due to be introduced this Autumn with collections starting on 28 September 2020. However, due to the Covid-19 situation, this date is no longer achievable and our officers and the waste contractor are closely monitoring the situation and striving to ensure the delay is as short as possible. The main reasons for the delay are associated with the impacts of Covid19 on the delivery dates of the recycling fleet, the delivery dates of the new containers and the construction of the Ivybridge transfer station (this has now started).

Previously, the costs incurred by the delay to the new service were reported at £325,000 as a worse-case scenario. However, continued negotiation by officers with suppliers and Devon County Council, has resulted in the more likely lower figure of £209,000 (based on a five month delay). The majority of the costs are associated with continuing to supply single-use sacks for recycling and the reprocessing of the recyclable materials in the current global market.

- V. **Trade Waste income** – it is currently modelled that trade waste income could be down by 30% in 2020/21 due to Covid 19 equating to £246,000. However, this cost is anticipated to be partly offset by a reduction in trade waste disposal costs of £80,000 (see C. above)
- W. **Leisure Centres interim support** – due to Covid 19, an interim support package has been agreed with the Council's Leisure provider (Fusion Lifestyle) at a one-off cost of £103,500 (three months for April, May and June at £34,500 per month), to be funded from the Land and Development Earmarked Reserve. Minute Reference CM97/19. There are additional impacts regarding leisure which are still to be quantified in relation to the leisure contract.
- X. **Waste & Recycling income** – assumes a 10% reduction in income due to Covid 19.

- Y. **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.
- Z. **Government Grant Funding for Income Losses** – on 2 July, the Rt Hon Robert Jenrick MP announced a comprehensive package of support for Councils. This included 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 £1.455 million for the Council (excluding Salcombe Harbour which is a ring fenced account) based on the income shortfalls to date. Detailed guidance from the Government is awaited on this.

### **Savings/Additional Income identified in the 2020/21 Budget**

- 3.2 This monitoring report includes an update on the position regarding the savings and additional income that were identified in the 2020/21 budget setting process, set out in Appendix B. This sets out that of the extra Income/savings budgeted for in 2020/21 of £904,877, an amount of £420,000 is currently projected to be achieved. Therefore there is a projected under-achievement of extra income and savings of around £0.5 million. This is reflected within the overall projected loss of £1.313 million where there is a reasonable amount of certainty over this figure. Projections which include 'TBA' will be firmed up in future monitoring reports.

### **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. Recommendation 4 of this report recommends that a comprehensive review of all Earmarked Reserves is undertaken as part of the process of putting together an Amended Budget for 2020/21. Budgeted contributions to and from Earmarked Reserves as part of the 2020/21 Budget will also be assessed. A schedule of Earmarked Reserves is attached at Appendix A, which shows Earmarked Reserves are £10.294 million currently. The Council's level of Unearmarked Reserves currently stands at £2.01 million. The Council is well placed in terms of its Reserves, which could be used is absolutely necessary.

## 5. Prudential Indicators

5.1 The prudential code indicators were approved in the Capital, Investment and Treasury Management Strategy report to Council on 30<sup>th</sup> April 2020. 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 for April and May 2020 together **(which total £1.247 million - being £628,000 in April, £351,000 in May and a further £268,000 in June)**.

The table also shows the latest 2020/21 projections for the major streams of income.

<b>Service</b>	<b>April 2020 £'000</b>	<b>May 2020 £'000</b>	<b>June 2020 £'000</b>	<b>Projected Income 2020/21 £'000</b>	<b>Income Budget 2020/21 £'000</b>	<b>Deficit/ (Surplus) £'000</b>	<b>Deficit/ (Surplus) %</b>
Car Parks*	390	142	101	1,874	3,160	1,286	41%
Planning	40	25	2	643	918	275	30%
Employment Estates*	18	20	18	658	877	219	25%
Trade Waste*	31	23	21	573	819	246	30%
Dartmouth Ferry	58	51	46	573	818	245	30%
Waste & Recycling	5	5	4	465	517	52	10%
Follaton House*	3	3	3	290	322	32	10%
Homelessness*	11	10	10	128	256	128	50%
Business Rates Pooling Gain	19	19	19	-	225	225	100%
Investment income	15	15	15	20	203	183	90%
Licensing*	12	10	7	121	201	80	40%
Land Charges	8	10	4	119	170	51	30%
Council Tax Collection	6	6	6	77	155	78	50%
Housing Benefit overpayments	12	12	12	-	145	145	100%
<b>TOTAL</b>	<b>628</b>	<b>351</b>	<b>268</b>	<b>5,541</b>	<b>8,786</b>	<b>3,245</b>	

**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 30<sup>th</sup> June 2020.

### **Salcombe Harbour**

Salcombe Harbour is a ring-fenced account and therefore any financial impact on Salcombe Harbour is excluded from this report. Separate budget monitoring updates are being presented to the Salcombe Harbour Board.

### **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.

**Business Rates:** By May 2020, SHDC collected 21.72% of the yearly total (compared to 22.59% in 2019/20) – the 0.87% drop equates to £162,800 (SHDC share £65,100). This is how much business rates income is down by in May 2020, compared against May 2019 but this could partly be due to timing differences.

**Council Tax:** In May 2020, SHDC collected 19.16% of the yearly total (compares against 19.51% in 2019/20) – the 0.35% drop equates to £273,000 (SHDC share £24,570). This is how much council tax income is down by in May 2020, compared against May 2019.

Business Rates and Council Tax form a large share of the funding for the Council's budget and therefore these income streams are funding the essential services being delivered.

Section 2.11 sets out details of the Government support for loss of Council Tax and Business Rates income.

## **7. Management Actions**

- 7.1 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.
- 7.2 The Recovery and Renewal Plan, as the Council's response to Covid19, sets out Financial Stability as a Recovery and Renewal Theme.
- 7.3 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
  - Service delivery discussions, to discuss what services might look like under the 'new normal'
  - A review of statutory versus discretionary expenditure
  - A review of the Council's Capital Programme
  - A comprehensive review of all Earmarked Reserves and contributions to Earmarked Reserves
  - To revise the Medium Term Financial Strategy 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 press Government for an early decision on factors affecting our 2021/22 Budget such as New Homes Bonus funding, Negative Revenue Support Grant and Rural Services Delivery Grant
  - To lobby for fair funding for rural Councils
  - Assess options for further investment
  - A Member Budget Workshop will be arranged for August to explore all areas with Members, supplemented by Informal Council briefings.
  - Propose options to Councillors for an Amended Budget for 2020/21 by September 2020

## **8. Options available and consideration of risk**

- 8.1 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 overspends, whilst considering the risk of any adverse impact on the customer experience.

## 9. Closure of 2019/20 Accounts

9.1 The draft Statement of Accounts will be presented to the Audit Committee on 30<sup>st</sup> July 2020. In 2019/20 an underspend of £112,000 was generated, which equates to 1.3% of the net budget of £8.83 million. This saving will go into the Council's Unearmarked Reserves which now stands at £2.01 million. One of the options that Members could consider as to how to meet the budget shortfall in 2020/21 would be to use the 2019/20 underspend of £112,000 towards the projected budget shortfall.

## 10. Proposed Way Forward

10.1 Revenue budget monitoring will continue on a regular basis and **further reports will be brought to the Executive each month 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 an overall <b>predicted shortfall of £1.313 million</b> which is 14% of the overall budget set for 2020/21 of £9.411 million, due to the current pressures on the Council's income targets due to the Covid 19 situation and extra expenditure incurred.</p> <p>The loss of income streams already experienced by the Council in April, May and June 2020 total £1.247 million, as shown in Section 6 of the report.</p>
Risk	Y	<ol style="list-style-type: none"> <li>1) <b>Budget variances</b> – continual <b>monthly</b> budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</li> <li>2) <b>Resource Planning</b> – the Executive 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).</li> </ol>

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)

Appendix B – Savings/Additional income schedule

Appendix C – Lobbying letter from South West Councils to the Rt Hon Robert Jenrick MP (Secretary of State for Housing, Communities and Local Government).

### **Background Papers:**

Executive – 18 June 2020 - Month 1 and 2 Revenue Budget Monitoring 2020/2021

Finance Community of Practice budget monitoring working papers.

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX A
	Cost Centre	Opening balance 01.04.2020 £000s	Additions to Reserve 2020/21 £000s	Predicted Spend 2020/21 £000s	Projected balance 31.03.2021 £000s	Comments
<b>EARMARKED RESERVES</b>						
<b>Specific Reserves - General Fund</b>						
Affordable Housing	S0822	(706)		668	(38)	Funding of Capital Programme commitments and set up costs of the Community Benefit Society (E.78/19)
Beach Safety	S0839	(14)			(14)	
Capital Programme	S0820	(26)	(182)	208	0	Capital Programme commitments
Community Housing Fund	S0854	(494)		300	(194)	Community Housing schemes
Community Parks and Open Spaces	S0826	(37)	(17)	17	(37)	South Devon Tennis Courts
Dartmouth Ferry Repairs & Renewals	S0830	(446)	(117)	118	(445)	Dart Lower Ferry Workshops engineering £94k, additional fleet refurbishment works £24k
District Elections	S0838	0	(10)		(10)	
Economic Initiatives	S0831	(6)		4	(2)	
Economic Regeneration (Business Rates pilot gain 2018/19)	S0858	(319)		102	(217)	This includes a commitment of £65,000 for the Ivybridge Regeneration project (Executive 18th June 2020)
Emergency Climate Change Projects Reserve	S0852	0	(400)		(400)	Set up of this reserve approved Exec 6th Feb 20 E74/19, funded by contribution from New Homes Bonus Reserve
Environmental Health Initiatives	S0857	(20)		11	(9)	EH student specialist salary costs
Homelessness Prevention	S0851	(112)			(112)	
ICT Development	S0836	(122)	(50)	103	(69)	Commitments include £83,000 towards the Future IT Procurement, Council 13/2/20 E75/19
Innovation Fund (Invest to Earn)	S0850	(9)			(9)	
Joint Local Plan	S0860	(21)			(21)	
Land and Development	S0829	(211)	(7)	213	(5)	Commitments include £103k Fusion Leisure monthly support due to temporary closure of leisure facilities during Covid 19 pandemic, £55k Follaton House Arboretum & Wedding Venue works
Leisure Services	S0858	(57)		14	(43)	
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(8)	(29)		(37)	
Marine Infrastructure	S0828	(268)	(58)	200	(126)	Commitment relates to Batson Harbour Workshops (2019/20 Capital Programme)
Members Sustainable Community Locality	S0846	(28)			(28)	
New Homes Bonus	S0804	(1,696)	(1,199)	2,246	(649)	Commitments include £564k contribution to base revenue budget, £400k to Emergency Climate Change Projects Reserve and the Capital Programme budget
On-Street Parking	S0834	(44)			(44)	
Pay & Display Equipment Renewals	S0833	(144)	(21)		(165)	
Pension Fund Strain Payments Reserve	S0810	(29)	(99)		(128)	
Planning Policy & Major Developments	S0840	(187)	(50)		(237)	
Renovation Grant Reserve	S0823	(7)			(7)	
Repairs & Maintenance	S0827	(203)	(148)	28	(323)	Commitment relates to Mobile Phone Signal improvement works at Follaton House
Revenue Grants	S0821	(608)		49	(559)	Contribution to the cost of Housing Advice Case Management Posts from Flexible Homelessness Support Grant (FHSG) prior to 20/21
Section 106 Deposits	S0842	(38)			(38)	
Section 106 Monitoring	S0929	(133)		22	(111)	Salary costs of s106 monitoring officer
Section 106 Technical Support	S0862	(16)		16	0	Salary costs of s106 technical support officer
Strategic Change Reserve (T18)	S0849	(30)			(30)	
Support Services Trading	S0856	(43)			(43)	
Sustainable Waste Management	S0837	(54)	(25)		(79)	
Vehicles & Plant Renewals	S0832	(1,183)	(550)	1,660	(73)	Capital Programme commitments for the new fleet
<b>Sub Total excluding the Business Rates Reserve</b>		<b>(7,319)</b>	<b>(2,962)</b>	<b>5,979</b>	<b>(4,302)</b>	
Business Rates Retention	S0824	(6,192)	0	200	(5,992)	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 mainly relate to (a) £3.5m ringfenced for Employment for the creation of local jobs (Council Feb 2018) (b) the acquisition of 10 acres of employment land at Sherford and (c) on 31 October 2019 the Executive recommended to Council to use up to £200k to fund the cost of extending the lease of the starter units at Langage from 21 years to 125 years, funded from this reserve. N.B. The opening balance of this earmarked reserve has been updated following the closure of the 2019/20 Accounts.
<b>TOTAL EARMARKED RESERVES</b>		<b>(13,511)</b>	<b>(2,962)</b>	<b>6,179</b>	<b>(10,294)</b>	
<b>TOTAL UNEARMARKED RESERVES (General Fund Balance)</b>		<b>(2,010)</b>			<b>(2,010)</b>	<b>Note: This Unearmarked Reserve is insufficient to fund the projected overspend of £1.313 million for 2020/21 (due to the Covid19 pandemic). The Unearmarked Reserve opening balance at 1.4.20 of £2.01m incorporates the 2019/20 underspend of £112,000 following closure of the 2019/20 Accounts. Members have set a minimum balance on this Unearmarked Reserve of £1.5 million.</b>
<b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>		<b>(15,521)</b>	<b>(2,962)</b>	<b>6,179</b>	<b>(12,304)</b>	

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Summary of Savings and Additional Income from the 2020/21 Budget Setting Process

APPENDIX B

The table below summarises the savings and additional income that were included in the 2020/21 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

	Savings and Additional Income for the 2020/21 Budget	Income/Savings Target for 2020/21 (£)	Latest Projection for 2020/21 (£)	Narrative
1	Triennial Pension Revaluation - no secondary pension contributions payable due to the pension Deficit being Nil at 31.3.2019	200,000	200,000	Saving has already been achieved and is reflected within the Council's contribution letter from the Devon Pensions Fund.
2	Savings from the reprocurement of contracts (e.g. Leisure)	165,000	TBA	Unlikely to achieve this saving in full due to Covid 19. This situation will be closely monitored over the coming months.
3	Waste and Recycling - Devon Aligned Service start date	129,674	TBA	The new recycling service was due to be introduced this autumn with collections starting on 28 September 2020. However, due to the Covid19 situation, this date is no longer achievable. Our officers and the waste contractor are closely monitoring the situation and striving to ensure the delay is as short as possible to reduce any negative financial and communication impacts. A future update report will be provided once more details are known. See Note T of the main covering report.
4	Car parking pay & display fees - 4% increase	80,000	TBA	No decision has yet been reached as to when this increase will take effect from, due to the Covid19 situation.
5	Commercial Investment Strategy	75,000	60,000	Based on Commercial Investment activity to date, additional net income of £60,000 is currently anticipated for 2020/21.
6	Senior Leadership Team - Interim Arrangement	60,000	60,000	On target to achieve this saving.
7	Public Conveniences	55,203	TBA	Difficult to quantify at this early stage in the financial year due to the current Covid 19 situation.
8	Council Tax Reduction Scheme, grant reduction to Towns and Parishes	37,000	37,000	All Town and Parish Councils were notified of their 2020/21 grant levels as part of their 2020/21 precept setting process.
9	Employment Estates income	25,000	25,000	The new employment units have been let, but this additional income could be impacted by tenants ability to pay during the Covid 19 pandemic.
10	Dartmouth Lower Ferry	20,000	Nil	This additional income is unlikely to be achieved in 2020/21 due to the Covid 19 situation.
11	Treasury Management Income	20,000	Nil	This additional income is unlikely to be achieved in 2020/21 due to the current historic low level of interest rates.
12	Cancellation of the IEG4 Contract & implementation of the Northgate Citizen access portal	12,000	12,000	On target to achieve this saving.
13	Corporate Consultancy Income	10,000	10,000	The Council is currently processing Disabled Facilities Grants on behalf of Torridge DC which will contribute to this income target in 2020/21 (total corporate consultancy income budget is £30,000). This income target will be kept under close review during the year to assess the impact of Covid 19.
14	ICT Contracts	6,300	6,300	On target to achieve this saving.
15	Planning Applications digital downloading	3,500	3,500	On target to achieve this saving.
16	Council Tax E-Billing	2,100	2,100	To be implemented during 2020/21.
17	Income from fees and charges			
	S257 footpath diversion orders	2,100	2,100	On target to achieve this income.
	Boat storage fees	2,000	2,000	On target to achieve this income.
	<b>TOTAL</b>	<b>£904,877</b>	<b>£420,000</b>	

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Bryony Houlden  
Chief Executive

Dennett House  
11 Middle Street  
Taunton  
Somerset  
TA1 1SH

The Rt Hon Robert Jenrick MP  
Secretary of State for Housing, Communities and Local Government  
26 Whitehall  
SW1A 2WH

Tel: 01823 270101  
Fax: 01823 425200  
[www.swcouncils.gov.uk](http://www.swcouncils.gov.uk)

30 June 2020

Dear Robert

### **Financial lobbying for local government across the South West**

We are writing as Leaders across the SW about our financial position in the context of the Covid-19 crisis across the region. Whilst I appreciate that individual councils have lobbied you regarding funding, the financial situation is so critical that we are united in also lobbying as a region, with one voice regardless of tiers of local government. We have led our communities through the coronavirus crisis to protect the most vulnerable, support local businesses and try and keep normal services running. In parallel we play a vital role in now supporting our communities through recovery and into renewal of our regional economy. This will bring further challenges driven by increased unemployment, business failure, demands for children's social care and mental health, fragility in the adult social care markets and our leisure industries and further pressure to our high streets, to name a few. We want to continue to provide local leadership to recovery, however this will be difficult to help drive forwards if we have to rebuild our finances. It is therefore critical that councils emerge from Covid financially strong and enabled to provide this place-based leadership. This is vital for our long-term recovery but even in the short term the region has a particular role to play in helping to regulate the return to normal, we provide a welcome retreat for citizens from other regions whilst needing to carefully manage the consequences of that.

### **SW Economic research**

South West Councils commissioned Oxford Economics to review the impact of Covid and the outcome forecasts a potential loss of 13% productivity and unemployment of 7.4% on average across the region, with a gradual recovery from 2020/21 and return to previous performance only by 2027. It also highlighted that the areas most impacted are Tourism, Retail and Manufacturing. We are determined to work with national government to achieve the regeneration of the SW region, combatting the impact of Covid-19 on our communities and businesses and mitigating these forecasts. Our region is clear that the employment and skills agenda, so crucial to economic recovery, needs leadership and pace. We remain focused on keeping businesses afloat and people in work, however we need your support to achieve this:





- skills devolution,
- data flow linked to the Job Retention Scheme so we can target sectors, businesses and individuals,
- funding for short-term interventions for delivery over the next two to three months focused, amongst other things, on re-skilling and creating employment opportunities within sectors with growth potential.
- long term investment in infrastructure

### **Latest financial forecast for the SW based on recent returns**

The financial position, despite two welcome tranches of funding from government, is unsustainable. The latest MHCLG returns shows a financial challenge of over £1 billion across the region with six councils worried about running out of cash by the end of the summer. This is a financial challenge on a scale and a timescale we have not faced before. Only by concerted action between central and local government can we meet this challenge and protect our communities and economy. We need further funding and financial flexibilities in the weeks and months ahead to meet ongoing Covid-19 pressures and to keep services running normally.

Spending pressures are a significant element of the £1 billion cost, totalling over £440m across the region. The most significant cost pressures are in Adult Social Care, Children's Social Care and Education, totalling over 60% of the cost. This reflects fragile markets with providers experiencing extraordinary staffing and PPE costs and voids in residential homes.

In the SW, as across the country, councils have dealt with austerity by a series of transformation, efficiency and savings programmes. Some of our transformation programmes have been delayed, representing a further 17% of the additional spend costs. This reflects capacity to transform as we focus on our response to the pandemic and indeed ability to transform some services such as Adult Social Care when the priority is again focusing on caring for vulnerable residents.

Cost pressures, whether Adult Social Care or delays in transformation, will continue into future years until programmes can be delivered, if they still can at all. This is a clear illustration that this is a medium to long term issue, not one that the level of support announced to date will solve.

In addition to our increased costs and demand pressures, we are also experiencing a significant drop in income, over £274m across the region. We rely on these diverse income sources e.g. car parking, leisure, longstanding rentals and charges to fund services, with some LAs disproportionately impacted by their loss. We are especially vulnerable to income loss in the SW, given that one of our key economic strands is tourism, which brings the significant revenues, to councils directly and to our communities that pay Council Tax and Business Rates. It is already clear that the 2020 summer season will not be "normal" in any way – the full scale of the damage is still emerging, and it will not be a quick fix.

We would want to stress that while some Councils in the SW have made recent commercial property investments to produce a surplus on the associated borrowing costs, this is only to a small degree, and is not material across the Region. From our analysis the commercial income we generate is overwhelmingly from regeneration projects and



from rental in traditional infrastructure. This is the kind of local authority investment that has helped our economy grow for many years and will be even more crucial to help us emerge from this crisis.

In his letter to Councils on 28<sup>th</sup> May Alex Skinner of MHCLG spelled out the priorities that government financial support to Councils is intended to meet. It must be recognised that the pressures on Councils from Covid go far beyond this narrow definition. In the May 2020 returns, over £350m of pressures in the SW (excluding Collection Fund) fell outside of this definition and this figure is likely to have risen in the latest returns. Councils will have to balance their budgets overall, not just by priority areas, e.g. large shortfalls in income we are seeing mean that base levels of all our services are under threat.

The impact on collection fund losses are estimated to exceed £293 million across the region, a significant source of council funding. This is a huge concern as we see employment and benefit claims rise and businesses cease. The pressure in 2020/21 is one thing, however it becomes even more challenging moving into 2021/22. When added to level of uncertainty we face regarding 2021/22 funding, it poses a significant financial risk to local authorities.

### **Implication of current financial position for local authorities**

The financial concerns being experienced are culminating in emergency cabinet and council meetings across the SW with councils contemplating significant budget reductions to deal with this problem. Without further government funding and with a legal duty to balance our budgets, this will mean major cuts to key services, and a reversion to minimum interpretations of statutory duties. It will mean job losses and a reduction in our ability to help people, communities and employers at just the point that they need that support most acutely. The focus on balancing revenue budgets is likely to have a negative impact on capital investment, as councils review their borrowing costs, and other required investments such as transport, none of which support the economic recovery in the way we want to. This cannot be the right thing for the Region or the UK.

We are also concerned about the potential failure of particular sectors across the South West, for example Tourism attractions and our cultural sectors.

We are pleased that Government have indicated it is working on a comprehensive plan to address the ongoing financial challenges councils face this financial year. We urge the Government to bring forward details as soon as possible and ensure it addresses the key elements of the pressures facing councils – additional costs and loss of income including both non collection fund income and our income relating to business rates and council tax.

We also urge government to give some certainty to funding for 2021/22 and beyond, recognising the on-going pressures from Covid. Without certainty of future funding we will again face further cuts to balance budgets, particularly as the increased costs in social care markets are likely to remain and the strain on collection fund losses continues.

### **The role the SW can play in recovery and economic renewal**

We recognise that the current crisis is different to that of 2008 and requires different interventions underpinned by quality local leadership. We have already demonstrated our importance as local leaders, collaborating and harnessing the power of place and operating in partnership at the local, regional and national level in joint endeavour to aid communities. There are many examples of recovery and renewal plans being developed



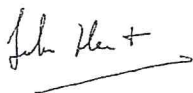
with growth at their heart. We are already working with government to attract investment and indeed identify opportunities to work collectively to de-risk potential investments to make them more attractive to investors, via our LEPs, Western Gateway and Great South West. We want our recovery to be growth led but recognise that investors are attracted by the ability of places to demonstrate resilience and so with government's support we can provide that place-making leadership across the SW to boost our local economies. We would welcome more place-based deals and tailored approaches to individual localities from Government, enabling us to maximise the benefit of our capital programmes, Government support and investor interest. Investment by Government to enhance fibre, digital and transport connectivity and ensure energy supply resilience are also all vital in underpinning investment confidence in our region. We need greater devolution around the skills agenda and related funding; infrastructure investment at the heart of the growth agenda; business support flexibilities at the local level so we can respond to local circumstance; and Government being more flexible in relation to funding, whether that is bringing support packages together to enable more cohesive approaches in what we are trying to achieve for our places or making funding available earlier e.g. already providing access to the first two or three years of the UK Social Prosperity Fund.

### Summary


In summary, to continue our journey of recovery and renewal effectively we need immediate additional funding to cover our expenditure and income losses. Without this additional funding in 2020/21 and into 2021/22, vital services will be cut and some councils in our region may fail altogether. We also need greater flexibilities in many aspects of how we, as councils, operate in the months and years ahead. Without it, the foundations on which we need to build in our societies and economies simply won't be there.

We look forward to your response and immediate action.

Yours sincerely



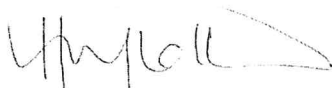
**Cllr John Hart**  
Chairman SW Councils and  
Leader Devon County Council



**Cllr Stephen Jordan**  
Deputy Chair SW Councils and  
Leader Cheltenham Borough Council



**Cllr Spencer Flower**  
Vice Chair SW Councils  
and Leader Dorset Council



**Cllr Helen Holland**  
Vice Chair SW Councils  
and Cabinet Member  
Bristol City Council



**Cllr Julian German**  
Vice Chair SW Councils  
and Leader Cornwall Council



Report to: **Executive**

Date: **30 July 2020**

Title: **Write Off Report**

Portfolio Area: **Support Services – Cllr Bastone**

Wards Affected: **All**

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

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

Author: **Lisa Buckle** Role: **Section 151 Officer**

Contact: **Ext. 1413 lisa.buckle@swdevon.gov.uk**

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## **RECOMMENDATION:**

### **That the Executive:**

- 1. notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £57,837.35 as detailed in Tables 1 and 2; and**
- 2. approves the write off of an individual debt in excess of £5,000 totalling £237,831.07, as detailed in Table 3.**

## **1. Executive summary**

The Council is responsible for the collection of: Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

The report informs members of the debt written off for these revenue streams. Debts up to the value of £5,000 can be written off by the s151 Officer, under delegated authority. Permission needs to be sought from the Executive to write off individual debts with a value of more than £5,000.

This report covers the period 1<sup>st</sup> January 2020 to 31<sup>st</sup> March 2020.

## **2. Background**

The Council's sound financial management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services.

This report forms part of the formal debt write-off procedures included in these financial arrangements.

South Hams District Council's collection rates for 2018/19 were; Council Tax 98.24% & Business Rates 98.40%.

In the fourth quarter of 2019/20 the Council has collected £10.45 million in Council Tax and £4.71 million in Business Rates. The total collectable debt for 2019/20 (as at 31<sup>st</sup> March 2020) for Council Tax is £74.53 million and for Business Rates is £30.43 million.

Debts are recovered in accordance with the Council's Recovery Policy which is published on our website.

### **3. Outcomes/outputs**

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £3,323,053.53. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a reminder will be issued promptly to the debtor. If this fails to secure payment, a final reminder and/or a summons will also be issued and if necessary the debt passed to an appropriate collection agent such as the Civil Enforcement Agents or the Council's Legal Department in order to secure payment.

Sometimes, however, if the debtor is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period of time to collect the debt.

In some cases pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £5,000 can be written off by the Section 151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by the Executive prior to the debt being written off.

A record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.

The Service has access to Experian's Citizenvue database which is currently the most reliable means of tracing absconded debtors. Each case is checked against this system before a decision is taken to write off the

debt. A periodic review of write offs against this system may also be carried out to resurrect debts where appropriate.

#### **4. Options available and consideration of risk**

Executive can either approve to the debt being written off or not. Should the write off of an individual debt not be approved, it will remain on the appropriate system as an outstanding balance. In cases of insolvency there is no option available to the Council but to stop any action to collect the debt. With any case where the debt remains on the appropriate Council system, it may result in additional time and cost spent to pursue the debts when there is no realistic prospect of recovery.

#### **5. Proposed Way Forward**

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

#### **6. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The relevant powers for this report are contained within the following legislation;</p> <p>Section 151 Local Government Act 1972            Section 44 Local Government Finance Act 1988 (Non Domestic Rate)            Section 14 Local Government Finance Act 1992 (Council Tax)</p>
Financial implications to include reference to value for money		<p>South Hams District Council debts totalling £295,668.42 to be written-off</p>
Risk		<p>Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.</p> <p>This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue</p> <p>The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in Part 3.</p>

Supporting Corporate Strategy		Delivering efficient and effective services
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations
Comprehensive Impact Assessment Implications		
Equality and Diversity		All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		A bad debt provision is built into the financial management of the Authority

### **Supporting Information**

#### **Appendices:**

- Table 1 – Council debt under £5,000 written off by the Section 151 Officer
- Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer
- Table 3 – Summary of items over £5,000 where permission to write off is requested
- Table 4 – National & Local Collection Statistics re 2018/19 Collection Rates
- Table 5 – Quarterly income in 2018/19 relating to all years
- Table 6 – Previous Year Write Off Totals
- Table 7 – Bad debt provision breakdown

#### **Background Papers:**

- Section 151 Local Government Act 1972
- Section 44 Local Government Finance Act 1988 (Non Domestic Rate)
- Section 14 Local Government Finance Act 1992 (Council Tax)
- Recovery Policy

**TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER**

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2019/20			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>HOUSING BENEFIT</b>	11	4		Overpaid Entitlement	9,815.64	85	52,156.17	25	7,912.93	65	20,405.06
	-	-		Insolvency / Bankruptcy	-	19	30,695.30	2	2,742.19	2	2,742.19
	-	-		Absconded	-	-	-	-	-	-	-
	4	-		Deceased	1,142.95	6	1,455.65	1	113.70	5	3,258.73
	4	-		Not cost effective to pursue	23.65	21	366.01	4	52.84	31	550.52
	19	-		Uncollectable old debt	4,855.07	43	15,509.05	7	2,710.77	85	44,194.17
Total	38	4			15,837.31	174	100,182.18	39	13,532.43	188	71,150.67
<b>COUNCIL TAX</b>	-	-		Absconded	-	1	187.70	-	-	-	-
	8	7		Insolvency / Bankruptcy	20,244.87	65	81,948.93	22	25,174.89	65	84,033.83
	-	-		Deceased	-	5	1,253.53	-	-	8	5,458.81
	119	-		Small balance	132.03	185	12,962.35	4	32.94	8	106.89
	5	-		Other (inc. CTR overpayment)	1,324.10	15	5,318.23	1	19.70	11	4,452.54
	-	-		Uncollectable old debt	-	67	9,383.37	-	-	-	-
Total	132	7			21,701.00	338	111,054.11	27	25,227.53	92	94,052.07
<b>SUNDRY DEBTS</b>	-	-		Absconded	-	58	15,188.60	48	14,220.94	49	15,492.94
	-	-		Insolvency / Bankruptcy	-	6	2,030.01	5	2,196.16	6	2,301.59
	-	-		Not able to recover	-	17	4,197.54	13	3,022.25	16	4,102.25
	-	-		Other	-	2	219.72	2	5,029.46	2	5,029.46
	-	-		Not economical to collect	-	63	597.43	18	129.19	65	11,205.62
	-	-		Deceased	-	1	63.00	-	-	-	-
Total	-	-			-	147	22,296.30	86	24,598.00	138	38,131.86
<b>Grand Total</b>	<b>170</b>	<b>11</b>			<b>37,538.31</b>	<b>659</b>	<b>233,532.59</b>	<b>152</b>	<b>63,357.96</b>	<b>418</b>	<b>203,334.60</b>

**TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER**

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2019/20			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>	-	-	-	Absconded	-	-	-	-	-	-	-
	5	5	8	Insolvency / Bankruptcy	20,288.99	17	31,046.11	1	440.67	13	13,655.99
	6	-	6	Other (inc. small balances)	10.05	8	21.66	-	-	-	-
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	-	-	Deceased	-	-	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>5</b>			<b>20,299.04</b>	<b>25</b>	<b>31,067.77</b>	<b>1</b>	<b>440.67</b>	<b>13</b>	<b>13,655.99</b>

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

Page 44	TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2019/20			Totals for Comparison purposes			
				Quarter 4	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
				Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>		9	Insolvency / Bankruptcy	237,831.07	10	244,190.88	2	18,318.50	8	82,356.99
		-	Absconded	-	-	-	-	-	-	-
		-	Uncollectable old Debt	-	-	-	-	-	-	-
		-	Other	-	-	-	-	-	-	-
	<b>Total</b>	<b>9</b>		<b>237,831.07</b>	<b>10</b>	<b>244,190.88</b>	<b>2</b>	<b>18,318.50</b>	<b>8</b>	<b>82,356.99</b>
<b>HOUSING BENEFIT</b>		-	Deceased	-	-	-	-	-	-	-
		-	Overpaid Entitlement	-	-	-	-	-	-	-
		-	Uncollectable	-	1	7,615.46	-	-	1	18,294.69
		-	Insolvency / Bankruptcy	-	-	-	-	-	1	12,479.10
	<b>Total</b>	<b>-</b>		<b>-</b>	<b>1</b>	<b>7,615.46</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>30,773.79</b>
<b>COUNCIL TAX</b>		-	Absconded	-	-	-	-	-	-	-
		-	Insolvency / Bankruptcy	-	2	14,327.98	1	7,234.06	3	17,985.43
		-	Other (inc. CTR overpayment)	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>		<b>-</b>	<b>2</b>	<b>14,327.98</b>	<b>1</b>	<b>7,234.06</b>	<b>3</b>	<b>17,985.43</b>
<b>SUNDRY DEBTORS</b>		-	Insolvency / Bankruptcy	-	1	9,814.41	2	22,604.30	2	22,604.30
		-	Uncollectable old debt	-	-	-	-	-	-	-
		-	Deceased	-	-	-	2	19,336.28	2	19,336.28
	<b>Total</b>	<b>-</b>		<b>-</b>	<b>1</b>	<b>9,814.41</b>	<b>4</b>	<b>41,940.58</b>	<b>4</b>	<b>41,940.58</b>
	<b>Grand Total</b>	<b>9</b>		<b>237,831.07</b>	<b>14</b>	<b>275,948.73</b>	<b>7</b>	<b>67,493.14</b>	<b>17</b>	<b>173,056.79</b>

**TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2018-19 COLLECTION RATES**

Total amount collected in 2018-19 relating to 2018-19 financial year only (net of refunds relating to 2018-19)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 18/19 - £000s	Net Cash Collected* i.r.o. 18/19 - £000s	Amount Collected i.r.o. 18/19 - %age	Collectable Debit i.r.o. 18/19 - £000s	Net Cash Collected* i.r.o. 18/19 - £000s	Amount Collected i.r.o. 18/19 - %age
All England	30,185,467	29,293,449	97.0	26,188,145	25,748,183	98.3
Shire Districts	13,794,829	13,508,228	97.9	8,179,526	8,052,219	98.4
East Devon	107,176	105,902	98.8	36,363	36,147	99.4
Exeter	65,947	64,026	97.1	83,047	81,705	98.4
Mid Devon	53,342	52,162	97.8	15,313	15,203	99.3
North Devon	62,409	60,578	97.1	32,660	31,693	97.0
Plymouth	126,927	122,831	96.8	91,186	90,289	99.0
<b>South Hams</b>	<b>70,455</b>	<b>69,214</b>	<b>98.2</b>	<b>31,194</b>	<b>30,696</b>	<b>98.4</b>
Teignbridge	90,164	88,856	98.5	30,967	90,722	99.2
Torbay	81,414	78,434	96.3	35,256	34,069	96.6
Torridge	43,360	42,500	98.0	11,651	11,480	98.5
West Devon	39,119	38,206	97.7	10,729	10,473	97.6

\* Net Cash Collected is total 2018-19 receipts net of refunds paid, in respect of 2018-19 only

**TABLE 5 QUARTERLY INCOME IN 2018-19 RELATING TO ALL YEARS**

Total amount collected in 2018-19 relating to any financial year (net of all refunds in 2018-19)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 <sup>st</sup> April – 30 <sup>th</sup> June	20,921	9,638
Quarter 2 - Receipts collected between 1 <sup>st</sup> July – 31 <sup>st</sup> September	19,120	7,805
Quarter 3 - Receipts collected between 1 <sup>st</sup> October – 31 <sup>st</sup> December	19,902	7,429
Quarter 4 - Receipts collected between 1 <sup>st</sup> January – 31 <sup>st</sup> March	9,707	5,272

\* Net Cash Collected is total receipts in 2018-19 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

**TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS**

		2018-19	2017-18	2016 – 17	2015 - 16	2014 - 15	2013- 14
HOUSING BENEFIT	Under £5,000 cases	71,150.67	151,891.76	68,357.34	57,038.07	102,138.53	75,357.30
HOUSING BENEFIT	£5,000 or over cases	30,773.79	63,513.87	5,394.07	7,177.42	0.00	14,903.19
Total		101,924.46	215,405.63	73,751.41	64,215.49	102,138.53	90,260.49
COUNCIL TAX	Under £5,000 cases	94,052.07	95,979.12	93,486.69	54,831.67	97,927.30	117,528.97
COUNCIL TAX	£5,000 or over cases	17,985.43	0.00	0.00	0.00	0.00	23,090.93
Total		112,037.50	95,979.12	93,486.69	54,831.67	97,927.30	140,619.90
SUNDRY DEBTS	Under £5,000 cases	38,131.86	102,792.98	1,321.50	9.03	6,584.63	2,723.23
SUNDRY DEBTS	£5,000 or over cases	41,940.58	73,929.08	0.00	0.00	0.00	0.00
Total		80,072.44	176,722.06	1,321.50	9.03	6,584.63	2,723.23
HOUSING RENTS	Under £5,000 cases	0.00*	128.29	270.00	0.00	3,113.38	1,037.83
HOUSING RENTS	£5,000 or over cases	0.00*	0.00	0.00	0.00	0.00	0.00
Total		0.00*	128.29	270.00	0.00	3,113.38	1,037.83
NON DOMESTIC RATES	Under £5,000 cases	13,655.99	20,832.66	32,812.78	37,074.12	75,016.54	70,809.92
NON DOMESTIC RATES	£5,000 or over cases	82,356.99	20,030.54	47,128.00	252,084.33	166,412.60	44,546.85
Total		96,012.98	40,863.20	79,940.78	289,158.45	241,429.14	115,356.77
<b>GRAND TOTAL</b>		<b>390,047.38</b>	<b>529,098.30</b>	<b>248,770.38</b>	<b>408,214.64</b>	<b>451,192.98</b>	<b>349,998.22</b>

\*Housing Rents write offs now included within Sundry Debts figures

**TABLE 7 BAD DEBT PROVISION RELATING TO ALL YEARS**

**Total amount of bad debt provision for debts outstanding as at 31<sup>st</sup> March 2019**

	South Hams element (£)	Gross Collection Fund amount* (£)
Council Tax	262,372.67	2,182,753.47
Business Rates	255,100.35	637,751.16
General Fund	160,000.00	160,000.00
Housing Benefit	337,000.00	337,000.00
Standard Charges	5,548.90	5,548.90
<b>Total</b>	<b>1,020,021.92</b>	<b>3,323,053.53</b>

\* Gross Collection Fund amount includes elements of Council Tax and Business Rates bad debts that relate to Central Government or other precepting bodies share of the provision.



Report to: **Executive**  
Date: **30<sup>th</sup> July 2020**  
Title: **Changes to Pest Control Service**  
Portfolio Area: **Wellbeing – Cllr Hawkins**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: 28 July 2020

Author: **Ian Luscombe** Role: **Head of EH and Licensing**

Contact: [Ian.Luscombe@swdevon.gov.uk](mailto:Ian.Luscombe@swdevon.gov.uk)

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## **Recommendations:**

### **That the Executive:**

- 1. approve the removal of free pest control (rats and mice treatments) service for residents and replace it with a free service for benefit recipients only (Option 4 refers at paragraph 4.4 below); and**
- 2. accept and approve the tender from Terminix to deliver the service in South Hams area..**

## **1. Executive summary**

- 1.1 The report proposes to replace the existing free pest control service (rats and mice treatments) for all residents with a free service only for those who are in receipt of benefit payments.
- 1.2 The contract to provide the service has expired and the Council went out to tender using a procurement framework. The current provider did not tender as they no longer had the resource available to provide coverage throughout the Council area.
- 1.3 The tender prices received were far in excess of the previous contract price and the budget that the Council has available.
- 1.4 It is recommended that the Council resumes the service by providing a free service (rats and mice treatments) to residents who are in receipt of benefits only. The reduced number of treatments that will be required should not present a serious cost

pressure. The contract price will be based on the price per treatment quote in the previous tender documentation. It is anticipated that approximately 50% of residents who will enquire about treatment will be entitled to a free service. The remaining residents who do not qualify for a free treatment will have the option of a paid for treatment with the contractor or going elsewhere for a service.

## **2. Background**

- 2.1. The Council has a legal duty to take steps to ensure as far as practicable that its own land is kept free from rats and mice, and that owners and occupiers of land keep their land similarly free (Prevention of Damage by Pests Act 1949). In some cases, the Council may also require "vermin" to be destroyed along with other steps such as the cleaning of premises (Public Health Act 1936). Use of these powers generally involves the service of a legal notice requiring the owner or occupier to carry out treatment and/or other related works (such as clearing waste that is attracting rodents). There is no legal duty to have a free treatment service for rats and mice.
- 2.2. A pro-active treatment service enables rodent populations to be controlled before a serious infestation causes a major health hazard.
- 2.3. The pest control service has been provided for the last ten years by Pro Pest Solutions (formerly trading as County Mole Pest Control). The service has been provided on a contractual basis to provide free rats and mice treatments to all residents. The demand for rats and mice treatments has slowly risen over the last five years from 1483 in 2015 to 1686 in 2018 (combined SH and WD) last year.
- 2.4. The tender prices received were far in excess of the previous contract price and the budget that the Council has available. There are a number of options available that are presented in this report.
- 2.5. The current provider is maintaining a service until the end of August 2020, after which time a new provider needs to be found.
- 2.6. The Council has a duty to keep its land free from rats and mice, and owners of land have similar responsibilities. The rodent population varies from place to place and from year to year and can be seasonal. The more recent trend has been for an increase in the rodent population due to warmer, wetter winters and where a plentiful supply of food is available.
- 2.7. COVID-19 disruption is likely to have had an impact on the population with less food available from discarded food in town centres meaning the rodents may seek an alternative source from domestic premises.

- 2.8. The Council needs to ensure that new arrangements are in place following the expiration of the current contractual agreement with the current service provider. Residents need to be notified of the changes.
- 2.9. The removal of free treatments for some residents may result in the number of rat and mouse infestations increasing and a general increase in the rodent population. Complaints regarding rodent infestations may increase and Environmental Health Officers will be required to inspect premises and take action to resolve problems. This may require service of legal notice and the carrying out of treatment and proofing works in default, with a charge being placed upon the property for example.
- 2.10. This work fits with the Council's Wellbeing theme, rodents can be a carrier of infectious disease that can be passed on to humans.
- 2.11. This issue will affect residents, but the impact on more vulnerable people should be offset by the Council offering a free service to those on qualifying benefits.

### **3. Outcomes/outputs**

- 3.1 The Council should aim to secure a value for money pest control service that protects the wellbeing of the most vulnerable who are not able to obtain a private funded service.

### **4. Options available and consideration of risk**

- 4.1 Option 1. Take up the winning tender to provide a full service (free treatment for all for rats and mice). The cost pressure to take on the proposed services would be approx. £30,000 per annum. This will be £120,000 cost pressure on the Council during the life of the 4 year contract. The Council would have a good service in place to provide free pest control treatments to all residents for rats and mice. This will protect the health and wellbeing of residents and control the rodent population in residential areas.
- 4.2 Option 2. Withdraw from providing a free rats and mice service for all residents and carry out enforcement activity where residents/RSL's/private landlords do not take appropriate steps. The Council has the power to serve legal notice on residents, landlords and businesses where adequate steps are not taken to prevent/remove and infestation. The Council can do works in default and put a charge on the property. This is resource intensive and will require officer resource (with appropriate training and competency). It is usually a reactive response to a problem that is having serious impacts on health and wellbeing.

The Council will provide some advice about how to deal with Pests online to provide some support and re-assurance to residents.

4.3 Option 3. Provide in house service. There are significant costs arising from running an in house service and a level of competency that requires membership of an approved trade association. There are also stringent regulations around poison storage and distribution.

Annual costs may include;

Operative salary 25k per annum

Training to maintain competency £1k per annum

Van – rental costs plus fuel >£5k per annum

Poisons store to comply with Regs – initial costs >£20k

Poisons costs 20k per annum

Insurance and indemnity as part of overall Council cover.

Approx cost year 1 ; £75k plus management costs

4.4 Option 4. Provide a service that is free to residents on benefits where the qualifying criteria is met. The cost of the service to the Council will be approximately 50% of Option 1. Residents that do not qualify for a free service will have the option of using the contractor in a private arrangement or seek the services of another pest control professional. The cost pressure in South Hams will be approx. £8173 per annum.

4.5 Qualifying benefits will include;

- Income Related Employment & Support Allowance
- Income Support
- Job Seekers Allowance
- Disability Allowance
- Personal Independence Payment
- Attendance Allowance
- Housing Benefit (must be paid 100%)
- Council Tax Benefit
- Pension Guarantee Credits
- Universal Credit

4.6 It is recommended that option 4 is taken up.

4.7 The Council's procurement officer and the Lead Members for Wellbeing have been consulted. Councils with similar services to what is being recommended have also been contacted

## **5. Proposed Way Forward**

5.1 It is proposed to use the rate per treatment contained within the framework agreement tender process to identify a preferred

bidder and to commence the contract based upon 50% of the treatments carried out in the previous year. A free service will continue to be offered to those residents who can prove receipt of benefits (listed in 4.5 above), with the option of a paid for treatment being purchased for those not in receipt of benefits.

- 5.2 Any change to the contract value of greater than 50% will require a re-procurement exercise to take place.
- 5.3 As the proposal in 5.1 is based upon 50% of the original tender estimate the Procurement Officer has advised that the Council will **not** need to go through a new tender process and a contract can be agreed based upon the proposed rate for treatments contained in the original preferred tender.
- 5.4 This proposal provides vulnerable residents with support to treat rodent infestations in their properties and is also affordable as it can be covered within the existing service budget.
- 5.5 Public dissatisfaction will need to be countered by good communication explaining the proposed changes to the service.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has a legal duty to take steps to ensure as far as practicable that its own land is kept free from rats and mice, and that owners and occupiers of land keep their land similarly free (Prevention of Damage by Pests Act 1949). In some cases, the Council may also require "vermin" to be destroyed along with other steps such as the cleaning of premises (Public Health Act 1936). Use of these powers generally involves the service of a legal notice requiring the owner or occupier to carry out treatment and/or other related works (such as clearing waste that is attracting rodents). There is no legal duty to have a free treatment service for rats and mice. The Council has followed its own procurement rules under the supervision of the Council's shared Procurement Officer
Financial implications to include reference to value for money	Y	To continue with the existing service at the tendered prices would mean a cost pressure of approx. £30,000 per annum. That is £120,000 over the duration of the 4 year contract. The offer a service of only providing a free service for residents would present a cost pressure of approx. £8173 per annum (approx. £33,000 over

		<p>the duration of the contract). This cost pressure can be met by savings/income elsewhere in the EH budget.</p> <p>The cost of the contract should be considered as an investment in preventative treatments that prevent a wider issue with infestations in the area.</p> <p>Numerous , uncontrolled infestations would take Officer costs to resolve and also expose residents to risk of infection.</p>
Risk	Y	<p>To not offer a free service to treat rats and mice to all residents raises the risk of more widespread and more serious rodent infestations in the area. Rodents can be a carrier of infectious disease that can be passed on to humans. The potential impact on vulnerable residents will be significantly reduced by providing a free treatment service for those on benefits.</p>
Supporting Corporate Strategy	Y	<p>The Council should aim to secure a value for money pest control service that protects the wellbeing of the most vulnerable who are not able to obtain a private funded service. This work fits with the Councils Wellbeing theme, rodents can be a carrier of infectious disease that can be passed on to humans.</p>
Climate Change - Carbon / Biodiversity Impact	Y	<p>The contract procurement process ensured that all potential service providers must be able to comply with the National Standards in terms of control of use of pesticides and the impact on other species and ecosystems.</p>
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	Y	<p>The Council will act in accordance with Equality Act legislation and Equality and Diversity implications have been taken into account during the Procurement Exercise.</p>
Safeguarding	Y	None
Community Safety, Crime and Disorder	Y	None
Health, Safety and Wellbeing	Y	<p>The procurement process ensured that all potential service providers must be able to comply with the National Standards in terms of health and safety at work , control of use of pesticides and have suitable safe systems of work in place</p>
Other implications		

**Supporting Information**

**None**