

West Devon Council



West Devon
Borough
Council

Title:	Summons																														
Date:	Tuesday, 30th March, 2021																														
Time:	4.00 pm																														
Venue:	Teams																														
Full Members:	<p style="text-align: center;">Mayor Cllr Leech Deputy Mayor Cllr Mott</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Ball</td> <td style="width: 33%;">Cllr Moody</td> </tr> <tr> <td>Cllr Bolton</td> <td>Cllr Moyse</td> </tr> <tr> <td>Cllr Bridgewater</td> <td>Cllr Musgrave</td> </tr> <tr> <td>Cllr Cheadle</td> <td>Cllr Pearce</td> </tr> <tr> <td>Cllr Coulson</td> <td>Cllr Ratcliffe</td> </tr> <tr> <td>Cllr Crozier</td> <td>Cllr Renders</td> </tr> <tr> <td>Cllr Davies</td> <td>Cllr Ridgers</td> </tr> <tr> <td>Cllr Daniel</td> <td>Cllr Samuel</td> </tr> <tr> <td>Cllr Edmonds</td> <td>Cllr Sellis</td> </tr> <tr> <td>Cllr Ewings</td> <td>Cllr Southcott</td> </tr> <tr> <td>Cllr Heyworth</td> <td>Cllr Spettigue</td> </tr> <tr> <td>Cllr Hipsey</td> <td>Cllr Vachon</td> </tr> <tr> <td>Cllr Jory</td> <td>Cllr Wood</td> </tr> <tr> <td>Cllr Kemp</td> <td>Cllr Yelland</td> </tr> <tr> <td>Cllr Kimber</td> <td></td> </tr> </table>	Cllr Ball	Cllr Moody	Cllr Bolton	Cllr Moyse	Cllr Bridgewater	Cllr Musgrave	Cllr Cheadle	Cllr Pearce	Cllr Coulson	Cllr Ratcliffe	Cllr Crozier	Cllr Renders	Cllr Davies	Cllr Ridgers	Cllr Daniel	Cllr Samuel	Cllr Edmonds	Cllr Sellis	Cllr Ewings	Cllr Southcott	Cllr Heyworth	Cllr Spettigue	Cllr Hipsey	Cllr Vachon	Cllr Jory	Cllr Wood	Cllr Kemp	Cllr Yelland	Cllr Kimber	
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Cllr Kemp	Cllr Yelland																														
Cllr Kimber																															
Interests – Declaration and Restriction on Participation:	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.																														
Committee administrator:	Democratic.Services@swdevon.gov.uk																														

1. Apologies for Absence

2. Confirmation of Minutes

1 - 8

To approve and adopt as a correct record the Minutes of the Meeting of Council held on 16 February 2021

3. Declarations of Interest

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Summons, then please contact the Monitoring Officer in advance of the meeting.

4. To receive communications from the Mayor or person presiding

5. Business brought forward by or with the consent of the Mayor

6. The Mayor or the person presiding to answer questions which people in West Devon can ask and to receive deputations or petitions under Council Procedure Rule 21

7. To consider (any) questions submitted under Council Procedure Rule 21;

8. To consider motions of which notice has been duly submitted by Members in accordance with Council Procedure Rule 15:

9. To receive the Minutes of the following Committees, to note the delegated decisions and to consider the adoption of those Recommendations which require approval:

9 - 38

(i) **Audit Committee**
Meeting held on 9 February 2021

(ii) **Development Management Committee**
Meeting held on 16 February 2021

- (iii) **Council Tax Setting Panel**
Meeting held on 23 February 2021
- (iv) **Overview & Scrutiny Committee**
Meeting held on 2 March
- (v) **Standards Committee**
Meeting held on 9 March

Recommendation to agree:

SC 4: LGA Model Code of Conduct

That, with effect from the date of the next Annual Council meeting, Council be **RECOMMENDED** to adopt the LGA Model Code of Conduct (as set out in Appendix C of the presented agenda report to the Standards Committee meeting).

- (vi) **Hub Committee**
Meeting held on 16 March

Recommendations to agree:

HC 66: "Better Homes, Better Lives" Adoption of South Hams and West Devon Housing Strategy 2021/2026

That Council be **RECOMMENDED** to adopt the "Better Homes, Better Lives" – South Hams and West Devon Housing Strategy for 2021-2026 (as set out at Appendix 1 of the presented agenda report to the Hub Committee meeting).

HC 67: Community Housing – Brentor and Lamerton

5. That Council be **RECOMMENDED** to approve the expenditure of £85,000 from the Innovation Fund (Invest to Earn) Earmarked Reserve to undertake detailed design, specification and tendering of the Brentor scheme, subject to a successful planning decision.

HC 68: Month 10 Revenue Budget Monitoring 2020/2021 (to the end of January 2021)

That Council be **RECOMMENDED** to transfer:-

2. the business rates pooling gain of £100,000 for 2020/21, into the Business Rates Retention Earmarked Reserve and £200,000 of the 2020/21 projected surplus into a Recovery Plan and Corporate Strategy Earmarked Reserve.

(NB. If approved by Council in March 2021, this would leave a remaining surplus on the 2020/21 Accounts position of a surplus of £23,000 (£323,000 less £100,000 less £200,000) against the 2020/21 Amended Budget);

3. £80,000 of salary savings from 2020/21 into a Salary Savings Earmarked Reserve, to be ringfenced to support salary costs in 2021/22 as set out in section 1.8 of the presented agenda report; and
4. any award from the National Leisure Recovery Fund (the national £100million Leisure Fund), into the Leisure Services Earmarked Reserve (as set out in Section 1.12 of the presented agenda report).

(NB. The Council's indicative allocation is £80,000, which has been applied for).

HC 70: Public Space Protection Orders – Dog Controls

That Council be **RECOMMENDED** to adopt the Public Space Protection Order 2021 (as outlined at Appendix 1 of the agenda report presented to the Hub Committee Meeting). To come into effect from 30 March 2021, the Order will introduce the following Borough-wide provisions that require dog walkers to:-

1. carry the means to pick up and to pick up;
2. keep dogs on leads on land designated as a Dogs on Lead Area and on roads with speed zones up to 30mph;
3. comply to put and keep dogs on leads if so directed (by an authorised officer); and
4. prevent dogs from accessing a dog exclusion zone.

HC 71: Recommendations Arising from the Overview and Scrutiny Committee Meeting held on 2 March 2021

(a) Consultation and Engagement Task and Finish Group

That Council be **RECOMMENDED** to adopt the draft Community Consultation & Engagement Strategy (as set out at Appendix B of the presented agenda report to the Hub Committee Meeting).

10. Leisure - Fusion Support on Re-Opening	39 - 46
11. 2021/22 Capital Strategy; 2021/22 Treasury Management Strategy; and 2021/22 Investment Strategy	47 - 104
12. Pay Policy Statement and Pay and Reward Strategy	105 - 130

Dated this 22nd of March 2021

Andy Bates
Chief Executive

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Agenda Item 2

At the Meeting of the **WEST DEVON BOROUGH COUNCIL** held **REMOTELY** on **TUESDAY** the **16th** day of **FEBRUARY 2021** at **4.00pm** pursuant to Notice given and Summons duly served.

Present

Cllr A F Leech – The Mayor (In the Chair)

Cllr K Ball	Cllr T Bolton
Cllr A Bridgewater	Cllr R Cheadle
Cllr A Coulson	Cllr P Crozier
Cllr L Daniel	Cllr M Davies
Cllr C Edmonds	Cllr M Ewings
Cllr N Heyworth	Cllr S Hipsey
Cllr N Jory	Cllr C Kemp
Cllr P Kimber	Cllr J B Moody
Cllr C Mott	Cllr D E Moyse
Cllr C R Musgrave	Cllr T G Pearce
Cllr B Ratcliffe	Cllr M Renders
Cllr P Ridgers	Cllr L Samuel
Cllr D K A Sellis	Cllr T Southcott
Cllr J Spettigue	Cllr P Vachon
Cllr L Wood	Cllr J Yelland

Senior Leadership Team
Monitoring Officer
Democratic Services Manager

CM 30 APOLOGIES FOR ABSENCE

There were no apologies for absence received for this meeting.

CM 31 CONFIRMATION OF MINUTES

It was moved by Cllr N Jory, seconded by Cllr R Cheadle and, upon the motion being submitted to the Meeting, was declared to be **CARRIED** and **“RESOLVED** that the Council agree the minutes of the 8 December 2020 Meeting as a true and correct record.”

CM 32 DECLARATION OF INTEREST

The Mayor invited Members to declare any interests in the items of business to be considered during the course of the meeting but there were none made.

CM 33 BUSINESS BROUGHT FORWARD BY THE MAYOR

The Mayor informed the meeting that he had no urgent items to be brought forward to this Meeting.

However, at this point of the Meeting, the Mayor did wish to formally record his thanks to the Doctors, Nurses and volunteers who were involved in the administration of the COVID-19 vaccination process across the West Devon Borough. Similarly, the Mayor also asked that his gratitude to all those Council officers who had devoted their time to the Pandemic be formally noted.

CM 34

MINUTES OF COMMITTEES

a. Hub Committee – 8 December 2020 and 2 February 2021

It was moved by Cllr N Jory, seconded by Cllr L Samuel and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 8 December 2020 and 2 February 2021 Committee Meetings be received and noted, with the exception of Recommendations HC 48, HC 49, HC 55, HC 56 and HC 58.”

In respect of the Recommendations:

i. HC 48: Month 7 Revenue Budget Monitoring 2020/21

It was moved by Cllr N Jory, seconded by Cllr L Samuel and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that:

3. £220,000 be transferred into a COVID Earmarked Reserve to protect against future COVID losses in 2021/22 (as set out in Section 1.8 of the agenda report presented to the Hub Committee meeting); and
4. £30,000 of Audio Visual equipment be funded for the Tavistock Guildhall Heritage project, with this being financed from the Business Rates Retention Earmarked Reserve (as set out in Section 7 of the agenda report presented to the Hub Committee meeting).

ii. HC 49: Draft Revenue Budget Proposals 2021/22

It was moved by Cllr N Jory, seconded by Cllr L Samuel and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Council continue to be part of the Devon Business Rates Pool for 2021/22.”

(NB. in respect of recommendations HC 55 ‘Revenue Budget Proposals 2021/22’ and HC 56 ‘Capital Budget Proposals 2021/22’, it was noted that these would be considered as standalone agenda items later in the meeting (Minutes 35 and 36 respectively refer below).

iii. **HC 58: Devon Districts Procurement Strategy**

It was moved by Cllr N Jory, seconded by Cllr L Samuel and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Devon Districts Procurement Strategy for 2019-2022 be adopted.”

b. **Overview and Scrutiny Committee – 10 November 2020**

It was moved by Cllr M Ewings, seconded by Cllr P Kimber and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 10 November 2020 Committee Meeting be received and noted.”

c. **Development Management & Licensing Committee – 12 January 2021**

It was moved by Cllr T Pearce, seconded by Cllr M Renders and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 12 January 2021 Committee Meeting be received and noted.”

CM 35

DRAFT REVENUE BUDGET PROPOSALS FOR 2021/22

Consideration was given to a report that presented the Hub Committee draft recommendations on the Revenue Budget for 2021-22.

In the ensuing debate, reference was made to:-

- (a) the work of the Section 151 Officer and her finance colleagues. Members thanked the Section 151 Officer and her finance colleagues for their tireless work in ensuring that the Council was able to be presented with a balanced Revenue Budget for 2021/22;
- (b) the proposed £5 increase in Council Tax. Whilst recognising the detrimental inflationary impact and the consequent shortfall to the Base Budget, some Members still stated their opposition to the proposed increase and were of the view that it would be morally wrong to support such a proposal during the current Pandemic;
- (c) the proportion of total Council Tax that was actually the Borough Council precept. Some Members felt that, as the collecting authority, there were a number of public misconceptions over the Borough Council precept. As a result, it was felt that there was a need for the Communications Team to produce and publish messaging at the time of annual billing in an attempt to counter these misconceptions.

At the conclusion of the debate and, in accordance with statutory legislation, the Mayor then called for a recorded vote on part 1 only of the recommendation. The vote was subsequently recorded as follows:-

For the motion (28): Cllrs Ball, Bolton, Cheadle, Coulson, Crozier, Daniel, Davies, Edmonds, Ewings, Heyworth, Hipsey, Jory, Kemp, Kimber, Leech, Moody, Mott, Moyse, Musgrave, Pearce, Ratcliffe, Ridgers, Samuel, Sellis, Southcott, Spettigue, Vachon and Wood

Against the motion (2): Cllrs Bridgewater and Renders

Abstentions (0):

Absent (1): Cllr Yelland (*)

and the vote on part 1 of the recommendation was therefore declared **CARRIED**.

(NOTE (*): due to experiencing connection issues at the time of the recorded vote, Cllr Yelland was unable to take part in the vote.)

In accordance with statutory legislation, the Mayor then called for a recorded vote on parts 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of the recommendation. The vote on these parts was subsequently recorded as follows:-

For the motion (30): Cllrs Ball, Bolton, Bridgewater, Cheadle, Coulson, Crozier, Daniel, Davies, Edmonds, Ewings, Heyworth, Hipsey, Jory, Kemp, Kimber, Leech, Moody, Mott, Moyse, Musgrave, Pearce, Ratcliffe, Renders, Ridgers, Samuel, Sellis, Southcott, Spettigue, Vachon and Wood

Against the motion (0):

Abstentions (0):

Absent (1): Cllr Yelland (*)

and the vote was therefore declared **CARRIED**.

(NOTE (*): due to experiencing connection issues at the time of the recorded vote, Cllr Yelland was unable to take part in the vote.)

It was consequently "**RESOLVED** that

1. an increase in Council Tax be set for 2021/22 of £5 (Band D of £241.63 for 2021/22 – an increase of 10 pence per week or £5 per year – equating to a 2.11% increase);
2. the financial pressures (as set out at Appendix A of the presented agenda report and amounting to £434,000) be approved;
3. the net contributions to/(from) Earmarked Reserves of £42,500 (as set out at Appendix A of the presented agenda report) be approved;

4. the proposed use of £192,772 of New Homes Bonus funding to fund the 2021/22 Revenue Budget (as set out in Section 4.24 of the presented agenda report) be approved;
5. the savings of £344,200 (as shown in Appendix A of the presented agenda report) be approved;
6. officers be requested to undertake further research before a final decision is taken for additional funding to be allocated to the Community Safety Partnership, with this research being reported back to Members as soon as is practically possible. (NB, this is in relation to the Business Case for additional funding for the Community Safety Partnership as per Section 5.2 and Appendix F of the presented agenda report);
7. the Total Net Expenditure of the Council is £7,301,695 for 2021/22;
8. £281,404 (the fifth tranche of COVID funding as set out in Sections 1.12 and 11.2 of the presented agenda report) be transferred into a COVID Earmarked Reserve to protect against future COVID losses in 2021/22;
9. the level of Reserves (as set out within the presented agenda report and the assessment of their adequacy and the robustness of budget estimates) be noted (NB. this is a requirement of Part 2 of the Local Government Act 2003);
10. the Environmental Health charges (as set out in Appendix D of the presented agenda report) be approved with no proposed increases for 2021/22;
11. the level of Fees and Charges set out for Planning Applications and Enforcement (Appendix E of the presented agenda report refers) be approved with no proposed increases for 2021/22;
12. the proposed Fees and Charges for Street Naming be approved in accordance with Appendix E of the presented agenda report;
13. the proposed Section 106 Monitoring fee (as set out at Appendix E of the presented agenda report) be approved;
14. delegated authority be granted to the Section 151 Officer, in consultation with the lead Hub Committee Member, to set the Local Land Charges as appropriate for cost recovery;
15. delegated authority be given to the relevant Head of Practice, in consultation with the relevant lead Executive Member, to adjust the Fees and Charges within their service area by inflation at suitable periodic intervals, reporting to the Hub Committee as deemed appropriate.”

CM 36

CAPITAL BUDGET PROPOSALS FOR 2021/22

Consideration was given to a report that presented the draft Capital Budget Proposals for 2021/22.

In discussion, officers confirmed that the long-term aspiration was for the waste fleet to be carbon neutral. However, the technology was currently unavailable (particularly in such a rural community) to be able to achieve this objective.

In accordance with statutory legislation, the Mayor then called for a recorded vote on the recommendation. The vote was subsequently recorded as follows:-

For the motion (31): Cllrs Ball, Bolton, Bridgewater, Cheadle, Coulson, Crozier, Daniel, Davies, Edmonds, Ewings, Heyworth, Hipsey, Jory, Kemp, Kimber, Leech, Moody, Mott, Moyse, Musgrave, Pearce, Ratcliffe, Renders, Ridgers, Samuel, Sellis, Southcott, Spettigue, Vachon, Wood and Yelland

Against the motion (0):

Abstentions (0):

Absent (0):

and the vote was therefore declared **CARRIED**.

It was consequently "**RESOLVED** that:

1. the Capital Programme for 2021/22 (as set out at Appendix A of the presented agenda report and totalling £1,075,000) be approved;
2. the funding of the 2020/21 Capital Programme of £1,075,000 be approved from the funding sources set out in Section 4 of the presented agenda report."

CM 37

BUSINESS GRANTS

Consideration was given to a report that provided an update on Business Grants.

In the ensuing discussion, reference was made to:-

- (a) the following addition to part 2 of the recommendation was **PROPOSED** and **SECONDED**:

'In addition, the Council approve any overspend on the LRSG (Open) scheme to be funded from the ARG Scheme, rather than close the Open scheme, as take up for the ARG scheme is low compared to the Open scheme;'

During the debate on this addition, Members expressed their support for its inclusion;

- (b) the work of the team. Officers advised that the team was coping admirably with the extremely high workload and Members wished to record their thanks for their efforts in processing these much needed grant payments to local businesses;
- (c) businesses that were able to apply. When questioned, officers confirmed that any business that had been negatively impacted by the Pandemic were able to apply to the Council for a grant.

It was then “**RESOLVED** that:

1. the Local Restrictions Support Grant (LRSG) (Closed) Addendum and the Closed Business Lockdown Payment (CBLP) Scheme details be noted;
2. the changes made to the operation of the Additional Restrictions Grant (ARG) and Local Restrictions Support Grant (LRSG) (Open) in accordance with the Scheme of Delegation be noted. In addition, the Council approve any overspend on the LRSG (Open) scheme to be funded from the ARG Scheme, rather than close the Open scheme, as take up for the ARG scheme is low compared to the Open scheme;
3. a further £320,000 (20%) be allocated under the ARG scheme towards strategic economic recovery projects and priorities;
4. ARG funding not issued by 31 December 2021 (in the form of direct business grants) be retained in a Business Support Earmarked Reserve for sustained economic support activities; and
5. authority be delegated to the Director for Place and Enterprise, in consultation with the Leader of Council; the lead Hub Committee Member for Finance and the Section 151 Officer to approve subsequent grant policies should we move back into local restrictions.”

(The Meeting terminated at 5.30 pm)

Mayor

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Agenda Item 9

At a Meeting of the **AUDIT COMMITTEE** held remotely by Teams, on **TUESDAY** the **9th** day of **February 2021** at **2.00pm**

Present:

- Cllr M Davies (Chairman)
- Cllr P Vachon (Vice Chair)
- Cllr K Ball
- Cllr A Bridgewater
- Cllr M Renders
- Cllr P Ridgers
- Cllr J Yelland

Officers in attendance:

- Section 151 Officer
- Head of Finance
- External Auditor
- Audit Manager
- Democratic Services Manager
- Accountant Business Partners
- Senior Case Officer – Democratic Services
- Director of Governance and Assurance
- Head of Strategy and Projects
- Senior Specialist Finance

Also in attendance: Cllrs C Edmonds, N Jory, N Heyworth and P Kimber

***AC 19 ITEMS REQUIRING URGENT ATTENTION**

There were no items requiring urgent attention raised by the Chairman.

***AC 20 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 13 October 2020 were confirmed as a correct record.

***AC 21 GRANT THORNTON - ANNUAL AUDIT LETTER**

The External Auditor took Members through the Annual Audit Letter.

In response to Member questions, he stated that the PSAA fee was in its second year of contract. The Audit fee had been too low for a number of years and with regulators expecting increasing workload the fee had subsequently gone up. Covid-19 had also impacted, with a 15% increase. Fee increases would be discussed next year. PSAA was advising on the base rate at £33,335 for the scale fee. An extra £1,500 accounted for work around pensions and £1,500 on property plant & equipment work.

It was noted that Mr Steve Johnson (Grant Thornton Audit Manager) had retired after 34 years of work. The Chairman asked to send him the thanks and appreciation of the whole Committee, who wished him well for his retirement.

It was then **RESOLVED** that:

The Grant Thornton Annual Audit Letter be noted.

***AC 22 TREASURY MANAGEMENT MID-YEAR REVIEW**

Cllr Edmonds introduced the report to the Committee. The S151 Officer confirmed that daily monitoring took place in regard to getting the best investments.

It was then **RESOLVED** that:

The Treasury Management Mid-Year Review report be endorsed.

***AC 23 UPDATE ON PROGRESS ON THE 2020-21 INTERNAL AUDIT PLAN**

Cllr Edmonds introduced Members to the progress report on the 2020-21 Internal Audit Plan. The Internal Audit Manager explained the impact of Covid-19 on the Internal Audit Plan. In response to Member questions, the Internal Audit Manager stated that expertise was occasionally needed to bring contractors to task as currently it was left to individual departments to monitor. Checks on new staff joining and those leaving the employ of the Council and the need for more controls with regard to agency staff was also raised.

It was **RESOLVED** that:

The Update on Progress on the 2020-21 Internal Audit Plan be noted and approved.

***AC 24 SUNDRY DEBT**

Cllr Edmonds introduced the report. In response to Member questions, the Section 151 Officer explained that high debts were assessed on a case by case basis. The Write-off of debts over £5,000 were presented to the Hub Committee for approval, whereas those under £5,000 were approved by the S151 Officer under delegated authority. It was requested that the officer in charge of reviewing Housing Benefit Overpayments be invited to the next Audit Committee meeting to give Members a better understanding of the process.

A Member asked for further information on three debts that were over £10,000 and the S151 Officer undertook to provide a written response on this to Members after this Audit Committee meeting.

It was **RESOLVED** that:

The latest position regarding Sundry Debts be noted.

***AC 25 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

Cllr Edmonds presented the report to Members and there were no Member questions or issues raised.

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

1. Welcome the report of the Investigatory Power Commissioners Office (Appendix A); and
2. Acknowledge that there had been no RIPA Authorisations since the last report had been presented to Members (2018).

(The Meeting terminated at 3.15pm)

Dated this

Chairman

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At a Meeting of the **DEVELOPMENT MANAGEMENT & LICENSING COMMITTEE** held via Teams on **TUESDAY** the **16th** day of **FEBRUARY 2021** at **9:30am**

Present: Cllr J Yelland – Chairman
Cllr T G Pearce – Vice Chairman

Cllr R Cheadle	Cllr P Crozier
Cllr S Hipse	Cllr C Mott
Cllr D E Moyse	Cllr B Ratcliffe
Cllr M Renders	Cllr P Vachon

Head of Development Management (PW)
Senior Specialist, Development Management (AHS)
Planning Case Officer (JH)
Solicitor (BF)
Democratic Services Manager (DW)
Specialist Democratic Services (JY)
Senior Case Officer, Democratic Services (KH)
South West Highways Officer (PT)

***DM&L 46 APOLOGIES FOR ABSENCE**

There were no apologies forwarded to this Meeting.

***DM&L 47 DECLARATION OF INTEREST**

Members were invited to declare any interests in the items of business to be considered and the following were made:

Cllr J Yelland declared an interest on behalf of the whole Committee in application 2560/20/HHO due to the fact the applicant was a West Devon Borough Councillor.

Cllr B Ratcliffe declared a personal interest in application 2560/20/HHO due to being a member of Tavistock Golf Club which the applicant was also a member.

Cllr S Hipse declared a personal interest in application 2560/20/HHO due to being a friend of the applicant.

Cllr T G Pearce declared a personal interest in all applications by virtue of being a Member of the Devon Building Control Partnership and remained in the meeting and took part in the debate and vote thereon.

***DM&L 48 URGENT BUSINESS**

There was no urgent business brought forward to this Meeting.

***DM&L 49 CONFIRMATION OF MINUTES**

The Minutes of the Development Management and Licensing Committee Meeting held on 12th January 2021 were confirmed as a correct record.

***DM&L 50 PLANNING, LISTED BUILDING, TREE PRESERVATION ORDER AND ENFORCEMENT REPORTS**

The Chairman confirmed that two applications, 2672/20/HHO and 2295/20/FUL had been withdrawn from the agenda.

The Committee proceeded to consider the application(s) that had been prepared by the Development Management Specialists and considered also the comments of the Town and Parish Councils together with other representations received, which were listed within the presented agenda report and summarised below, and **RESOLVED** that:

(a) Application No: 2560/20/HHO Ward: Tavistock South East

Site Address: 6 Tiddy Brook Road, Whitchurch

READVERTISEMENT (revised plans received) Householder application for proposed single storey rear extension, convert single attached garage, installation of roof lights and dormer.

Speakers included:

Supporter – Mrs K Bridgewater
Town Council Representative – Cllr P Ward

RECOMMENDATION: Conditional Approval

During discussion, the following points were raised:

- (a) The Town Councillor explained the town council initially raised concerns over expansion of a business, however since the letter of representation from the agent had been posted on the website he was confident that the objections were overcome.
- (b) If the business was to expand and no longer be ancillary use enforcements officers would look at the situation.

COMMITTEE DECISION: Conditional Approval.

Conditions:

1. Standard time limit
2. Adherence to plans
3. Materials to match
4. The drainage scheme shall be installed in strict accordance with the approved plans, maintained and retained in accordance with the agreed details for the life of the development. And, if any other drainage scheme than that approved as part of this permission is proposed then a mitigating drainage alternative shall be agreed with the Local Planning Authority.
5. To be used ancillary to main house only.
6. Existing treatment room shall cease to be used as such upon first use of a treatment room as approved.

(b) Application No: 3424/19/FUL Ward: Bere Ferrers

Site Address: "Field at SX453 669, Adjacent to Woolacombe Road" Bere Alston

READVERTISEMENT (revised plans received) Application for 31no. new dwellings and associated access road and pedestrian link.

Speakers included:

Supporter – Mr D Summerfield
Parish Councillor – Cllr B Lamb
Local Ward Member – Cllr P Crozier;

RECOMMENDATION: Delegate to Head of Practice Lead Development Management, in conjunction with Chairman to conditionally grant planning permission, subject to a Section 106 legal obligation, for the following contributions towards:

DCC Education -£16,830.00

OSSR: Off-site Play Contribution of £20,073.60, towards improvements to, and on-going maintenance of, play facilities at the Recreation Ground and/or the Parish Hall and/or Underways at the discretion of the Council

Off-site Sports Contribution of £25,835, towards improvements to, and on-going maintenance of, the changing rooms at the Recreation Field, static exercise equipment in the village of Bere Alston and improvements to the basketball area behind the village hall.

Affordable Housing - 9 units. Plots 13, 24 and 27 shared ownership and plots 25, 26, 28, 29,30 and 31 social rented units

Tamar Estuary Special Area of Conservation £14,597.73.

Movement of the 30 mph sign 70 metres to the south east of the site entrance. £5000.00 to carry out the TRO.

Conditions (list not in full)

- 1 Time limit
2. Accord with plans
3. Materials to be agreed before development proceeds beyond slab level.
4. Full details of the hard and soft landscaping of the public open space, including play equipment , fencing, surfacing, bins and benches.
- 5 .Archaeological scheme of investigation
- 6.Unexpected contamination
7. No commencement until details of access road; ironwork; site Compound.
- 8 No occupation until cul de sac carriageway including turning head has been laid out and kerbed. Drained and constructed; footways have been provided; visibility splays have been laid out; street lighting for the spine road has been erected where appropriate (based on on ecology constraints); car parking has been completed.
9. Once constructed the carriageway, turning head, footways and

- footpaths shall be maintained.
10. No external lighting shall be erected on the site until the type, direction and lux level of that lighting being first submitted to and agreed by the Local Planning Authority.
 11. Construction management plan
 12. PD removal for sheds, hard surfaces, in the rear garden to protect the net gain in biodiversity
 13. Drainage condition
 14. Prior to occupation, details of the proposed garden gates shall be submitted to and approved by the Local Planning Authority
 15. Prior to occupation of Plots 17, 22 and 11 the route through shall be completed and open for pedestrians to use.
 16. Details of the planting for northern hedge shall be submitted to and agreed by the LPA prior to commencement beyond slab level and planting shall be implemented in the next available planting season
 17. The open space in the middle of the site shall be retained as open space and shall not be used for any other purpose without the prior written consent of the local planning authority.
 18. Hedge protection details.
 19. Hedge retention.
 20. Prior to their installation details of the boundary treatments shall be submitted to and approved by the LPA
 21. LEMP
 22. Development to be in accordance with Energy Statement.
 23. Development to be carried out in accordance with the Geotechnical/geoenvironmental report.
 24. Development to be in accordance with the biodiversity Report.

Informatives:

Two x highway informative
PROW informative

In discussion, reference was made to:

- (a) Concerns on the entrance road to the development leading onto a country lane with impeded visibility due to high hedges and a cross roads junction. Preferred access via the northern boundary. The Solicitor urged caution to the committee as there were no objections received from Devon County Council Highways.
- (b) The proposed laying of paviors raising concerns for refuse vehicles crossing the development. A request to change to bitmac surface at the higher end of the development.
- (c) Solar panels not being made obligatory on all of the dwellings caused concerns.
- (d) The need for enhanced landscaping particularly on the northern boundary of the development.
- (e) Proposal for ducting to be in place for installation of superfast broadband

COMMITTEE DECISION: Application deferred to enable discussion to take place on improvement to the two junctions on Woollacombe Road.

***DM&L 51 PLANNING PERFORMANCE INDICATORS**

The Head of Development Management took members through the Planning PI's.

***DM&L 52 PLANNING APPEALS UPDATE**

The Head of Development Management updated the Members on each of the outstanding planning appeals.

***DM&L 53 UNDETERMINED MAJOR APPLICATIONS REPORT**

The Head of Development Management updated the Members on each of the undetermined Major applications.

(The Meeting terminated at 12.43 pm)

Chairman

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**MINUTES OF THE MEETING OF THE COUNCIL TAX SETTING PANEL
HELD REMOTELY VIA TEAMS ON TUESDAY, 23 FEBRUARY 2021**

MEMBERS

* Cllr A F Leech - Chairman

* Cllr R Cheadle

* Cllr L Samuel

* Cllr N Jory

Officers in attendance:

Deputy Section 151 Officer; Specialist – Finance; and Democratic Services Manager

Other Members in attendance:

Cllrs Heyworth, Kemp, Pearce and Spettigue

CTSP.1/20 MINUTES

The minutes of the meeting of the Council Tax Setting Panel held on 21 February 2020 were confirmed as a correct record and signed by the Chairman.

CTSP.2/20 DECLARATIONS OF INTEREST

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

CTSP.3/20 COUNCIL TAX 2021/22

Consideration was given to a report that calculated and set out the Council Tax for 2021/22, having taken into account the precepts as notified from Devon County Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority, and the Town and Parish Councils.

During the ensuing discussion, reference was made to:

- (a) the process by which the Police and Crime Commissioner precept was set. When questioned, the Deputy Leader informed that, in her capacity as the Council's representative on the Police and Crime Commissioners Scrutiny Panel, she has attended a public meeting at which the precept had been agreed for 2021/22. As a result, Members were assured that the process was transparent and the meeting had been live streamed. In addition, the Deputy Leader committed to providing a briefing paper to the wider membership on the workings of the Scrutiny Panel outside of this meeting;

- (b) the importance of messaging at the time of annual billing. In light of the Borough Council proportion of the precept being only 11% of the total bill, it was felt that a communications campaign should run alongside the process of annual billing.

It was then:

RESOLVED

1. That it be noted that in December 2020, the Senior Leadership Team, under delegated authority from full Council, approved the Council Tax Base for the year 2021/22:
 - (a) for the whole Council area as 20,239.51 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012; and
 - (b) for dwellings in those parts of its area to which a Parish Precept relates in accordance with regulation 6 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (as outlined at Appendix A of the presented agenda report);
2. That the Council Tax requirement for West Devon Borough Council's own purposes for 2021/22 (excluding Parish precepts) is calculated at £4,890,473 (as outlined at Appendix B of the presented agenda report);
3. That the following amounts are calculated by the Council for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and the Localism Act 2011 (as outlined at Appendix B of the presented agenda report):
 - (a) £25,070,008 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish/Town Councils (Gross expenditure including parish precepts);
 - (b) £18,416,562 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Total income including Business Rates and Council Tax Collection Fund deficit);
 - (c) £6,653,446 being the amount by which the aggregate at resolution 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act (Council Tax requirement including parish precepts));

- (d) £328.74 being the amount at resolution 3(c) above (Item R), all divided by the Council Tax base (1(a) above) in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (Average Band D Council Tax for West Devon Borough Council and parishes);
- (e) £1,762,973 being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C – Parish Precepts);
- (f) £241.63 being the amount at resolution 3(d) above less the result given by dividing the amount at resolution 3(e) by the Council Tax base (resolution 1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates (Band D Council Tax for West Devon Borough Council only).
4. That it be noted the County Council, the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings as shown below:

Precepting authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Devon County Council's tax requirements	1,007.52	1,175.44	1,343.36	1,511.28	1,847.12	2,182.96	2,518.80	3,022.56
Police & Crime Commissioner's tax requirements	157.71	183.99	210.28	236.56	289.13	341.70	394.27	473.12
Devon & Somerset Fire & Rescue Authority's tax requirements	60.00	70.00	80.00	90.00	110.00	130.00	150.00	180.00

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts of Council Tax for the year 2021/22 for each of the categories of dwellings shown at **Appendix D (total of all valuation band council taxes for West Devon Borough Council including parishes, county, police and crime commissioner and fire authority)**;
6. That the Council concluded that the basic amount of Council Tax for West Devon Borough Council for 2021/22 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 (see calculation at **Appendix B** of the presented agenda report).

(Meeting commenced at 10.00 am and concluded at 10.12 am).

Chairman

At a Meeting of the **OVERVIEW & SCRUTINY COMMITTEE**
held **REMOTELY via TEAMS** on
TUESDAY the **2nd** day of **MARCH 2021** at **2:00pm**.

Present:

Cllr M Ewings – Chairman
Cllr P Kimber – Vice-Chairman

Cllr A Coulson	Cllr P Crozier
Cllr L Daniel	Cllr N Heyworth
Cllr S Hipsey	Cllr C Kemp
Cllr D Moyse	Cllr R Musgrave
Cllr B Ratcliffe	Cllr T Southcott
Cllr L Wood	

Chief Executive
Deputy Chief Executive
Section 151 Officer
Director of Governance and Assurance
Director of Place and Enterprise
Head of Strategy and Projects
Democratic Services Manager
Democratic Services Officers
Business Manager – Case Management
Case Management Team Leader
Specialist – Leisure
Case Manager - IT
Fusion – Regional Manager
Fusion – Business Development Manager

Also in Attendance:

Cllrs Cheadle, Edmonds, Jory, Leech, Moody,
Mott, Pearce, Renders, Samuel, Sellis and
Yelland

- *O&S 61 APOLOGIES FOR ABSENCE**
Apologies for absence for this meeting were received from Cllrs T Bolton and J Spettigue.
- *O&S 62 CONFIRMATION OF MINUTES**
The minutes of the Meeting of the Overview and Scrutiny Committee held on 19 January 2021 were confirmed by the Meeting as a true and correct record.
- *O&S 63 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 there were none made.

***O&S 64 ITEMS REQUIRING URGENT ATTENTION**

At the invitation of the Chairman, the Director for Place and Enterprise updated the meeting on the Tavistock/Plymouth cycle route. Sustrans had been asked to investigate the corridor and had concluded that, at this stage, the route appeared feasible.

During the ensuing discussion the following points were made:

- a) The project would be progressed through the Council's Corporate Strategy.
- b) Progress would include discussions with Plymouth City Council, South Hams District Council, Devon County Council, Dartmoor National Park Authority and cycling lobby groups.
- c) The officer would contact Cllr Heyworth to progress an application for ELS funding through Defra (Department for Environment, Food & Rural Affairs).
- d) Members were asked to send any suggestions to the Director of Governance and Assurance or the Head of Strategy and Projects for inclusion in the developing Corporate Strategy.

The lead officer agreed to ensure that local Ward Members received regular updates.

***O&S 65 PUBLIC FORUM**

The Chairman informed that no formal requests had been received in accordance with the Overview and Scrutiny Procedure Rules.

***O&S 66 HUB COMMITTEE FORWARD PLAN**

It was noted that no prior requests had been received in accordance with the Overview and Scrutiny Procedure Rules.

Following the decision of Full Council to defer a decision at its meeting on 8 December 2020 on the Dog Control Orders (Minute CM 28 refers), it was also noted that the issue would be reconsidered at the next Hub Committee meeting to be held on 16th March 2021.

***O&S 67 LEISURE CONTRACT – FUSION ANNUAL REPORT**

At the invitation of the Committee, Gregg Holland (Fusion, Regional Manager and Steve Rose, Business Development Manager) gave a presentation of the Annual Report, during which the following key points were highlighted:

- Thanks were given to West Devon Borough Council (WDBC) for all the help Fusion had received through the pandemic;
- Lockdowns 1 and 3 had been hard closures, ie mothballing of centres, with lockdown 2 a soft closure where water temperatures were dropped rather than heating turned off. Monies received from the Council had been used to support maintenance and asset protection;
- Centres would be reopened in line with Government guidelines, with new covid-19 procedures in place, including risk assessments, increased cleaning regime, and training for staff, including CIMSPA (Chartered Institute for the Management of Sport and Physical Activity) accredited course;

- The greatest lesson learnt by Fusion from the first lockdown was for increased communication with customers. Mitigation measures included the introduction of a dedicated customer service team available seven days a week. The intention to continue to build on communication channels with customers was also highlighted.

- A staff review had been carried out in July 2020, with redundancy of 37 positions (which equated to 11 people) concluded in November 2020. This was confirmed as being across both WDBC and South Hams District Council geographical areas.

- Fusion was currently working on financial projections for April 2021 to March 2022. Once this exercise was completed, along with a review of the pricing structure, these figures would be brought to WDBC.

- The CLBIL loan had been confirmed. Other funding had been applied for, and Fusion was hoping to hear the outcome of these applications shortly. It was noted that Fusion was looking to re-open its centres in April 2021.

- Members were reminded of a Joint All Member briefing with South Hams District Council Members on Fusion which would occur on 18th March 2021.

In conclusion, and on behalf of the Committee, the Chairman wished Fusion well with reopening and thanked Mr Holland for his presentation.

It was then:

RESOLVED

That the Committee note the contents of Fusion's Annual Report for 2020 and proposals for 2021.

***O&S 68 RURAL BROADBAND WORKING GROUP: VERBAL UPDATE**

In his update, the Hub Lead Committee Member for Enterprise highlighted that:

- a) WDBC were in the process of hiring a dedicated broadband officer; this role would be employed in a shared capacity in conjunction with SHDC.
- b) Sydenham Damerel had now signed a Community Fibre Partnership Agreement with BT Openreach. WDBC would be underwriting the legal framework of the agreement and would monitor this as a pilot project.
- c) Connecting Devon and Somerset had developed contracts with Airband to provide fixed fibre from Airband hubs. However, no one had connected via this route yet, but surveys and engineering works were on-going.
- d) Some Members had met with Sir Geoffrey Cox MP and broadband provision had been high on the agenda. The MP had been very interested and had requested more information which had been provided to him. The MP said he would do what he could to assist generally, as he understood the need for good broadband in rural environment.

O&S 69 VERBAL UPDATES FROM THE CHAIRMEN OF THE RECOVERY PLAN TASK AND FINISH GROUPS

(a) Consultation and Engagement Strategy

The Chairman of the Task and Finish Group highlighted that the group had meet five or six times, and had now completed its task. The strategy had been put together with help from officers. The highlights were:

- i) The framework in middle of strategy outlined various forms of engagement and consultation which Council could embark on when making any changes
- ii) When any new piece of work comes in front of Council for approval, it would now have a standing item in the report outlining engagement and consultation format for that piece of work. Format will have been chosen from table mentioned in i) above.
- iii) Action plan and dates outlined for adoption of policy.
- iv) In terms of next steps, it was confirmed that the recommendations would now be presented to the Hub Committee at its meeting to be held on 16 March 2021 for consideration before onward determination at the Full Council meeting to be held on 30 March 2021

The Chairman remarked that it was a brilliantly set out document, easy to read, and would be very useful.

It was then:

RESOLVED

That the Committee:

- 1) Note the work of the Consultation & Engagement Task & Finish Group
- 2) Endorse the draft Community Consultation & Engagement Strategy and;
- 3) **Recommend** that the Hub Committee consider and recommend the strategy to Council for adoption.

(b) Localities and Clusters

The Localities and Clusters Group Chairman introduced the concluding report from the Group which had been asked to consider options for future partnerships to support the voluntary and community section; review the Locality Officer's role; approach to enforcement and tackling environmental crime; review of community clusters; and to review current tasks and roles of the Locality Engagement and Mobile Locality Officers.

Following a question from a Member, it was clarified that there was no recommendation on clusters because there had been no consistency across the Borough on how these clusters had worked. Therefore the flexibility of how these groups worked was important to maintain.

It was also confirmed that the Locality Officers had been involved in the review.

It was then:

RESOLVED

That the Committee **RECOMMEND** to the Hub Committee that the Business Manager for Case Management (in consultation with the Portfolio Holder):

1. Carries out a review of the Locality Service structure in order to deliver the following:
 - 1.1 Environmental Protection Officers are incorporated into the Localities Service;
 - 1.2 Close working relationships between the Localities, Parking Enforcement and Waste teams are formalised;

- 1.3 Shared officers are introduced to improve the flexibility to meet team demands; and
2. Drafts a new Locality Team structure to support recommendation 1. which will ensure:
 - 2.1 Clearly defined roles that support the delivery of scheduled tasks and the work of community groups, developing service level agreements where necessary;
 - 2.2 Improved office based and field support for mobile officers.

***O&S 70**

DRAFT ANNUAL WORK PROGRAMME 2020/21

The Committee considered the final version of its draft Annual Work Programme for 2020/21 and noted its contents without any further debate.

Officers confirmed that work is underway on the annual programme for next municipal year which would be brought to the next meeting for the Committee to review and input.

***O&S 71**

MEMBER LEARNING AND DEVELOPMENT OPPORTUNITIES ARISING FROM THIS MEETING

Members were reminded that a Joint Member Briefing with Fusion had been arranged to be held on Thursday, 18 March 2021.

(The meeting terminated at 3:17 pm)

Chairman

At a Meeting of the **STANDARDS COMMITTEE** held **REMOTELY via Teams** on **TUESDAY** the **9th** day of **MARCH 2021** at **2.00pm**.

Present:

Cllr A F Leech – Chairman
Cllr J Yelland – Vice-Chairman
Cllr T Bolton
Cllr C R Musgrave
Cllr B Ratcliffe

Cllr C Edmonds - lead Hub Committee Member
David Fairbairn – Monitoring Officer
Darryl White – Senior Specialist – Democratic Services
Kathy Hoare – Senior Case Manager – Democratic Services

*** SC 1 APOLOGIES FOR ABSENCE**

There were no apologies for absence

*** SC 2 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 10 March 2020 were confirmed as a true and correct record.

*** SC 3 DECLARATIONS OF INTEREST**

The Chairman invited Members to declare any interests in the items of business to be considered during the course of the meeting but there were none made.

SC 4 LGA MODEL CODE OF CONDUCT

Cllr Edmonds took Members through the Local Government Association (LGA) Model Code of Conduct.

In his introduction, he referred to the Committee for Standards in Public Life's recommendations which had included a Model Code of Conduct being produced by the LGA. One of the aims in having a model Code was to give consistency across all tiers of local government.

The Monitoring Officer added that other Devon district councils were similarly reviewing their Code. A large number of council's across the country were looking to adopt the LGA model. He explained that there had been no changes to sanctions even though the Committee for Standards in Public Life had recommended the Government to make changes to the legislation to enable this to happen.

It was then **RESOLVED** that:

The Committee **RECOMMEND** that the Council adopts the Code (as set out in Appendix C of the presented agenda report) to come into effect from the date of the next Annual Council.

*** SC 5 ANNUAL REPORT (2020-2021)**

The Committee considered its Annual Report for the period April 2020 to March 2021.

Following an introduction from the lead Hub Committee Member, a debate ensued and particular reference was made to:-

(a) The 16 Standards complaints received being from mainly two councils. The complaints relating to Lamerton Parish Council had focused on the progress of the local Neighbourhood Plan which had appeared to divide the Parish. Complaints had mainly sought to challenge the way that decisions had been made or the decisions themselves.

The Sampford Courtenay Parish Council complaints had centred on a single issue related to Covid-19 assistance and grant funding for local business, causing a division within the council;

(b) Monthly Standards update reports from the Monitoring Officer that had not been forthcoming due to staff shortages. In reply, the Committee was advised that a legal services review was currently underway that should give more resource to allow for complaints to be dealt with more promptly;

(c) A suggestion was made by the Chairman that more Standards Committee meetings should take place, with it being suggested that the Calendar of Meetings should include provision for two meetings per Municipal Year. The Monitoring Officer replied that more support would be given to Governance and to the Monitoring Officer function. As a result, the current process would improve. Monthly reports would be forthcoming and he was therefore confident that any additional meetings would not be needed.

It was then **RESOLVED** that:

the Committee NOTE the content of the report.

(The Meeting terminated at 2.35 pm)

Chairman

At a Meeting of the **HUB COMMITTEE** held via **TEAMS** on **TUESDAY**
the **16th** day of **March 2021** at **2:00 pm**

Present: Cllr N Jory – Chairman
Cllr L Samuel – Vice Chairman

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

In attendance: Senior Leadership Team
Monitoring Officer
Democratic Services Manager
Head of Strategy and Projects
Head of Housing, Revenues and Benefits
Affordable Housing Specialist
Senior Specialist Environmental Health
Business Manager (Specialists)
Business Manager (Case Management)
Senior Specialist Place Making

Other Members in attendance:

Cllrs Crozier, Daniel, Ewings, Heyworth, Hipsey, Kemp,
Kimber, Musgrave, Ratcliffe, Southcott, Wood and
Yelland

***HC 60 APOLOGIES**
No apologies were received.

***HC 61 DECLARATIONS OF INTEREST**
Members were invited to declare any interests in the items of business to be discussed and these were recorded as follows:

Cllr T G Pearce declared a personal interest in agenda item 9: 'Community Housing – Brentor and Lamerton' (Minute HC 67 below refers) by virtue of being the Chairman of Brentor Parish Council and remained in the meeting during the debate and vote on this item; and

Cllr D K A Sellis declared a personal interest in agenda item 12: 'Public Space Protection Order – Dog Controls' (Minute HC 70 below refers) by virtue of walking her dog on Dartmoor and remained in the meeting and took part in the debate and vote thereon.

***HC 62 MINUTES**
The Minutes of the Hub Committee meeting held on 2 February 2021 were confirmed as a correct record.

***HC 63 PUBLIC QUESTION TIME**
One Question had been received from a member of the public as follows:

Question from Helen Harris

Will the toilets at the car park at Brentor be open from Easter for the season?

In reply, the Leader informed that it was intended that the toilets at the car park would be open from 1 April (as per the annual contract), subject to confirmation from the church to the Parish Council that its financial contribution towards maintaining the toilets would be received.

***HC 64 HUB COMMITTEE FORWARD PLAN**

Members were presented with the Hub Committee Forward Plan setting out items on the agenda for Hub Committee meetings for the next four months and the Plan was duly noted without any further comment.

***HC 65 LEAD HUB COMMITTEE MEMBER UPDATE – CLLR JORY**

The Leader introduced his update and advised that it was intended to focus on the proposed timeline for the Council's Corporate Strategy. The Leader introduced the proposed timeline for the Strategy (as set out at Appendix A to these minutes) and made particular reference to:

- the importance of all Members being involved in the development of the Strategy; and
- his wish for the Strategy (once adopted) to be in place for the next three years. Furthermore, it was the wish of the Leader for the Strategy to sharpen the Council's focus on community and to create specific measurable targets that could be worked towards. In so doing, the need for the Strategy to be realistic and reflective of the Council's resources was noted.

In the ensuing discussion, the important role to be played by lead Hub Committee Members was highlighted and, as part of the appointment process at Annual Council in May, the need for parity of workload across the lead Member portfolio areas was recognised.

HC 66 "BETTER HOMES, BETTER LIVES" ADOPTION OF SOUTH HAMS AND WEST DEVON HOUSING STRATEGY 2021/2026

The Committee was presented with a report that recommended adoption of the draft South Hams and West Devon Housing Strategy for 2021/26.

In discussion, reference was made to:-

- (a) the affordable housing numbers in the annual delivery plan. When questioned, officers advised that the numbers would be in line with those that had been adopted in the Joint Local Plan. In response to a specific request, officers agreed to circulate these numbers (including the numbers of shared ownership properties that were to come forward) to Members outside of this meeting;
- (b) the definition(s) of affordable housing. When considering the Delivery Plan in future years, some Members felt that it would be beneficial to include more detail in relation to the definition(s) of affordable housing and the different types of tenure to be included in development schemes;

- (c) the direct links to the Health and Wellbeing agenda. In stressing the close linkages to Health and Wellbeing, the lead Member stated the need for good quality housing to be developed;
- (d) thanks to the lead officers. In particular, Members wished to record their thanks to the Head of Housing, Revenues and Benefits for her hard work and efforts in developing such a comprehensive Strategy and Delivery Plan whilst also being heavily involved in the Council's response to the COVID-19 Pandemic.

It was then **RESOLVED** that:

1. Council be **RECOMMENDED** to adopt the "Better Homes, Better Lives" – the South Hams and West Devon Housing Strategy for 2021-2026 (as set out at Appendix 1 to the presented agenda report); and
2. the Delivery Plan for 2021 that supports the South Hams and West Devon Housing Strategy for 2021-2026 (as outlined at Appendix 2 to the presented agenda report) be approved.

HC 67

COMMUNITY HOUSING – BRENTOR AND LAMERTON

A report was considered that presented an update on the Community Housing Programme and set out the recommended approach to:

- underlying principles;
- governance;
- budget and funding, including staff cost, design costs and borrowing; and
- housing need.

The report also provided an update on the Brentor and Lamerton projects.

In discussion, the following points were raised:-

- (a) In light of a number of detailed questions arising in relation to the Lamerton project, the following additional recommendation was **PROPOSED** and **SECONDED**:

'That the Lamerton scheme be subject of a further report to the Council's Overview and Scrutiny Committee.'

In debate on the addition, Members felt that there remained a number of questions that should be subject to further review by the Council's Overview and Scrutiny Committee. When put to the vote, the addition was declared **CARRIED** and it therefore became part of the substantive motion;

- (b) A number of Members expressed their support for the Community Housing concept and, whilst recognising that schemes were incredibly difficult to deliver and there were a number of associated risks, it was hoped that the Brentor scheme would ultimately be delivered;
- (c) Members expressed their support for the Governance Review to be undertaken by the Director of Governance and Assurance and it was agreed that the findings of the Review should be presented to a future meeting of the Hub Committee;

- (d) The extent of the Housing Need in the Borough and the requirement for the Programme to reflect the priorities of the Housing Strategy (once adopted) were noted.

It was then **RESOLVED** that:

1. the revised management structure of the community housing programme, jointly between the Head of Housing, Revenues & Benefits (community and housing need) and the Head of Assets (delivery) be noted;
2. the principles of the community housing scheme (as set out in section 3 of the presented agenda report) have been considered and approved;
3. the update on Brentor and Lamerton schemes be noted and it also be noted that the Lamerton scheme is not proceedable at this time;
4. the Lamerton scheme be subject of a further report to the Council's Overview and Scrutiny Committee; and
5. Council be **RECOMMENDED** to approve the expenditure of £85,000 from the Innovation Fund (Invest to Earn) Earmarked Reserve to undertake detailed design, specification and tendering of the Brentor scheme, subject to a successful planning decision.

HC 68

MONTH 10 REVENUE BUDGET MONITORING 2020/2021 (TO THE END OF JANUARY 2021)

Members considered a report that set out the latest Revenue Budget Monitoring up to the end of January 2021.

In discussion, Members wished to put on record their thanks to the Section 151 Officer, Deputy Section 151 Officer and their finance colleagues for their prudent financial management. Also, Members welcomed the cautious but optimistic approach to financial management that was being adopted by the Council.

It was then **RESOLVED** that:

1. the significant forecast income and expenditure variations for the 2020/21 financial year and the overall projected surplus of £323,000 (4.19% of the total annual Budget of £7.713 million) be noted;
2. Council be **RECOMMENDED** to transfer the business rates pooling gain of £100,000 for 2020/21, into the Business Rates Retention Earmarked Reserve and £200,000 of the 2020/21 projected surplus into a Recovery Plan and Corporate Strategy Earmarked Reserve.

(NB. If approved by Council in March 2021, this would leave a remaining surplus on the 2020/21 Accounts position of a surplus of £23,000 (£323,000 less £100,000 less £200,000) against the 2020/21 Amended Budget);

3. Council be **RECOMMENDED** to transfer £80,000 of salary savings from 2020/21 into a Salary Savings Earmarked Reserve, to be ringfenced to support salary costs in 2021/22 as set out in section 1.8 of the presented agenda report; and
4. Council be **RECOMMENDED** to transfer any award from the National Leisure Recovery Fund (the national £100million Leisure Fund), into the Leisure Services Earmarked Reserve (as set out in Section 1.12 of the presented agenda report).

(NB. The Council's indicative allocation is £80,000, which has been applied for).

HC 69

CAPITAL BUDGET MONITORING 2020/2021

Members considered a report that advised of the financial position as at 31 January 2021 for the purposes of Budget Monitoring.

In discussion, the following points were raised:-

- (a) In citing the Green Homes Grant and Business Grants as examples, some Members felt that representations should be made to Central Government in respect of simplifying such processes; and
- (b) With regard to the condition of Brook Street Car Park, officers committed to re-opening discussions and dialogue with the Co-op;

It was then **RESOLVED** that the contents of the report be endorsed.

HC 70

PUBLIC SPACE PROTECTION ORDERS – DOG CONTROLS

Consideration was given to a report that sought a recommendation to the Council meeting to be held on 30 March 2021 that a Public Space Protection Order 2021 be made.

In discussion, reference was made to:-

- (a) the importance of a communications campaign. Members emphasised the importance of a robust communications and education campaign to underpin the Order once approved;
- (b) reaching this point. A number of Members highlighted the difficulties that had been experienced in reaching this point whereby a recommendation could now be put forward to the Council. As a result, the Committee wished to thank the lead officers and lead Members in achieving a satisfactory outcome.

It was then **RESOLVED** that Council be **RECOMMENDED** to adopt the Public Space Protection Order 2021 (as outlined at Appendix 1 of the presented agenda report). To come into effect from 30 March 2021, the Order will introduce the following Borough-wide provisions that require dog walkers to:-

1. carry the means to pick up and to pick up;
2. keep dogs on lead on land designated as a Dogs on Lead Area and on roads with speed zones up to 30mph;

3. comply to put and keep dogs on leads if so directed (by an authorised officer); and
4. prevent dogs from accessing a dog exclusion zone.

HC 71

RECOMMENDATIONS ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE MEETING HELD ON 2 MARCH 2021

(a) Consultation and Engagement Task and Finish Group

Members considered the concluding report of the Consultation and Engagement Task and Finish Group that recommended adoption of a draft Community Consultation and Engagement Strategy.

The report also highlighted that the Strategy had been considered by the Overview and Scrutiny Committee at its meeting held on 2 March 2021. At that meeting, Committee Members had proceeded to recommend adoption of the Strategy.

During discussion, thanks were extended to the Task and Finish Group Members and the lead officers.

It was then **RESOLVED** that Council be **RECOMMENDED** to adopt the draft Community Consultation & Engagement Strategy (as set out at Appendix B of the presented agenda report).

(b) Localities Task and Finish Group

The Committee considered the concluding report of the Localities Task and Finish Group.

The report informed that a version of this report had been considered by the Overview and Scrutiny Committee at its meeting held on 2 March 2021 and Committee Members had proceeded to recommend onward consideration of each of the recommendations.

In discussion, reference was made to:-

- (i) the need for local Ward Members to engage with their Locality Officers. In particular, the importance of both Members and Officers providing feedback to each other (where appropriate) was recognised;
- (ii) the proposals having the support of the Team;
- (iii) the future of the Community Clustering arrangements. In the event of these arrangements being wound down, it was requested that those external representatives be kept informed and advised accordingly. To compensate for such a decision being taken, a Member proceeded to ask whether the Link Committees would be reinstated. In response, officers confirmed that the future of the Link Committees would require further consideration in the upcoming months;

- (iv) the lone worker policy. When questioned, officers confirmed that the Team was very familiar with the contents of the policy. As a general point, Members were reminded that the Council's Lone Worker Policy similarly applied to them and the wider membership was therefore encouraged to familiarise itself with the contents of the most recently adopted version;
- (v) a further report on the service being presented to the next Hub Committee meeting on 22 April 2021.

It was then **RESOLVED** that the Business Manager for Case Management (in consultation with the Lead Hub Committee Member):

1. Carry out a review of the Locality Service structure in order to deliver the following:
 - 1.1 Environmental Protection Officers are incorporated into the Localities Service;
 - 1.2 close working relationships between the Localities, Parking Enforcement and Waste teams are formalised;
 - 1.3 shared officers are introduced to improve the flexibility to meet team demands; and
2. Drafts a new Locality Team structure to support recommendation 1 (above) that will ensure:
 - 2.1 Clearly defined roles that support the delivery of scheduled tasks and the work of community groups, developing service level agreements where necessary;
 - 2.2 Improved office based and field support for mobile officers.

***HC 72 EXCLUSION OF PUBLIC AND PRESS**

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

***HC 73 DEED OF VARIATION IN RELATION TO TAMAR VALLEY MINING HERITAGE PROJECT**

Members considered an exempt report on a Deed of Variation in relation to Tamar Valley Mining Heritage Project.

In discussion, which concentrated on those considerations relevant to the Council's land management functions, Members asked that it be made absolutely clear that, for Development Management purposes, there had been no pre-determination in this respect.

It was then **RESOLVED** that:

1. the basis for taking the proposed approach with the underlying aim of safeguarding public access to the Tamar Trails network be noted; and

- final approval of the Deed of Variation be delegated to the Head of Assets, in consultation with the lead Hub Committee Member for Environment.

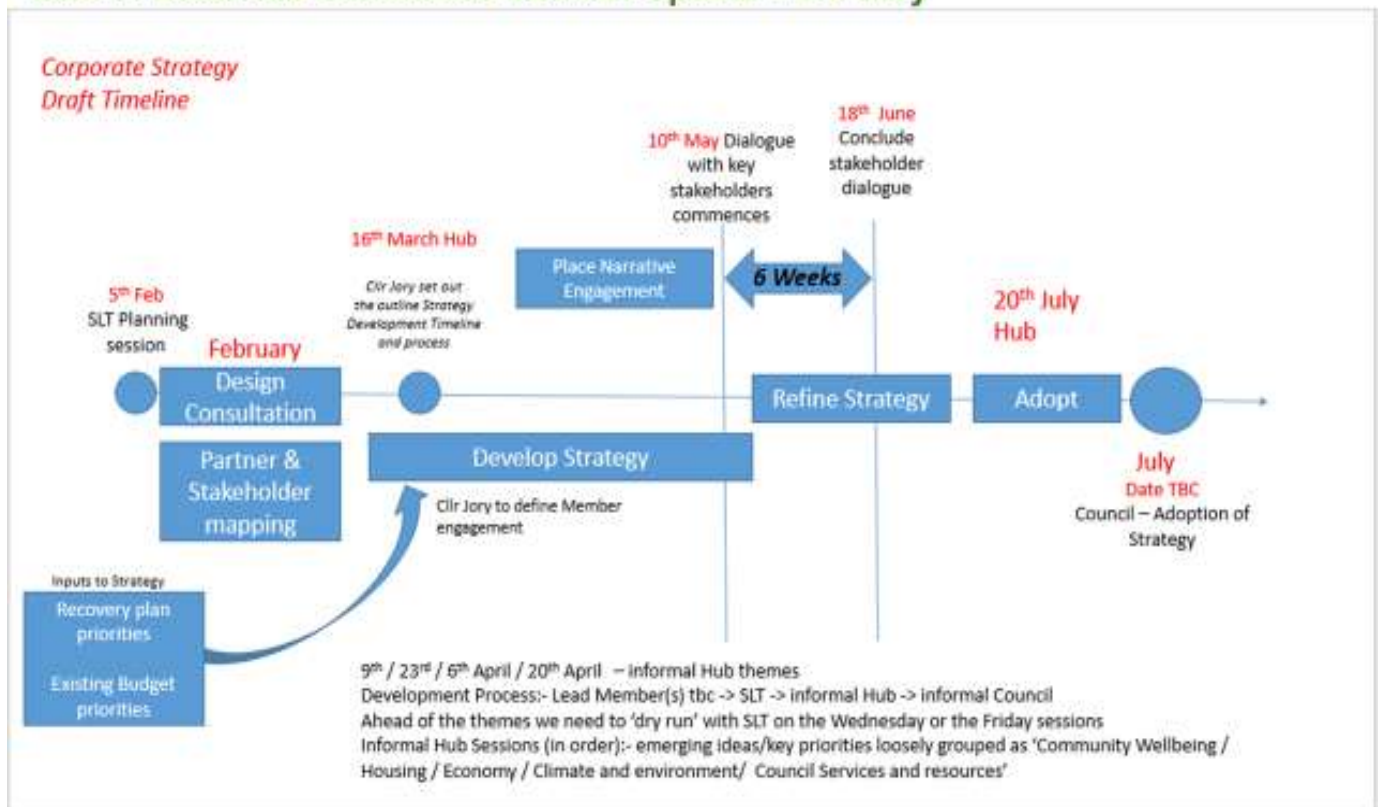
(The meeting terminated at 4.50 pm)

Chairman

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF MINUTES HC 66 PART 1, HC 67 PART 4, HC 68 PARTS 2, 3 AND 4, HC 70 AND HC 71 (a), WHICH ARE RECOMMENDATIONS TO THE FULL COUNCIL MEETING ON 30 MARCH 2021, WILL BECOME EFFECTIVE FROM WEDNESDAY 24 MARCH 2021 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18)

Appendix A

Item 7: Lead Hub Committee Member Update - Cllr Jory



Report to: **Council**

Date: **30th March 2021**

Title: **Leisure – Fusion support on Re-opening**

Portfolio Area: **Health and Wellbeing – Cllr Leech**

Wards Affected: **All**

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

Author: **Chris Brook** Role: **Director Place and Enterprise**
Lisa Buckle **Director Strategic Finance**

Contact: Chris.Brook@swdevon.gov.uk
Lisa.Buckle@swdevon.gov.uk

It is recommended to Council:

1. To passport through to Fusion, the £85,493 of the National Leisure Recovery Fund (NLRF) funding, to enable Fusion to meet the costs of preparing and carrying out the re-opening schedule from 12th April 2021 onwards, in line with the national roadmap.

1. Executive summary

- 1.1. The Covid-19 pandemic and a lack of central Government support has created very challenging conditions for Fusion, the Council's Leisure provider. The crisis has had a huge impact on all aspects of life and business.
- 1.2. The recommendation of this report is made in response to three key drivers; an existing support package predicated on a single lockdown not three (S1.4 -1.6), a slower forecast usage uptake due to the duration of closure, seasonality of re-opening and changes in participant behaviour (S1.8) and clear guidance that the NLRF funding should be paid across to leisure providers as a matter of urgency to support re-opening (S2.10).
- 1.3. Where Health and Wellbeing is outsourced within the Local Government sector to a leisure contractor, for a while there had not been any specific Government support other than the furlough scheme and the availability of Government loans for providers. Further to specific national and regional lobbying on this, the Government announced a £100million National Leisure Recovery Fund (NLRF), to which the Council applied (in partnership with Fusion). The Council was notified in early March 2021 of its successful application and was awarded £85,493 from the fund.

- 1.4. The original financial forecasts from Fusion that were presented to the Council in 2020 were planned around the first lockdown in March 2020, and the re-opening of sites in July/August. The forecast did not take into account the subsequent closures of sites in November and December (Lockdown 2) and from January 2021 onwards (Lockdown 3). These additional National Lockdowns and tiers dramatically stunted both participation, income from the sites and financial growth.
- 1.5. The Council has worked very closely with Fusion, our leisure partner, to support them through the pandemic, including a significant amount of revenue funding (£435,000 in 2020/21). Those decisions were taken by Council and the relative merits debated at the time, which recognised the perilous position all leisure operators found themselves in, with no income and high standing costs.
- 1.6. Those decisions were also made based on a set of assumptions of usage uptake, opening duration and staffing levels, which, as a result of a two subsequent lockdowns have proved inaccurate.
- 1.7. Having agreed a support package with Fusion up until March 2021, based on open book accounting and monthly management accounts, the costs of "standing still" coupled with a significant loss of Direct Debit membership payments have been challenging for Fusion. The Accounts to date show a small surplus may be returned to the Council for the position up to March 2021, based on the level of funding provided to date. This position will be finalised over the next month or two and reported back to Members in the Summer.
- 1.8. We now have some greater certainty over the future and having taken updated national modelling of usage uptake and applied local factors to it, Fusion are now modelling a negative cashflow into the financial year 2021/22. Fusion's projections of Income and Expenditure for April, May and June 2021 show a projected loss of £116,000 over the three months. This is even after the core costs of the business are covered by the Government Coronavirus Business Interruption Loan Scheme (CBILS)(as set out in 2.6).
- 1.9. Fusion have asked that the Council passport through the £85,493 from the National Leisure Recovery Fund (NLRF) to support Fusion re-open in line with the national roadmap. This request is consistent across all areas of the country and all leisure operators, so it is not unexpected. It is recommended in this report that the Council passports this funding through to Fusion.

2. Background

- 2.1. In 2016, the Council signed a Design Build Maintain and Operate (DBOM) contract with Fusion for the two leisure centres in West Devon.
- 2.2. The contract is for 25 years, ending in 2041. In signing the contract, the Council was able to bring in private sector expertise in leisure management and cost effectiveness, such that it could continue to offer this discretionary service in a way that was affordable for the Council.
- 2.3. A report was presented to Council on 22nd September 2020 and Council agreed to continue with the Fusion contract as being the most appropriate means of supporting health and wellbeing objectives within the Borough. Further financial support through to March 2021 was also approved to enable the leisure centres to re-open and the service to be maintained.
- 2.4. For West Devon the overall funding provided is £435,000 for 2020/21. This was approved at Council on 28th April 2020, 29th July 2020 and on 22nd September 2020 (Minute Ref CM13).
- 2.5. The additional National Lockdowns and tiers dramatically stunted both participation and financial growth as described in 1.3.
- 2.6. Fusion have made numerous changes to their operating protocols and cost base, which has been fundamental to enabling Fusion to meet the challenges from the pandemic. Fusion have also used all measures available to sustain the charity's financial position this far through the pandemic, to ensure they are in a position to restart. This has included applying for, and being approved for, a Government Coronavirus Business Interruption Loan. Fusion have also furloughed their staff during the lockdowns. They will continue to face financial challenges as recovery gets underway.
- 2.7. The Council, in partnership with Fusion, submitted its application for the National Leisure Recovery Fund (NLRF). A total of £100million was made available to the leisure sector and covered the period of December 2020 to March 2021. West Devon Borough Council was successful in its application for funding and has received £85,493 in March 2021 (slightly more than the £80,000 anticipated).
- 2.8. Fusion's projections of Income and Expenditure for April, May and June 2021 show a projected loss of £116,000 over the three months. Fusion have requested that the £85,493 of NLRF Lottery funding is passed through to them, to enable them to re-open all the centres and operate whilst Covid restrictions are still in place. Fusion's aim is to work in partnership with the Council to provide a safe re-opening to all the centres during the short term.
- 2.9. This request is consistent across all areas of the country and all leisure operators, so it is not unexpected, although Fusion have only recently requested this from the Council and produced their financial forecast for April 2021 onwards.
- 2.10. Recent guidance from the NLRF explicitly states that *'funding is expected to be released now to support mobilisation and set up*

activities that will be required to enable re-opening'. This was notified in an email to the Council from NLRF on 16th March, entitled 'clarification on use and payment of funding'. The guidance set out that the funding is specifically to help support the costs of reopening and recovery of the public sector leisure sector. It states that 'Local Authorities should pay suppliers as quickly as possible to maintain their cash flow and to support leisure suppliers to resume regular service once possible'.

- 2.11. It is clear from the NLRF advice recently received that the expectation is that the funding will be passported through to the leisure service provider to support the recovery of the public sector leisure sector. Given the Council's commitment to work in partnership with Fusion for the Health and Well-being for the Borough, it is recommended that the Council supports this approach.
- 2.12. The Budget Monitoring report presented to Hub Committee on 16th March, recommended to Council that the NLRF funding was put into an Earmarked Reserve at 31.3.2021, with a further report on its use being brought back to Members (this is an unstarred Minute on this Council agenda – Minute HC68). As the Council is now in receipt of Fusion's re-opening plans and the associated net costs, this report is recommending that this funding is passported through to Fusion, in accordance with the recent NLRF guidance.
- 2.13. A further report will be brought back to Members in the Summer on the wider issues of re-opening after the lockdown period. The report in the Summer will review the success of the re-opening plans and usage figures for the first quarter.

3. Re-opening Plans

- 3.1 Whilst Fusion have experience in remobilising the leisure centres following lockdowns, each mobilisation presents its own unique challenge. An all Member Briefing was arranged for 18th March to set out Fusion's re-opening plans for the centres.
- 3.2 Fusion will continue to operate the facilities in a Covid secure environment, in line with the latest Government and industry guidance. This of course has a commercial impact on Fusion's ability to drive revenue and income due to the capacity restrictions and their ability to provide a full-service offering. It also adds additional costs to the operation.
- 3.3 Fusion will continue various operational measures to best protect against Covid-19 by the following initiatives:
 - A Covid secure risk assessment remaining live and operational. This risk assessment is based upon Government guidance, supported by Public Health England recommendations and also with important updates from the trade industry body UK Active and all key National Governing Bodies such as Swim England.

- The risk assessment includes (but is not limited to) items such as one way systems, restricted capacity numbers, online bookings system and cashless payments. High touch cleaning checks are completed every two hours and recorded, with compliance daily audits.

3.4 In line with the Government roadmap, **it is proposed to re-open both leisure centres on 12th April.**

3.5 Driven by the Covid-19 restriction that will still be in place as Fusion reopen, opening hours will be as listed below. However, this is subject to constant review, and may be updated as necessary:

April – August:

Monday to Friday: 8am – 8pm;

Weekends: 8am – 4pm;

Previous agreements made for extended opening hours in relation to swimming clubs/sporting clubs etc.;

Fusion will continue to be flexible to other changes required relating to demand.

September – March:

Fusion will continue with similar operating hours as April – August during this period, but subject to discussion with the Council and based upon demand and revenue growth, Fusion will aim to increase the hours accordingly.

3.6 As part of this remobilisation, Fusion will look to re-launch a similar programme in each centre similar to October 2020, which included the following:

- Casual swimming;
- Health and fitness;
- Swim school;
- Group exercise (main hall uses subject to social distancing);
- Specific club use where it is safe and where applicable based upon NGB and National Government guidelines;
- Outdoor activity programmes where possible and subject to any restrictions implemented by the Government.

3.7 From re-opening, Fusion will continue to evaluate their activity programmes and will look to increase these based upon demand and income generation. This will take place from September 2021 onwards and will be done in consultation with the Council.

3.8 A comprehensive and updated customer communication plan which covers social media, emails and notifications will go through Fusion’s digital application. Fusion’s customer service team will facilitate all customer enquiries over 7 days per week. Prior to re-opening, Fusion

will provide the Council with a detailed customer communication plan.

4. Proposed Way Forward

4.1. It is clear from the NRLF advice recently received that the expectation is that the NRLF funding of £85,493 will be passported through to the leisure service provider to support the recovery of the public sector leisure sector. Given the Council's commitment to work in partnership with Fusion for the Health and Well-being for the Borough, it is recommended that the Council supports this approach.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Officers have taken legal advice during 2020 on the impact the Government's decision has on the contract and therefore the Council.</p> <p>The contract contains a change in law clause which has been triggered by the Government's actions and as such, it is a requirement under the contract for the Council to provide support during the forced closure period. The Council has provided this support.</p>
Financial implications to include reference to value for money		<p>It is clear from the NRLF advice recently received that the expectation is that the NRLF funding of £85,493 will be passported through to the leisure service provider to support the recovery of the public sector leisure sector. Given the Council's commitment to work in partnership with Fusion for the Health and Well-being for the Borough, it is recommended that the Council supports this approach.</p>
Risk		<p>Details of the risk assessments undertaken by Fusion are set out in 3.3.</p>

		All Fusion staff will re-undertake and complete online training developed by the organisation to ensure they are aware of updated COVID-19 measures to prepare them for re-opening and to support the local communities on re-entering centres. This training was successfully accepted by CIMSPA (the Chartered Institute of Management for Sport and Physical Activity) so that Fusion staff could then receive industry accreditation.
Climate Change		Contract targets to reduce energy usage
Comprehensive Impact Assessment Implications		
Supporting Corporate Strategy		Health and Wellbeing
Equality and Diversity		Whilst private sector facilities are available within the Borough, opportunities for equality and diversity are improved through the re-opening of public sector leisure centres.
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		<p>One of the Council's adopted strategic priorities is Health and Wellbeing and it has a history of providing these services, which is why it has entered into a long term contract to do so.</p> <p>It is not the case that the Council's leisure centres are the only services available in the area.</p> <p>However they are the biggest and most complete in the offer that they provide. This includes, swimming (casual, club and swim school), gym & personal training and group fitness classes.</p>
Other implications		

Background Information

Hub Committee – 16th March 2021 – Month 10 Budget Monitoring report 2020/21

Overview and Scrutiny Committee – 2nd March 2021 – Leisure Contract, Fusion Annual Report 2020

Council – 22th September 2020 – Fusion Support and Alternative options

Special Council – 29 July 2020 – Fusion Interim support

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

Report to: **Council**

Date: **30 March 2021**

Title: **2021/22 Capital Strategy, 2021/22 Treasury Management Strategy and 2021/22 Investment Strategy**

Portfolio Area: **Finance – Cllr C Edmonds**

Wards Affected: **All**

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

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance (S151 Officer)**
Clare Scotton **Finance Business Partner**

Contact: **01803 861413 lisa.buckle@swdevon.gov.uk**
01803 861559 clare.scotton@swdevon.gov.uk

Recommendations:

- 1. That the Council scrutinises and APPROVES the 2021/22:**
 - i) Capital Strategy (as attached at Appendix A);**
 - ii) Treasury Management Strategy (as attached at Appendix B);**
 - iii) Investment Strategy (as attached at Appendix C); and**
- 2. That delegated authority be given to the Section 151 Officer, in consultation with the Leader of the Council and the Hub Committee Member for Finance, to make any minor amendments to these Strategies if required throughout the 2021/22 Financial Year.**

1. Executive summary

- 1.1 This report seeks approval of the proposed Capital Strategy, Investment Strategy and Treasury Management for 2021/22, together with their associated prudential indicators.

- 1.2 Revised reporting is required since the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans and greater reporting requirements surrounding any commercial activity undertaken.
- 1.3 The current guidance for a Council's level of borrowing is the Prudential Code (2017) and as "proper practice" must be adhered to. The following extracts from the Code summarise the Code's approach to level of borrowing (self-regulating) and the governance that should apply.

"the local authority shall ensure that all its capital and investment plans are affordable, prudent and sustainable.

'A local authority shall determine and keep under review how much money it can afford to borrow.'

"the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local discretion"

Capital Strategy - As from 2019/20, all local authorities are required to prepare an additional Capital Strategy report. The Capital Strategy for 2021/22 is attached in Appendix A.

In 3.5.3, the Capital Financing Requirement, the measure of the Council's underlying need to borrow for the capital programme, has been projected to be £24.7 million for 2021/22. This includes borrowing for leisure, waste fleet, Kilworthy Park, Tavistock temporary accommodation and four investment properties.

Investment Strategy - The guidance includes a new requirement for Councils to prepare an Investment Strategy since 2019/20. Councils are required to prepare indicators that enable Members and the public to assess the Council's investments and the decisions taken. The new indicator measures net commercial income as a percentage of net service expenditure and total investment exposure.

Treasury Management Strategy - Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

- 1.4 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout all three of the Strategies presented for approval.

2. Outcomes/outputs

- 2.1 The budget for investment income has remained the same as 2020/21 and has been set at £105,321 in 2021/22.
- 2.2 External treasury management training (by Link Group) was arranged for all Members in March 2021 to ensure Members have up to date skills to continue to make capital and treasury management decisions.

3. Options available and consideration of risk

- 3.1 It is a statutory requirement for the Council to annually approve its Capital Strategy, Treasury Management Strategy and Investment Strategy.

4. Proposed Way Forward

- 4.1 It is recommended for the Council to approve the Capital Strategy (Appendix A), Treasury Management Strategy (Appendix B) and Investment Strategy (Appendix C) for 2021/22.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The elements set out in paragraph 2 cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.</p> <p>It is within the Terms of Reference of the Audit Committee to receive regular reports on the treasury management function.</p> <p>It is within the Terms of Reference of the Hub Committee to receive regular monitoring reports on the Council's Capital Programme and Capital Plans.</p>
Financial implications to include reference to value for money	Y	<p>Good financial management and administration underpins the entire treasury management strategy. The budget for investment income for 2021/22 has been set at £105,321.</p>
Risk	Y	<p>The security risk is the risk of failure of a counterparty. The liquidity risk is that there are liquidity constraints that affect the interest rate performance. The yield risk is regarding the volatility of interest rates/inflation. The Council produces an Annual Capital Strategy, Investment Strategy and Treasury Management Strategy in accordance with CIPFA guidelines.</p> <p>The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements. Investment interest income is reported quarterly to SLT and the Hub Committee as part of budget monitoring reports.</p>
Supporting Corporate Strategy		<p>The treasury management function supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>

Climate Change - Carbon / Biodiversity Impact		<p>The Council's investments are predominantly sterling-denominated term deposits. These are not long-term investments that are specifically used by financial institutions to "on-finance" projects, but used as part of day-to-day cash flow balances. The Council also does not make equity investments in financial institutions.</p> <p>The Council declared a Climate Change and Biodiversity Emergency on 23 July 2019 and a Climate Change Action Plan was presented to Council in December 2019.</p> <p>On 8th December 2020, Council adopted the Climate Change and Biodiversity Strategy. The Council has committed to the following aims;</p> <ul style="list-style-type: none"> a) That the Council aim to reduce its organisational carbon emissions to net-zero by 2030; b) That the Council commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the Borough of West Devon's carbon emissions to net zero by 2050 at the latest; c) That the Council aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025;
<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

Appendices:

Appendix A – Capital Strategy 2021/22
Appendix B – Treasury Management 2021/22
Appendix C – Investment Strategy 2021/22

Background Papers:

Council: 28 April 2020 - Capital Strategy 2020/21, Investment Strategy 2020/21, Treasury Management Strategy 2020/21 (CM 78)
Audit Committee: 9 February 2021 - Treasury Management Mid Year Review 2020/21

Approval and clearance of report

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

APPENDIX A

Capital Strategy 2021/22

1 Introduction

1.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- A high level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how associated risk is managed
- The implications for future sustainability

2 Capital Expenditure and Financing

2.1 Capital expenditure is where the Council spends money on assets, e.g. property/ vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, e.g. assets costing below £10,000 are not capitalised and are charged to revenue in the year.

2.2 As at the end of January 2021, the Council has incurred capital expenditure of £592,984 and will incur further capital expenditure by the end of March 2021. The Council capital expenditure is summarised below:

Capital expenditure £'000	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Services	1,405	1,135	2,559	2,102	975
Commercial activities/ non-financial investments*	-	-	-	-	-
Total	1,405	1,135	2,559	2,102	975

* *Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.*

Community Housing

- 2.3** The Council has approved a Community Housing Strategy in 2019/20 and the business case for individual projects to proceed to construction will be presented to Council for approval at the appropriate time.

Commercial Investment

- 2.4** In December 2019, the Council revised its Commercial Investment Strategy (originally approved in September 2018), which included multiple objectives: (a) to support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order) (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives. This was approved by Council on 17th December 2019 (Minute CM53).

Leisure Investment

- 2.5** The Council has already invested £1.5m in Leisure Services. The leisure contract sets out for the Council to be reimbursed by the leisure contractor for the borrowing of the Leisure Investment and the income has already been factored into the Medium Term Financial Strategy. Following the impact of the COVID-19 pandemic on the leisure industry, the income due for 2020/21 has been deferred and will be received from April 2021 onwards in an agreed payment schedule.
- 2.6** In September 2019, Council approved an overall Borrowing Limit (for all Council Services) of £50 million.
- 2.7** On 26 November 2020, the Public Works Loans Board reduced interest rates by 1% for all new loans arranged from 26 November 2020. Local Authorities are required to submit a summary of their planned capital spending and PWLB borrowing for the following three years. This is updated on at least an annual basis. PWLB borrowing is permitted in the future for the four categories of regeneration, service delivery, housing and refinancing.

2.8 Governance

2.8.1 The Head of Finance Practice invites bids for capital funding from all service managers annually on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids are ranked against a prescribed priority criteria which is set out in the bid process. Submitted capital bids are assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, Disability Discrimination Act etc.) and other capital works required to ensure the existing Council property assets remain open. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives. The final capital programme is then presented to Hub Committee and to Council in February each year.

2.9 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above capital expenditure is as follows:

Financing of capital expenditure £'000	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Expenditure	1,405	1,135	2,559	2,102	975
Financed by:					
External sources (Capital grants, NHB, S106)	1,056	600	1,924	1,329	860
Own resources (Capital receipts, Earmarked reserves)	349	535	635	181	115
Net financing need for the year (This is the prudential borrowing required)	-	-	-	592	-

- 2.10** Debt is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Replacement of debt finance £'000	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
MRP	598	611	623	636	661
Use of capital receipts	-	-	-	-	-

3 Treasury Management

- 3.1** Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.
- 3.2** The Council is typically more cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.3** As at 31 March 2020, the Council had external borrowing of £29.5 million.
- 3.4** As at 30 September 2020, the Council held £19m of Investments. Due to the bank base rate falling to 0.1% in March 2020 – an historic low, investment income will be much reduced in 2021/22. Treasury investments are expected to fall to approximately £16 million by 31 March 2021. The Council is in the process of paying out Business Grants for various grant schemes where significant funds will be paid out prior to 31 March 2021.

3.5 Borrowing Strategy

- 3.5.1** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future.
- 3.5.2** These objectives are often conflicting, and the Council therefore will seek to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

3.5.3 Projected levels of the Council’s total outstanding debt which comprises borrowing is shown below, compared with the capital financing requirement.

£'000	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
Debt at 31 March	29,534	28,944	28,342	27,726	27,013
Capital Financing Requirement	25,972	25,361	24,738	24,694	24,033

3.5.4 The Capital Financing Requirement is the measure of the Council’s underlying need to borrow for the capital programme. This has been projected to be £24.7 million for 2021/22. This includes borrowing for leisure, waste fleet, Kilworthy Park, Tavistock temporary accommodation and four investment properties.

4 Investment Strategy

- 4.1** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.2** The Council’s policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
- 4.3** Money that will be held for longer terms is invested more widely including in collective investment schemes (pooled funds whose underlying assets are company shares, bonds, property etc.). One example of which is the CCLA Local Authorities’ Property Fund in which the Council is invested to balance the risk of loss against the risk of receiving returns below inflation.
- 4.4** Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.
- 4.5** Further details on treasury investments can be found in the treasury management strategy (Appendix B).

4.6 Governance

4.6.1 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director for Strategic Finance (S151 Officer) and finance staff (where appropriate), who must act in line with the treasury management strategy approved by Council.

4.6.2 Semi-annual reports on treasury management activity are presented to the Audit Committee which is responsible for scrutinising treasury management decisions.

5 Investments for Service Purposes

5.1 The Council has a £50,000 investment in the South West Mutual Bank which takes the form of shareholding in the bank, with the purpose of encouraging local economic growth.

5.2 Governance

Decisions on service investments are made by the relevant service manager in consultation with the Corporate Director for Strategic Finance (Section 151 Officer) and must meet pre-approved criteria and limits. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6 Commercial Investment Strategy

6.1 In December 2019 (Minute CM53) the Council revised its Commercial Investment Strategy. This strategy covers both commercial development on Council-owned land and commercial acquisitions and has multiple objectives:

- to support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order)
- to enhance economic benefit and create business rates growth
- to assist with the financial sustainability of the Council as an ancillary benefit
- to help continue deliver and/or improve frontline services in line with the Council's adopted strategy and objectives.
- security and liquidity

6.2 Each acquisition or development opportunity will be assessed on its fit with meeting the objectives stated above and should deliver one or more of the following outcomes (benefits):

- Job creation or safeguarding
- Health & Wellbeing
- Town centre regeneration
- Tourism / increased footfall / Business rate growth
- Improved asset utilisation
- A minimum yield of 1%
- Climate Change Mitigation

6.3 Details of the Council's commercial investment strategy can be found in the report approved by Full Council on 17th December 2019 - minute Reference CM53.

<http://mg.swdevon.lan/ieListDocuments.aspx?CId=271&MIId=1276&Ver=4>

6.4 Risk Management and Due Diligence

6.5.1 The Council accepts there is a higher risk on commercial investment than with treasury investments. Financial risk will be weighed up against social and economic benefits of the investment. The principal risk exposures include variances resulting in a disruption or fall in income streams, fall in capital value which is either site-specific or due to general market conditions, deterioration in the credit quality of the tenant.

6.5.2 The Council assesses the risk of loss before entering into and whilst holding property investments/property opportunities by carrying out appropriate due diligence checks and implementing mitigation measures in managing risk:

- The tenants need to be of good financial standing (this is assessed using Dun & Bradstreet credit rating reports and annual accounts). The number of tenants e.g. sole tenant or multi tenanted will be assessed.
- The property condition such as date of construction and any imminent or significant refurbishment or modernisation requirements (forecast capital expenditure).
- How the property investment, financial or non-specified investment meets the Council's multiple objectives as set out in the Council's strategy.
- The lease must meet certain standards, such as being in a commercial popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future. Any break clauses will be assessed along with the number of unexpired years, bank guarantees and rent reviews.

- The location will be either within West Devon Borough Council's boundary, the LEP area or the South West Peninsula (in that priority order), as set out in the Commercial Investment Strategy. The population of the catchment area, the economic vibrancy and known or anticipated market demand as well as proximity to travel infrastructure and other similar properties will be assessed.

Future borrowing from the Public Works Loan Board must meet one of the four permitted categories of borrowing of regeneration, service delivery, housing or re-financing of existing debt.

- Rental income paid by the tenant must exceed the cost of repaying the borrowed money from the Public Works Loan Board (which is itself funded by the Government). The surplus is then an ancillary benefit which supports the Council's budget position and enables the Council to continue to provide services for local people.
- The gross and net yield are assessed against the Council's criteria.
- The prevailing interest rates for borrowing at the time.
- Debt proportionality considerations.
- The life and condition of the property is assessed by a valuer and the borrowing is taken out over the life of the asset. The amount of management and maintenance charges are assessed as well as the ease of in-house management. 10% of all rental income (or an amount as deemed prudent) is put into a Maintenance and Management Reserve to cover any longer-term maintenance issues.
- The potential for property growth in terms of both revenue and capital growth will be assessed.
- The risks are determined by the property sector e.g. office, retail, industrial, associated with specific properties and the mix of sectors within the Council's portfolio.
- Details of acquisition costs e.g. stamp duty land tax, legal costs
- The documented exit strategy for a purchase/new build.
- The legal and technical due diligence checks will also identify any specific problems such as anomalies in the title deed, restrictive use classes, indemnities, local competition, construction or refurbishment requirements.
- The Council engages the use of external advisors to assist in undertaking elements of the due diligence checks such as technical, legal, accounting, property and taxation advice.
- The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves

to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

6.5.3 Risk of loss shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below. In accordance with Para 23-25 of Statutory Guidance on Local Government Investments, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):

- Rental value by property
- Rental value by tenant
- Sector split by purchase price
- Purchase price
- Rental income profile
- Tenant lease length
- Gross Yield
- Management, Maintenance and Risk Mitigation Reserve (MMRM)
- Current value

6.5 Governance

6.5.1 Acquisitions must conform to the adopted Commercial Investment Strategy. Any deviation from the agreed Strategy will require Council approval.

6.5.2 The Council's Senior Leadership Team will initially consider each proposal (development or acquisition of property or renewables) as an initial step and recommend that the proposal proceeds in principle.

6.5.3 The Invest To Earn Committee will consider and evaluate (in accordance with this Strategy) proposals for commercial acquisition of assets on a case by case basis, and will make any necessary recommendations to the Head of Paid Service and Section 151 Officer who will make a decision in consultation with the Leader of the Council and Chairman of the Invest to Earn Committee.

6.5.4 The Council will consider debt proportionality (the amount borrowed to date against the net service expenditure ratio) on a case by case basis for each acquisition as part of the decision making process. Investment indicators are set out within the Council's Treasury Management Strategy.

- 6.5.5** The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below forecast, or if energy prices are below that forecasted in the case of a solar farm. The Council also sets aside 10% annually of all rental income and income from energy prices into a Maintenance, Management and Risk Mitigation (MMRM) Reserve. This is part of the Council's contingency arrangements.
- 6.5.6** Specialists will be commissioned to act on behalf of the Council to source suitable properties and manage the acquisition due diligence process.
- 6.5.7** Before a final decision is made to proceed with an acquisition, local ward Members will be briefed and be able to share their views with the Invest to Earn Committee.
- 6.5.8** Development proposals on Council owned land must also conform to the objectives of the Commercial Investment Strategy.
- 6.5.9** Unlike commercial acquisitions however, they shall not benefit from the same scheme of delegation. Instead, approvals must be sought through the Hub Committee and Full Council process. Decisions on in area development shall consider, as appropriate, the views of the local Members and key stakeholders (Town Council / Parish Council) as one of many aspects of any projects brought forward.

6.6 Debt Proportionality

- 6.7.1** The commercial investment strategy considers the risks of investment and the Council engaged Treasury Management advisors to analyse the level of debt proportionality to the Council's finances (e.g. levels of reserves, asset base and level of interest costs as a percentage of income).
- 6.7.2** Investment Property acquisitions expand the Council's balance sheet and interest costs will form a higher percentage of locally derived income. It would absorb a high level of reserves if there are shortfalls in or disruption to the income stream required to meet the additional expenditure.
- 6.7.3** Sensitivity analysis on the level of debt interest against the Council's level of reserves is considered as part of the Medium Term Financial Strategy and as part of the budget proposals each year. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.
- 6.7.4** In order that commercial investments remain proportionate to the size of the Council, borrowing for the Commercial Investment Strategy is subject to an overall limit (for all Council services) of £50 million.

6.7.5 The Council set an upper limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £50 million. Interest payments at 2% would equate to 22% of available reserves. At an interest rate of 2.5%, interest payments would equate to 27% of available reserves (Appendix G to the Budget Proposals report for 2021/22 – Council 16th February 2021).

6.7 Liquidity

6.8.1 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will spread its liquidity profile across its portfolio and also have a spread of the sector in which the Council invests. The Council also documents potential exit strategies as part of its due diligence checks.

6.8.2 Liquidity will be a factor in determining the amount of rent set aside in the Maintenance Management and Risk Mitigation Reserve for each investment which has a balance of £307,000 as at 31 March 2021. This will be reviewed with the same frequency as the risk reporting procedure set out in the Council's Commercial Investment Strategy.

7 Asset Management

7.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.

7.2 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.

7.3 Repayments of capital grants, loans to third parties for capital expenditure and investments also generate capital receipts.

7.4 The Council estimates to receive nil capital receipts in the coming financial year as follows:

Capital Receipts £'000	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Asset sales	-	-	-	-	-
Loans repaid	-	-	-	-	-
TOTAL	-	-	-	-	-

8 Liabilities

8.1 In addition to the current debt of £29.5m detailed above, the Council is committed to making future payments to cover its pensions liability. The Pensions Reserve for the net defined benefit liability was £21.8m at 31 March 2020.

8.2 Governance

8.2.1 Decisions on incurring new discretionary liabilities are taken by Head of Practice in consultation with the Corporate Director for Strategic Finance (Section 151 Officer).

8.2.2 The risk of liabilities crystallising and requiring payment is monitored as part of the budget monitoring and reported to the Hub Committee quarterly.

9 Revenue Budget Implications

9.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Proportion of financing costs to net revenue stream

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Financing costs (£'000)	1,217,195	1,332,190	1,263,502	1,263,363	1,274,391
Proportion of net revenue stream	17.2%	17.3%	17.3%	17.6%	17.3%

9.2 Further details on the revenue implications of capital expenditure are included in the Revenue Budget.

9.3 Sustainability

9.3.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future.

- 9.3.2** The Corporate Director of Strategic Finance (S151 Officer) is satisfied that the proposed capital programme is prudent, affordable and sustainable and it is fully integrated with the Council's 2021/22 Medium Term Financial Strategy, Treasury Management Strategy and Investment Strategy and other strategic plans. The Capital Strategy is compiled in line with the requirements of the 2017 CIPFA Prudential Code and 2017 Treasury Management Code. The risks associated with the Commercial Investment Strategy are covered within the Investment Strategy.
- 9.3.3** The delivery of the individual capital schemes on the plan is directly linked to the original approval of the capital project supported by each project having a project lead who is responsible for the delivery of the project (appropriate skills, contracting, planning etc.) and the subsequent achievement of the objectives of that project.
- 9.3.4** Members, via the Hub Committee meetings receive quarterly budget monitoring reports on the Council's Capital Programme. Through these updates, which are driven by the requirement of financial reporting, Members can review and challenge the delivery of projects and any changes to both the timing and expenditure of the capital project.
- 9.3.5** If subsequent to the capital project being completed there are variations to the income expected to be generated from that asset, this will be reported as a variance in the quarterly budget monitoring reporting and if ongoing will be included in the following year's revenue budget proposals.
- 9.3.6** The Council's Senior Leadership Team has oversight for the delivery of and challenge to the Capital Strategy and Capital Programme.

9.4 Affordability

- 9.4.1** Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital programme. This is either demonstrated by a report on the project being presented to Hub/Council for approval supported by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme, or by delegated procedures set out within the commercial investment strategy (containing this information).
- 9.4.2** All projects need to have a clear funding source. If external funding such as an external grant is to be used, there needs to be a clear funding commitment.

- 9.4.3** Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing costs of the operation and funding of that capital spend.
- 9.4.4** Where borrowing is to be used, the affordability is of greater importance and the affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing (MRP). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The rules around the governance of this borrowing are outlined in the Prudential Code (as summarised above).
- 9.4.5** At no stage should the asset value be lower than the value of outstanding debt unless there is a clear plan to mitigate that shortfall or to sell that asset.

9.5 Risks

- 9.5.1** The risks associated with a significant Capital Programme and a significant level of borrowing can be mitigated through all capital projects being supported by a business case, having adequate project management and/or project boards, suitable skills for the delivery of the project, tax planning, cash flow, clear operational plan for the use of the asset, security and due diligence on loans and purchases, use of external advice where appropriate, project contingencies, full tender process and regular and transparent reporting to Members.
- 9.5.2** There are clear links from the capital strategy to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at the Audit Committee and Council. For any new borrowing, and this is a greater risk as the value of borrowing increases, this does increase the Council's overall liabilities that will need to be repaid in the future.
- 9.5.3** In addition, this increases the Council's level of fixed interest and repayment costs that it will incur each year. In 2021/22 the borrowing liability is estimated at £28.3 million with ongoing financing costs of the borrowing of approx. £1.3m. This is a clear risk that all Members need to be aware of.

- 9.5.4** However this risk for assets is mitigated by a robust business case and a MRP that will repay the borrowing costs over a (prudent) asset life. Any variations from this are set out in the MRP Policy (section 2.5 of the Treasury Management Strategy). Any variation in expected income is an issue, however given the wide range of operational assets and different income streams this helps to mitigate this risk.
- 9.5.5** As outlined above in the position statement, investment properties have a different type and level of risk. Risk arises from both variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.). The Council has established a clear strategy, criteria and a governance route for these purchases which has included member training, second opinion on asset values, due diligence, site visits, surveys etc.
- 9.5.6** There are risks (and rewards) associated with the purchase of these type of assets, therefore all Members need to have sight of and understand the risks and rewards inherent in these commercial investments (development opportunities).

10 Knowledge and Skills

- 10.1** The Council employs professionally qualified and experienced staff in senior positions with responsibility for recommending capital expenditure, borrowing and investment decisions to Members.
- 10.2** The Director of Place & Enterprise is a Chartered Civic Engineer with 18 years of experience. In addition, the Director of Place & Enterprise holds a MSc in Construction Law.
- 10.3** The Corporate Director of Strategic Finance (S.151 Officer) is a Chartered Accountant (ICAEW) with 17 years of experience of being a S151 Officer (Chief Finance Officer). In addition, the Corporate Director for Strategic Finance holds a BSc in Mathematics and has previously worked in the private sector for accountancy firms.
- 10.4** The Estates Specialist is a Chartered Surveyor, qualified for over 15 years, with an Estate Surveying degree. In addition they are a Registered Valuer.
- 10.5** The Monitoring Officer is a qualified solicitor with over 20 years public sector experience.

10.6 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required. A list is below:-

- Link Group – Treasury Management Advice
- Savills – Property Agents
- JLL – Property and Technical Consultants
- CCD Properties Limited – Development Specialists
- Arcadis – Building Surveyors and Engineers
- Womble Bond Dickinson – Solicitors

10.7 This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

10.8 Following the District Elections in May 2019, a comprehensive Members' Induction Programme was undertaken in May 2019. This included specific financial and treasury management training.

10.9 External treasury management training (by Link Group) was arranged for all Members in March 2021 to ensure Members have up to date skills to continue to make capital and treasury management decisions.

Treasury Management Strategy Statement 2021/22

1. Introduction

1.1 Background

- 1.1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.1.5 CIPFA defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

1.2 Reporting Requirements

Capital Strategy

- 1.2.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:
- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability
- 1.2.2 The aim of this capital strategy is to ensure that all elected Members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 1.2.3 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:
- The corporate governance arrangements for these types of activities;
 - Any service objectives relating to the investments;
 - The expected income, costs and resulting contribution;
 - The debt related to the activity and the associated interest costs;
 - The payback period (MRP policy – Minimum Revenue Provision);
 - For non-loan type investments, the cost against the current market value;
 - The risks associated with each activity.
- 1.2.4 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 1.2.5 The Capital Strategy sets out details of the Council's Commercial Investment Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order) (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

1.2.6 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

1.2.7 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Treasury Management Reporting

1.2.8 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report) -
The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update Members on the capital position, amending treasury and prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

1.2.9 The above reports are required to be adequately scrutinised before being approved by Council. Periodic Treasury Management reports are reported to the Audit Committee for this purpose. Prior to the annual strategies being recommended to Council, an all Member briefing and Treasury Management training session has been arranged by officers so that Members have a full understanding of the contents covered in the annual strategies and are able to discuss these in more depth prior to their approval.

1.3 Treasury Management Strategy for 2021/22

1.3.1 The strategy for 2021/22 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

1.3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

1.4.1 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. The Members will receive training during March 2021. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

1.5.1 The Council uses Link Group, Treasury solutions as its external treasury management advisors.

1.5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

1.5.3 It also recognises that there is value in procuring external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.5.4 The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions), and other types investment, such as investment properties. The Council currently has four investment properties. The Council's negotiating team includes the Strategic Director of Place and Enterprise and the S.151 Officer, who are both members of the Senior Leadership Team. Both Officers are aware of the core principles of the prudential framework and of the regulatory regime within which Local Authorities operate. The S.151 Officer has attended specific treasury management training courses around the new MHCLG Guidelines on investments and the accounting treatment.

1.5.5 Investments require specialist advisors and the appropriate expertise is always resourced in relation to these activities. The specialist advisors used by the Council are:

- Link Group – Treasury Management Advice
- Savills – Property Agents
- JLL – Property and Technical Consultants
- CCD Properties Limited – Development Specialists
- Arcadis – Building Surveyors and Engineers
- Womble Bond Dickinson – Solicitors

2 The Capital Prudential Indicators 2021/22 – 2023/24

2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

2.2 Capital Expenditure

2.2.1 This prudential indicator is a summary of the Council's capital expenditure plans both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £'000	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Services	1,405	1,135	2,559	2,102	975
Commercial activities/ non-financial investments*	-	-	-	-	-
Total	1,405	1,135	2,559	2,102	975

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc. The Council currently has four investment properties.

2.2.2 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as leasing arrangements that already include borrowing instruments.

2.2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £'000	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Expenditure	1,405	1,135	2,559	2,102	975
Financed by:					
External sources (Capital grants, NHB, S106)	1,056	600	1,924	1,329	860
Own resources (Capital receipts, Earmarked reserves)	349	535	635	181	115
Net financing need for the year (This is the prudential borrowing required)	-	-	-	592	-

2.2.4 The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / non-financial investments £'000	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Expenditure	-	-	-	-	-
Financing costs	-	-	-	-	-
Net financing need for the year	-	-	-	-	-
Percentage of total net financing need %	-	-	-	-	-

2.3 The Council's Borrowing Need (the Capital Financing Requirement)

2.3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (e.g. capital receipts). It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR, if it is funded by borrowing.

2.3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP – capital repayment of the borrowing) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

2.3.3 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council does not currently have any such schemes within the CFR.

2.3.4 The Council is asked to approve the CFR projections below:

£'000	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement					
CFR – services	4,996	4,615	4,227	4,425	4,011
CFR - Commercial activities/ non-financial investments	20,976	20,746	20,511	20,269	20,022
Total CFR	25,972	25,361	24,738	24,694	24,033
Movement in CFR	(598)	(611)	(623)	(44)	(661)

Movement in CFR represented by					
Net financing need for the year (above)	-	-	-	592	-
Less MRP/VRP and other financing movements	(598)	(611)	(623)	(636)	(661)
Movement in CFR	(598)	(611)	(623)	(44)	(661)

2.3.5 A key aspect of the regulatory and professional guidance is that elected Members are aware of the size and scope of any investment activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.2 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

2.4 Core Funds and Expected Investment Balances

2.4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £'000	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Fund balances / reserves	6,203	5,008	4,751	4,639	4,527
Capital receipts	159	159	94	79	64
Provisions	804	884	804	804	804
Other	248	448	524	414	304
Total core funds	7,414	6,499	6,173	5,936	5,699
Working capital*	2,974	2,700	2,700	2,700	2,700
(Under)/over borrowing**	3,563	3,583	3,604	3,032	2,980
Expected cash position	13,951	12,782	12,477	11,668	11,379

* Working capital balances shown are estimated year-end; these may be higher mid-year.

**On 4 June 2019, the Council approved a Community Housing strategy with borrowing up to £4.3million. As these schemes and other capital projects come on stream and expenditure is incurred, this will reduce the over-borrowing position in future years. Community Housing expenditure and the associated borrowing has not yet been included in capital expenditure estimates and borrowing estimates for 2021/22 onwards.

2.5 Minimum Revenue Provision (MRP) Policy Statement

- 2.5.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). **The MRP is the capital repayment of any borrowing.**
- 2.5.2 MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- 2.5.3 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
- **Based on CFR** – MRP will be based on the CFR.
- 2.5.4 This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- 2.5.5 From 1 April 2008 for all unsupported borrowing (including finance leases, excluding the Community Housing Programme – see 2.5.11) the MRP policy will be:
- **Asset life (equal instalment) method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
 - **Asset life (annuity) method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- 2.5.6 These options provide for a reduction in the borrowing need over the asset's life.
- 2.5.7 The asset life methods are simple to operate and gives certainty in each year as to the level of charge applied. The other advantage is that they make business cases and scheme appraisals easier to compile. The annuity method is intended to have the advantage of linking MRP to the flow of benefits from an asset where these are expected to increase in later years. The annuity method gives rise to a lower charge in the early years, which steadily increases over the asset life. This approach means that the MRP for repayment of the debt liability will increase each year over the life of the asset, as the proportion of the interest calculated each year reduces and the principal repayment increases.
- 2.5.8 With all options, MRP should normally commence in the financial year following the one in which expenditure was incurred. Regulation 28 does not define 'prudent'.

- 2.5.9 However, MRP guidance has been issued, which makes recommendations to Councils on the interpretation of that term. Councils are legally obliged to 'have regard' to the guidance. The Council's policy will be that MRP will not normally commence until the start of the financial year following the one in which the expenditure was incurred and the asset became operational. The Council will postpone making MRP until the financial year following the one in which the asset becomes operational.
- 2.5.10 **MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2021 the Council had no VRP overpayments.
- 2.5.11 **Community Housing** – The Council has approved a Community Housing Strategy and the business case for individual projects to proceed to construction will be presented to Council for approval at the appropriate time. For the Council's Community Housing programme the majority of the assets to be developed will be sold within a short timeframe after they have been built. The Council's MRP policy for these Community Housing assets will be that capital receipts generated on the sale of assets will be set aside and used to reduce the Council's CFR and also the amount that would otherwise be chargeable as MRP in that period. The Council will also defer the provision of MRP that would otherwise be chargeable in a period, in anticipation of capital receipts arising from future sales which have yet to be materialised. If the capital receipts from the sale of assets were insufficient to provide for the CFR relating to the scheme, the Council would commence MRP to recover any sums that were not covered by future capital receipts.

3 Borrowing

- 3.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.2 Current Portfolio Position

3.2.1 The overall treasury management portfolio as at 31 March 2020 and for the position as at 31 January 2021 are shown below for both borrowing and investments.

Treasury Portfolio	31 March 2020 Actual		30 January 2021 Current	
	£'000	Rate%	£'000	Rate%
Treasury Investments:				
Short term – fixed	3,000	0.90	19,000	0.01
Money Market Funds	10,200	0.39	11,150	0.01
CCLA – Local Authority Property Fund	474	3.25	474	3.21
Total treasury investments	13,674		30,624*	
Treasury External Borrowing				
PWLB	29,534	2.53	29,157	2.53
Total external borrowing	29,534		29,157	
Net treasury investments / (borrowing)	(15,860)		1,467	

**The Council's investments mid way through the year are always higher than at the year end due to the cashflow advantage that the Council benefits from part way through the year from the collection of Council Tax, before these are paid out to precepting authorities. The Council has also received Government grants for business grants which are being administered over the period from January to the end of March and this will reduce the total investments by 31 March 2021, as payments are made to businesses in line with the Government guidance.*

3.2.2 In September 2018 (Minute CM34) the Council approved an updated Commercial Investment Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order) (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

3.2.3 The Council's current Non-Treasury Investment portfolio position is summarised below.

Non-Treasury Investments				
Asset	Purchase Price (£)	Year Purchased	Asset life for the calculation of MRP (Years)	Value at 31 March 2020* (£)
Bristol House	10,200,708	2018/19	50	11,204,029
Okehampton Co-op	3,365,000	2018/19	50	3,140,000
Industrial units at Heron Road, Exeter	3,500,000	2018/19	50	3,110,000
St Modwen Road, Plymouth	1,700,000	2018/19	50	1,550,000
TOTAL	18,765,708			19,004,029

*following fair value adjustments

3.2.4 The Fair Value Valuation at 31.3.2020 of the four commercial properties was £19.004 million.

3.2.5 Indicators for the Council's Non-Treasury Investment portfolio are shown below.

Non-Treasury Investment Indicators	Actual 2019/20	Estimate as at 31 Mar 21
Total investment income as a proportion of the Council's Net Budget	4.26%	3.30%
Borrowing for Non-Treasury investments as a proportion of the Council's Net Budget	302.63%	275.33%
Investment income from Investment Properties compared to the interest expense incurred by them	215.52%	208.23%

3.2.6 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
External Debt					
Debt at 1 April	27,580	29,534	28,944	28,342	27,726
Expected change in Debt	1,954	(590)	(602)	(616)	(713)
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	29,534	28,944	28,342	27,726	27,013
The Capital Financing Requirement	25,972	25,361	24,738	24,694	24,033
Under / (over) borrowing*	(3,562)	(3,583)	(3,604)	(3,032)	(2,980)

**On 4 June 2019, the Council approved a Community Housing strategy with borrowing up to £4.3million. As these schemes and other capital projects come on stream and expenditure is incurred, this will reduce the over-borrowing position in future years. Community Housing expenditure and the associated borrowing has not yet been included in capital expenditure estimates and borrowing estimates for 2021/22 onwards.*

3.2.7 Within the above figures the level of debt relating to commercial activities / non-financial investment is:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £'000	21,422	21,236	21,045	20,849	20,563
Percentage of total external debt %	73%	73%	74%	75%	76%

3.2.8 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.2.9 The Corporate Director for Strategic Finance (S151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report for 2021/22.

3.3 Treasury Indicators: Limits to Borrowing Activity

3.3.1 In September 2019, Council approved an overall Borrowing Limit (for all Council Services) of £50 million. The Operational Boundary has been set at just below this level at £47.5 million. Council are asked to re-affirm the total Authorised Borrowing Limit of £50 million.

3.3.2 **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £'000	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Total external debt	47,500	47,500	47,500	47,500

3.3.3 **The Authorised Limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

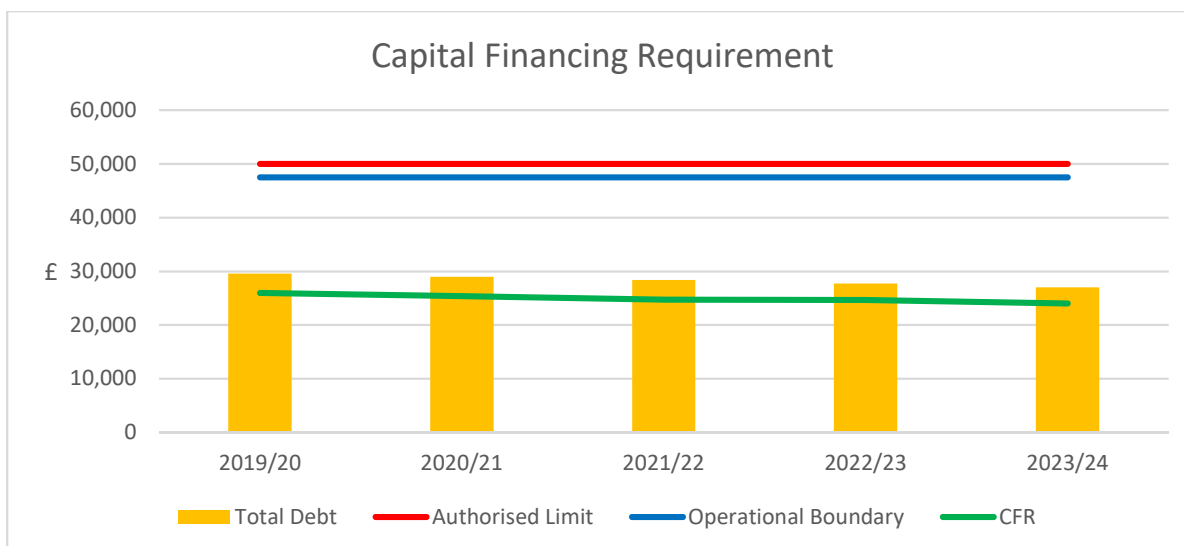
1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit of £50 million:

Authorised limit £'000	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Total external debt	50,000	50,000	50,000	50,000

3.3.4 The graph below shows the CFR and borrowing projections.

CAPITAL FINANCING REQUIREMENT					
	Actual 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000
General Fund	4,996	4,615	4,227	4,425	4,011
Commercial activities / non-financial investments	20,976	20,746	20,511	20,269	20,022
Total CFR	25,972	25,361	24,738	24,694	24,033
External Borrowing	29,534	28,944	28,342	27,726	27,013
Authorised Limit	50,000	50,000	50,000	50,000	50,000
Operational Boundary	47,500	47,500	47,500	47,500	47,500



3.4 Prospects for Interest Rates

3.4.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View		8.2.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00

3.4.2 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it subsequently left Bank Rate unchanged at its subsequent meetings, including its last meeting on 4th February 2021, although some forecasters had suggested that a cut into negative territory could happen. However, at that last meeting, we were informed that financial institutions were not prepared for implementing negative rates. The Monetary Policy Committee (MPC), therefore, requested that the Prudential Regulation Authority require financial institutions to prepare for such implementation if, at any time in the future, the MPC may wish to use that as a new monetary policy tool. The MPC made it clear that this did not in any way imply that they were about to use this tool in the near future.

3.4.3 As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as it is unlikely that inflation will rise sustainably above 2% during this period so as to warrant increasing Bank Rate.

3.5 Borrowing Strategy

3.5.1 The Council is not expecting to take any new external loans during the current and next two financial years as the current Capital Financing Requirement estimates will be fully financed by existing borrowing. We will continue to assess the opportunities to borrow and look to use a mix of external loans to finance any further increases in the Capital Financing Requirement (CFR). Any opportunities to reduce interest costs by maintaining an under-borrowed position will be considered. This means that the capital borrowing need (the CFR), will not be fully funded with external loans as cash supporting the Council's reserves, balances and cash flow will be used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered. Based on the current external loan portfolio, the Council would need to repay some of the existing loans to achieve an internal borrowing position. The current PWLB early repayment terms do not make this financially beneficial, but it will be continually reviewed to ensure any opportunities to mitigate the net interest costs are considered.

3.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Corporate Director for Strategic Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then any further external borrowing could be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the external loan portfolio position will be re-appraised. This would include loan rescheduling opportunities as they may be more affordable when gilt yields rise from current levels. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. Before any new loans are taken a review would be undertaken to consider alternative repayments structures to ensure the most efficient loans are added to the current portfolio.

3.5.3 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.6 Policy on Borrowing in Advance of Need

- 3.6.1 Any decision to borrow in advance will be secured on a case by case basis on the most advantageous terms available, predominantly through borrowing or any other unallocated or available Council reserve, or capital receipt.
- 3.6.2 Borrowing in advance will be made within the constraints that:
- It will be limited to no more than 100% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - The authority would not look to borrow more than 36 months in advance of need.
- 3.6.3 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.
- 3.6.4 The Council will not borrow more than, or in advance of need as part of the funding for investments of developments so as to benefit from the investment of the extra sums borrowed (para 46 & 47 SGLGI). There are no circumstances in which the Council would seek to disregard the prohibition on borrowing ahead of need, purely for profit.
- 3.6.5 The Council's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired rental income or borrowing costs increasing are explained in the section on Risk Assessment within the Capital Strategy.
- 3.6.6 Latest guidance issued by the Secretary of State makes clear that borrowing to finance the acquisition of non-financial investments (e.g. commercial property investment) made purely for profit shall be considered 'borrowing in advance of need'.
- 3.6.7 Such investment would most likely be considered capital and determined under the guiding principles outlined separately in the Capital Strategy and outside the scope of this Treasury Management Strategy. However, and to be clear, the Council will not borrow for capital investment made solely for yield generating opportunities.

3.7 Debt Rescheduling

3.7.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

3.7.2 If external loan rescheduling options were identified, they would be presented and reported to the Council, at the earliest meeting available.

3.8 New Financial Institutions as a Source of Borrowing

3.8.1 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, if additional loans are required, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate)
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time and minimum amounts of borrowing).

3.8.2 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.9 Maturity Structure of Borrowing

3.9.1 These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2021/22		
	Lower	Upper
Less than 1 year	0%	10%
Between 1 and 2 years	0%	10%
Between 2 years to 5 years	0%	30%
Between 5 years to 10 years	0%	30%
Between 10 years to 20 years	0%	50%
20 years and above	0%	100%

3.10 Approved Sources of Long and Short Term Borrowing

3.10.1 Approved sources of borrowing are as follows:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Medium Term Notes	●	
Finance leases	●	●

APPENDIX B1

TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Hub Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iv) Delegation from the Corporate Director of Strategic Finance (S151) to the nominated posts for the taking of investment decisions

- Head of Finance Practice (Deputy S151)
- Finance Business Partners

APPENDIX B2

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe for example 25+ years.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (*TM Code p54*): -

- Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
- Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

APPENDIX C

Annual Investment Strategy 2021/22

1. Annual Investment Strategy

1.1 Investment Policy – Management of Risk

- 1.1.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of economic regeneration and income yielding assets, are covered in the Capital Strategy, (a separate report).
- 1.1.2 The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2018
- 1.1.3 The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council’s risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.
- 1.1.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix C1 under the categories of 'specified' and 'non-specified' investments.
 - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £4 million of the total investment portfolio, (see Appendix C1).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 1.2.6.
7. **Transaction limits** are set for each type of investment in 1.2.6.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 1.4.6).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 1.3.1).
10. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. **Statutory override on pooled investments.** As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments, by announcing a statutory override to delay implementation of

IFRS 9 for five years commencing from April 2018. The Council will use the statutory override to account for any changes in the fair value on its pooled investments. For the Council's Money Market Fund investments, the change in fair value was immaterial in 2019/20.

13. Investments in equity instruments designated at fair value through other comprehensive income. Upon transition to IFRS9 – Financial Instruments on 1 April 2018, the Council elected to designate the CCLA investment (£500,000) as fair value through other comprehensive income. These investments are eligible for the election because they meet the definition of equity instruments in paragraph 11 of IAS32 and are neither held for trading (the Council holds this investment as a long term strategic investment) nor contingent consideration recognised by an acquirer in a business combination to which IFRS3 applies. They are not considered to be puttable instruments because the Council does not have a contractual right to put the instrument back to the issuer for cash. The Council currently holds £0.5m in the CCLA Property Fund.

1.1.5 However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 1.5.1). Regular monitoring of investment performance will be carried out during the year.

1.1.6 The above criteria are unchanged from last year.

1.2 Creditworthiness Policy

1.2.1 This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

1.2.2 This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour - not to be used

1.2.3 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

1.2.4 Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

1.2.5 All credit ratings will be monitored on a real-time basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

1.2.6 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Minimum credit criteria/colour band	Limit per institution Max % of total investments	Maximum maturity
DMADF	n/a	100%	6 months
Money Market Funds	AAA	£3m	Daily liquidity
Cash Plus Funds/ Ultra short bond funds	AAA, AA	£3m	T+1 to T+4
CCLA Local Authorities Property Fund	Not credit rated	£1.0m	No fixed maturity date but will generally be held for up to 7 years
Local Authorities	Yellow	£3 million per institution	5 years
Unsecured investments with banks and building societies	Yellow Purple Blue Orange Red Green No Colour	£3m (£4m for Lloyds plc)	Up to 5 years Up to 2 years Up to 1 years Up to 1 years Up to 6 months Up to 100 days Not for use
Share capital in a body corporate	N/A	nil	N/A
Loan capital in a body corporate	N/A	nil	N/A

Creditworthiness

- 1.2.7 Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30 June 20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on *actual* levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- 1.2.8 All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.
- 1.2.9 **CDS prices.** Although bank CDS prices (these are market indicators of credit risk) spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

1.3 Other limits

1.3.1 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £4 million of the total investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** (see Appendix C2).
- c) **Other limits.** In addition:
 - no more than £3 million will be placed with any non-UK country at any time;
 - limits in place above will apply to a group of companies;
 - sector limits will be monitored regularly for appropriateness.

1.3.2 **Loans.** In accordance with the Statutory Guidance on Local Government Investments, a local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth.

The Council can make such loans whilst continuing to have regard to this guidance, subject to the following requirements of the Council's strategy, being:-

- i) Total financial exposure to these type of loans is proportionate;
- ii) The Council uses an allowed "expected credit loss" model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 Financial Instruments as adopted by proper practices to measure the credit risk of its loan portfolio;
- iii) The appropriate credit control arrangements to recover overdue repayments are in place; and
- iv) The local authority has formally agreed the total level of loans by type that it is willing to make and the total loan book is within the self-assessed limit.

1.4 Investment Strategy

1.4.1 **In-house Funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

1.4.2 **Investment Returns Expectations.** Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising, so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

1.4.3 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

1.4.4 The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	2021/22	2022/23	2023/24
Principal sums invested for longer than 365 days	£0.5	£0.5	£0.5
Current investments as at 31.01.21 in excess of 1 year maturing in each year*	£0.5	£0.5	£0.5

* *Monies already invested in the CCLA Property Fund (£500,000 at 31.3.2020) – A further £0.5m investment in the CCLA Property Fund was approved as part of the 2020/21 Budget – Note this Investment of £0.5m in 2020/21 has not currently been made due to the Coronavirus pandemic.*

1.4.5 For its cash flow generated balances, the Council will seek to utilise its money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

1.4.6 The Council's investments are predominantly sterling-denominated term deposits. These are not long-term investments that are specifically used by financial institutions to "on-finance" projects, but used as part of day-to-day cash flow balances. The Council also does not make equity investments in financial institutions.

1.5 Investment Performance / Risk Benchmarking

1.5.1 The Council will use an investment benchmark to assess the investment performance of its investment portfolio of the Sterling Overnight Interbank Average rate (SONIA).

1.6 End of Year Investment Report

1.6.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

APPENDIX C1

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Specified Investments

All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
Money Market Funds	AAA	£3 million per fund	Liquid
Ultra Short Dated Bond Funds	AAA	£3 million	Liquid
Local authorities	Yellow	£3 million per institution	12 months
Term deposits with banks and building societies	Blue	£3 million per institution (£4 million for Lloyds)	Up to 1 Year
	Orange		Up to 1 Year
	Red		Up to 6 months
	Green		Up to 100 days
	No Colour		Not for use

Non-Specified Investments

Investment instruments with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The Council's CCLA Property Fund investment of £500,000 is currently the only investment type that the Council has which meets the definition of a non-specified investment. A further £500,000 investment was approved as part of the 2020/21 Budget.

Note this Investment of £0.5m in 2020/21 has not currently been made due to the Coronavirus pandemic.

The limits shown below for share capital and loan capital are the maximum limits for this investment type.

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
Property Investment Funds – CCLA	N/A	£1 million	No fixed maturity date but will generally be up to 7 years
UK Government Gilts	Yellow	£3 million	5 Years
Share capital in a body corporate (See note 1 below)	N/A	nil	N/A
Loan capital in a body corporate (See note 1 below)	N/A	nil	N/A
TOTAL		£4 million	

NOTE 1. The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. The Council will seek further advice on the appropriateness and associated risks with investments in these categories. At the current time, there is not predicted to be any share capital or loan capital for 2021/22 and these lines in the table are shown for completeness only.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Although the countries listed below are eligible for Investment as their credit rating is AA- or higher, the Council mainly invests with Banks or Building Societies within the UK.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K

Report to: **Full Council**

Date: **30 March 2021**

Title: **Pay Policy Statement and Pay and Reward Strategy 2021/22**

Portfolio Area: **The Leader of the Council – Cllr N Jory**

Wards Affected: **All**

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

Date next steps can be taken: Immediately following this meeting.
(e.g. referral on of recommendation or implementation of substantive decision)

Author: **Andy Wilson** Role: **Head of Human Resources Practice**

Contact: **01803 861154: andy.wilson@swdevon.gov.uk**

Recommendations:

1. That the Council RESOLVES to adopt the attached Pay Policy Statement for 2021/22

2. That the Council RESOLVES to adopt the attached Pay and Reward Strategy 2021/22

1. Executive summary

1.1. The report proposes that the Council adopts the Pay Policy Statement (attached at Appendix A) and the Pay and Reward Strategy (attached at Appendix B).

1.2. The Council is required under the Localism Act 2011 to agree and publish a Pay Policy Statement each year.

1.3. The Pay Policy Statement sets out the authority's policies for the financial year relating to the remuneration of its chief officers, the remuneration of its median and lowest-paid employees and the relationship between the salary of the Head of Paid Service and the salaries of the median and lowest paid employees.

- 1.4. Under the provisions of the Pay Policy Statement, full Council approval is required to review the salaries of a Chief Officer.
- 1.5. The Pay and Reward Strategy sets out the authority's overall approach to the pay and reward of its staff.

2. Background

- 2.1. Section 38 of the Localism Act 2011 requires local authorities in England and Wales to produce and publish a statutory pay policy statement for 2012/2013 and each financial year thereafter. Once approved, the policy will be published on the Council's website.
- 2.2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates.
- 2.3. In line with South Hams District Council (with whom the Council shares its workforce), it is recommended that Council receives an annual report setting out the Council's Pay and Reward Strategy in conjunction with the annual Pay Policy Statement.

3. Outcomes/outputs

3.1. Pay Policy Statement

- 3.2. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of Head of Paid Service to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through the pay policy statement, the Council can track this multiple on an annual basis.
- 3.3. If the relationship between the salary of the Head of Paid Service and the lowest paid employee exceeds a factor of 10, the Leader is required by the Localism Act to bring a report to Full Council for consideration.
- 3.4. The annual median salary of all employees is £2pa.
- 3.5. The annual salary of the lowest paid employee is £19,698pa.
- 3.6. The relationship between the remuneration of the Head of Paid Service and the median salary of all employees is 4.65.
- 3.7. The relationship between the remuneration of the Head of Paid Service and the salary of the lowest paid employee is 6.26.

3.8. Pay and Reward Strategy

3.9. The Pay and Reward Strategy sets out the Council’s approach to the pay and reward of its employees and sets out details of the overall reward philosophy, pay design and structure, applicable rates of pay and other financial and non-financial benefits available to staff.

3.10. Gender Pay Gap

3.11. The Council also has a separate statutory duty to publish a report on the gender pay gap of its employees by 30 March 2021. The report will be published through the Government’s gender pay gap reporting service and on the Council website.

4. Options available and consideration of risk

4.1. The Council has a legal requirement under the Localism Act 2011 to publish a Senior Pay Policy each year.

5. Proposed Way Forward

5.1. Council is asked to adopt the Pay Policy Statement at Appendix A and publish it on its website to meet its statutory requirements.

5.2. Council is asked to adopt the Pay and Reward Strategy at Appendix B.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Yes	The Localism Act 2011 requires the Council to adopt and publish a Pay Policy Statement. The Pay Policy Statement requires the Leader to make a recommendation to Full Council to change the salary payable to a Chief Officer.
Financial	Y	The total annual salary cost of the SLT at 31 March 2020 is £427,243.53pa. This cost is shared with West Devon Borough Council. The cost of the SLT at 31 March 2019 was £408,000pa.
Risk	N	There are no risks associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Comprehensive Impact Assessment Implications		

Equality and Diversity	N	There are no Equality or Diversity implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Safeguarding	N	There are no Safeguarding implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Community Safety, Crime and Disorder	N	There is no positive or negative impact on crime and disorder reduction associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Health, Safety and Wellbeing	N	There are no Health, Safety and Wellbeing implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.
Other implications	N	There are no other implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy.

Supporting Information

Appendices:

A: Pay Policy Statement 2021/22

B: Pay and Reward Strategy 2021/22

Background Papers:

The Localism Act 2011

Code of Recommended Practice for Local Authorities on Data Transparency (published by the Secretary of State on 29 September 2011)

Hutton Report (published in March 2011)

Report on appointment of new CE

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes

If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No
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West Devon
Borough
Council

PAY POLICY STATEMENT 2021/2022

Purpose and scope of the Policy

1. Section 38 of the Localism Act 2011 (the Act) requires local authorities in England and Wales to produce a statutory pay policy statement for 2012/2013 and each financial year thereafter.
2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the preceding financial year to which it relates.
3. The Council may by resolution amend this pay policy statement at any time during the year, subject to the amended statement being published as soon as is reasonably practicable.
4. The Act requires local authorities to have regard to the guidance issued by the Secretary of State. The guidance draws upon the Code of Recommended Practice for Local Authorities on Data Transparency published by the Secretary of State on 29 September 2011, the commitment in the Coalition Agreement to strengthen councillors' powers to vote on large salary packages for council officers and the recommendations made by the Hutton Report published in March 2011 for promoting fairness in the public sector by tackling disparities between the lowest and highest paid in public sector organisations.
5. The pay policy statement brings together these strands of increasing accountability, transparency and fairness in the setting of chief officer pay.
6. The pay policy must set out the authority's policies for the financial year relating to—
 - 6.1. the remuneration of its chief officers,
 - 6.2. the remuneration of its lowest-paid employees, and
 - 6.3. the relationship between—
 - 6.3.1. (i) the remuneration of its chief officers, and
 - 6.3.2. (ii) the remuneration of its employees who are not chief officers.

7. For the purposes of this pay policy, and in accordance with section 43 (2) of the Act, the following officers are considered to be relevant chief officers and deputy chief officers within scope of the Councils' statutory obligation:

- Chief Executive
- Directors
- Section 151 Officer
- Monitoring Officer

8. The above officers are collectively known as Chief Officers for the purpose of this pay policy statement.

9. In addition, the pay policy sets out the council's overall pay strategy that is applicable to all employees.

Shared Services

10. For the purposes of this pay policy statement, it should be noted that all of the identified chief officers operate under a shared service agreement with South Hams District Council and their salary costs are shared on an agreed basis. For the purpose of this pay policy statement, all shared chief officers are shown, notwithstanding the identity of their employing authority.

Current Senior Leadership Arrangements

11. With effect from 1 January 2014, West Devon Borough Council and South Hams District Council agreed to adopt interim arrangements for an Executive Director model following the retirement of the Shared Chief Executive on 31 March 2014.

12. As part of the Councils' T18 Transformation Programme, a new senior management structure was approved by Full Council consisting of 2 Executive Directors and 4 Group Managers. This was reduced to 3 Group Managers from 31 January 2016

13. Following the resignation of the Executive Director for Strategy and Commissioning and Head of Paid Service with effect from 18th February 2018, further interim arrangements were approved by Council until the election of a new administration in May 2019. The Council resolved to jointly set aside £53,000pa with South Hams District Council (£26,500 per Council) of the interim savings to finance interim senior management arrangements.

14. Following a review of the interim arrangements by the Review Panel, and building on the recommendations of the Local Government Association Peer Review, Council appointed the Executive Director for Service Delivery as the Chief Executive with effect from 21 February 2019. The post of Executive Director for Strategy and Commissioning remained vacant.

15. The Chief Executive implemented a new senior leadership structure with effect from September 2019 comprising of a Chief Executive plus Directors of

Customer Service and Delivery, Place and Enterprise, Governance and Assurance, and Strategic Finance. The role of Executive Director for Strategy and Commissioning was deleted.

16. The substantive salaries of the Senior Leadership Team were agreed by the Council on the recommendation of the Leader after taking advice on comparable salary levels in other organisations.
17. The salary of the Monitoring Officer includes an additional responsibility allowance, set at 20% of their substantive salary, in recognition of carrying out the duties of the Monitoring Officer.
18. In April 2020, Full Council agreed the appointment of a new Chief Executive.

Remuneration for Chief Officers

19. The council has chosen to introduce local arrangements for the Senior Leadership Team pay because it believes that this delivers a better outcome in terms of managing performance and flexibility.
20. The Leader of the Council may recommend to Full Council changes to the remuneration package following a review and after taking independent pay advice from South West Councils or a similar body. Any changes to the remuneration packages will be subject to Full Council approval.
21. Salary increases in relation to cost of living will be made in line with the relevant recommendation of the National Joint Council for Local Government Services (the NJC), the Joint Negotiating Committee for Chief Executives (the JNC) or other relevant national negotiating body for each chief officer.
22. The salary for the Chief Executive will be a 'spot' salary' that is to say the post holder will be paid in accordance with a fixed salary within an agreed range upon appointment and there will be no further incremental progression as a result of seniority, experience or performance. The 'spot salary' also includes remuneration for holding the statutory office of Head of Paid Service.
23. The salary for the Directors will be paid in accordance with an incremental grade as part of the Council's pay and grading structure. The pay band has four incremental points and post holders can progress through the increments each April, subject to satisfactory performance.
24. From time to time, the Chief Executive will designate a Chief Officer to carry out the role of Deputy Chief Executive in addition to their substantive role. The nominated Deputy Chief Executive receives a special responsibility allowance of £8000pa or 6.5% of the Chief Executive's salary, whichever is the greater. The payment will not be consolidated and will not attract an annual cost of living increase.
25. Where possible, salary levels will be consistent with similar organisations, although the Council will retain the right to have due regard to market forces

that may affect its ability to recruit and retain high quality officers, whilst balancing this against the need to ensure value for money for residents.

26. The salaries, including the special responsibility allowances paid to the Deputy Chief Executive and the Monitoring Officer are the only remuneration for work carried out. At present, there are no additional payments made to chief officers relating to performance or any other matters and no bonus is payable.
27. Additional payments are made by Central Government to officers carrying out additional duties at elections. The determination of the allowance is made by the Government and these payments are not within the scope of this policy. There are no payments made by the Council for election duties.
28. In accordance with the provisions of the Council's Travel and Subsistence Policy, that applies equally to all employees, the relevant chief officers may attract an essential car user lump sum allowance and be reimbursed with business expenses subject to the submission of a claim with receipts. For 2021/22, all of the Chief Officers are designated as casual car users and will not receive an essential car user lump sum allowance.
29. From 1 April 2013, all business mileage will be reimbursed in accordance with the approved HMRC rates, currently 45p per mile. This replaces the previous policy under which business mileage was reimbursed at the higher rate agreed by the NJC, currently 50.5p per mile for essential users and 65p per mile for casual users.

Severance payments

30. Any termination payments payable to the relevant chief officers will be in accordance with the Council's Redundancy and Interests of Efficiency Policy. All such payments are equally applicable to all employees and no additional payments will be made without the express approval of the Full Council. All severance payments are subject to the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended.
31. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are due to be amended in 2021 and the Council's Redundancy and Interests of Efficiency Policy may need to be changed in line with new statutory provisions.
32. The Government passed into law on 4th November 2020 new legislation (known as the 'Exit Pay Cap Regulations' that amend the Small Business, Enterprise and Employment Act 2015) that limits the amount of compensation that can be paid to a local authority employee to a maximum of £95,000, including any redundancy payment (statutory and contractual) and the cost to the Council of the early release of a pension (known as the Pension Strain cost).
33. The changes to legislation will also require consequential changes to the Local Government Pension Scheme, and the Council will update its Discretionary

Policy in accordance with the requirements of Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

Relationship with the remuneration of other employees of the Council

34. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of highest earnings to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through this pay policy statement, the Council will track this multiple on an annual basis and will publish the following information on its website each year (see Appendix A):

- The level and elements of remuneration to each relevant chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of the Head of Paid Service and the median earnings of all employees
- Other specific aspects of relevant chief officer remuneration

35. Each year the published data will be reviewed by the Leader of the Council and if the multiplier between the highest and the lowest paid employee within the Council exceeds a factor of 10, the Leader shall present a report to the Full Council for consideration.

36. For the purposes of this pay policy statement, the 'lowest paid employees' are identified as those employees carrying out a substantive role within the Council's established workforce with the lowest annual full-time equivalent salary.

37. The 'median earnings' have been identified by listing all salaries paid to employees in ascending order and finding the salary paid to the employee ranked in the middle of the list.

The Council's overall pay strategy

38. In determining the pay and remuneration of its employees, the council will comply with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained in the Equality Act, the council ensures that all pay arrangements are fair and transparent through the use of a Senior Office Job Evaluation Scheme (for Levels 1 – 3) and the Job Assessment Tool for all other employees.

39. The council takes the following approach to assessing individual and overall pay levels:

- Defining the role – a job description is produced that describes the activities, responsibilities and accountabilities which relate to each job within the council. This helps to ensure that the role and its requirements are fully understood by the individual and the manager and enables the council to assess the performance of its staff and so improve efficiency and effectiveness.
- Determining the job size – the council has developed its own Senior Officer Job Evaluation Scheme and a Job Level Assessment technique that enables the direct comparison of jobs across the council in a fair, transparent and consistent way.

40. The council's pay structure is based on the pay spine agreed by the NJC. Employees receive 'cost of living' increases in pay in line with NJC Agreements. The headline cost of living increase awarded in April 2020 was 2.75% on all spinal column points. The national pay settlement for 2021/2022 has not yet been agreed.

41. The terms and conditions of employment for the Chief Executive is in accordance with the Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities. There was a 2.75% increase payable from April 2020. The settlement for 2021/2022 has not yet been agreed.

42. Using the nationally agreed NJC pay spine, the council determines locally the appropriate grading structure, taking into account the need to ensure value for money in respect of the use of public finances balanced against the need to recruit, retain and motivate employees who are able to provide high quality and efficient services to the community.

43. To encourage employees to develop in their role and to improve their performance, the council has arranged its pay levels within a series of pay grades. Each grade typically contains between 4 and 5 pay levels or increments. Progression through the pay grade is dependent on meeting identified performance targets and is assessed through the council's staff appraisal scheme.

44. The council uses fixed spot salary pay rates for some groups of workers where there is no opportunity for significant improvement in performance related to length of service.

45. From time to time, the council may pay special allowances to an employee in specific circumstances and in accordance with its policy, such as to reward an employee who temporarily takes on additional responsibilities.

46. From time to time, the council may make a one-off merit pay award to an employee in specific circumstances and in accordance with its policy, such as to reward exceptional performance.

47. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme. The employee contribution rates, which are defined by statute, currently range between 5.5% for those on the lowest incomes to 12.5% for the highest income earners. The Employer contribution rates are set by Actuaries and are reviewed on a triennial basis to ensure the scheme is appropriately funded.

48. The Council's Pay and Reward Strategy contains further information relating to the overall approach to rewarding employees.

Appendix A

1. The levels and elements of remuneration for each Chief Officer are as follows:

Post	Salary (£) per annum	Comments
Chief Executive*	£123,300	This is a spot salary
Director of Customer Service and Delivery	£86,104.52	Includes a special responsibility allowance of £8014.52pa for carrying out the duties of Deputy Chief Executive. Salary Scale D2 – D4
Director of Place and Enterprise	£73,980	Salary Scale D2 – D4
Director of Governance and Assurance*	£69,870	Salary Scale D1 – D3
Director of Strategic Finance and Section 151 Officer	£73,980	Salary Scale D1 – D3
Monitoring Officer*	£56,214	Including a Responsibility Allowance of £9369pa. Salary scale 3B
* employed by South Hams District Council		

Please note: All chief officers operate under a shared service agreement with South Hams District Council and all salary and associated costs are shared on an agreed basis between the two councils.

The Senior Leadership Team (SLT) consists of the Chief Executive and the four Directors, but excludes the Monitoring Officer.

The total annual salary cost of the SLT at 31 March 2021 is £427,234.52. The increase from last year is attributed to both the annual cost of living increase agreed nationally and the Directors progressing up through the relevant pay scale. This cost is shared with South Hams District Council.

The cost of the SLT at 31 March 2019 was £398,170pa, and at 31 March 2020 was £408,000pa. The post of Executive Director (Strategy and Commissioning) and Head of Paid Service was deleted in September 2019.

In April 2017, the comparative cost of the SLT was £451,720 (adjusted to include the salary of the S151 Officer, previously not a part of SLT).

For comparison purposes, the total salary cost of the shared management structure in 2010/11 across the two councils in 2010/11 was £1,277,812 pa.

This was reduced following major organisational change in April 2011 and the adoption of the interim Executive Director model in January 2014 to £612,340pa. This salary cost included the Executive Directors and Heads of Service (including s151 Officer) but excluded the Monitoring Officer.

2. The lowest paid employee is a Case Manager, paid in accordance with spinal column point 6 of the National Joint Council for Local Government Services pay spine, currently £19,698pa.
3. The annual median salary of all employees £29,577
4. The Chief Executive's salary is a pay multiple of 4.17 times the median earnings.
5. The Chief Executive's salary is a pay multiple of 6.26 times the lowest paid employee.

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PAY AND REWARD STRATEGY 2020/21



West Devon
Borough
Council



South Hams
District Council

Introduction

1. The primary aim of the Councils' Pay and Reward Strategy (PRS) is to attract, retain and motivate staff so that the organisation can perform at its best.
2. The PRS sets out the Councils' overall reward philosophy and the design and implementation of its pay and grading structure, including financial and non-financial benefits.
3. South Hams District Council and West Devon Borough Council have developed a fully integrated and joint approach to pay and reward to all roles across both organisations and the PRS is a joint strategy.

Reward Philosophy

4. A coherent approach to rewarding staff is central to the Councils' commitment to continually improve productivity and to sustain the delivery of excellent services to our customers and communities.
5. Financial and non-financial reward are significant factors in helping the Councils attract and retain the right people and to keep them motivated, performing to the very best of their abilities and receptive to changing environment in which we operate.
6. The Councils' PRS is designed to be fully compliant with all of the statutory requirements, including the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
7. The Councils believe in the principle of national and local collective bargaining, supports the role of trade unions as representatives of the workforce and is committed to reaching agreement to changes affecting terms and conditions of employment through negotiation and consultation wherever possible.
8. The Councils' draw significant benefits from being a member of the Local Government Association, including the provision of national and regional advice and access to innovation and best practice in employee relations.
9. Through its membership of the National Joint Council for Local Government Services (NJC) and Joint Negotiating Committee for Chief Officers (JNC), the Councils participate in national negotiations on pay and conditions of service.
10. In accordance with its commitment to national collective bargaining and the NJC Agreement (the Green Book), the Councils utilise the nationally agreed pay spine as the basis of its locally designed pay and grading structure.

11. The Councils are fully committed to a fair, open and equitable approach to pay and reward and meets its equal pay responsibilities by using the locally designed Senior Officer Job Evaluation Scheme and Job Level Assessment tool to make sure all roles are allocated the appropriate reward in comparison to other roles in the organisation.
12. The Councils keep the pay and grading structure under review and carry out audits to make sure discrepancies does not arise on the basis of any characteristic protected by the Equality Act 2010.
13. The Councils use its Managing Performance framework, including the Personal Continuous Improvement appraisal tool to link performance to reward. Annual increments are only awarded once the line manager has certified that performance and conduct is satisfactory.

Pay Design and Structure

14. In order to reflect and distinguish between the wide range of duties and responsibilities carried out in the organisation, the Councils use 9 hierarchical Levels (or grades). Different roles are allocated to a Level using the Senior Officer Job Evaluation Scheme (Levels 1 – 3) and Job Level Assessment tool (Levels 4 – 9) and are considered to be of equal value to other roles in the Level.
15. The design of the grading structure and the associated rates of pay provide a hierarchical framework that enables roles to be rewarded in comparison to other roles.
16. The Chef Executive Officer is the only officer within Level 1 and a spot salary is used because an employee appointed to the role is considered to be fully competent upon appointment
17. Levels 3 to 9 are built upon the NJC pay spine and each Level has 5 spinal column points, with the exception of Level 9 which from 1 April 2019 has 3 spinal column points.
18. The use of incremental points within each Level is designed to reward higher performance associated with more experience and is a common feature across local government and many other organisations across all sectors of the economy. Where experience is unlikely to lead to an improvement in performance, such as in low or semi-skilled roles, a spot salary is used.
19. Employees with roles within Levels 2-9 are awarded an annual increment in April each year until the top of the Level is reached, subject to satisfactory performance. Each year, line managers are asked to confirm the satisfactory performance of every individual and the Councils retain the contractual right to withhold an increment in the event of unsatisfactory performance, including where performance is affected by unsatisfactory conduct.
20. Where an employee joins the organisation between September 1 and 31 March, an increment will only be payable after 6 months' service. Thereafter, increments will be due in April each year until the top of the Level is reached.
21. The salary for people joining the organisation is set at the entry spinal column point of the appropriate Level. In exceptional circumstances, SLT may agree to appoint to a

higher point within the Level.

22. The salary for an employee moving to a higher Level following promotion or a regrading will join the new Level at the entry spinal column point.

Rates of Pay

23. The Councils pay and grading structure is attached at Appendix A.
24. The Councils are members of the National Joint Council for Local Government Services (NJC) and Joint Negotiating Committee for Chief Officers (JNC) and participate in national negotiations on pay and conditions of service with the recognised trade unions through its membership of the Local Government Association.
25. The NJC and JNC are committed to an annual review of pay and, from time to time, agree an increase in pay. The Council is contractually committed to implementing this nationally negotiated and agreed increase in pay and applies the changes to its pay structure and to each individual employee's rate of pay.
26. Every role in the organisation is accompanied by a Job Description and Role Profile which are used to determine the appropriate Level within the pay and grading structure in conjunction with the local Senior Officer Job Evaluation Scheme (JES) and Job Level Assessment (JLA) tool.
27. The Councils keep the Level of each role under review and, where there is some evidence that a role has changed, carries out a JES or JLA to determine whether a role should be regraded to a higher or lower Level.
28. The JLA tool measures the size of a Role by considering the level of Responsibility carried out, the degree of Discretion exercised, the Resources used or managed and the impact the role has on our customers and communities. The JES scheme measures the size of a Role by considering the Knowledge Required, Creative Thinking, Impact on People and Organisations, and the Management of Resources.
29. The Councils have access to comparative pay data through its membership of South West Councils. The available data enables the Councils to compare its rates of pay for job families and specific roles with other regional local government organisations to make sure the rates of pay are competitive and broadly comparable.

Senior and Low Pay

30. The Councils are required to adopt and publish an annual Pay Policy Statement (PPS). The PPS sets out the remuneration of Chief Officers (currently the Chief Executive, four Directors and Monitoring Officer) and the rate of pay of the lowest paid member of staff and the median earnings of the workforce.
31. The Councils are required to publish the PPS and it is available on the Council websites.

Gender Pay Gap

32. Under the provisions of the Equalities Act 2010 (Gender Pay Gap Information) Regulations 2017 all organisations that employ more than 250 employees are required to publish annually a report showing the gender pay gap. Although West Devon Borough Council currently employs less than 250 employees, it will publish the data in accordance with the Regulations.
33. The information will be published on the Council's websites and, in the case of South Hams District Council, the government's gender pay gap website.

Other financial and non-financial reward benefits for staff

34. The Councils provide a wide range of financial and non-financial benefits to its staff to help attract and retain the right people. The following list is not exhaustive:

I. Membership of the Local Government Pension Scheme (LGPS)

It is statutory requirement that all employees with more than 3 months service are automatically enrolled into the LGPS. The LGPS is a defined benefit scheme that provides a pension based on career average earnings. The LGPS is a contributory scheme and the employee contribution rate is dependent on income, ranging from 5.5% to 12.5%. The contributions made by the Councils are determined by Actuaries and are reviewed every three years. Employees retain the right to opt out of the scheme.

II. Bonus Payments

The Councils have removed all historic bonus payments and have successfully consolidated bonus payment previously payable to employees working in waste and recycling, public convenience and street cleaning (before their transfer to external contractors), craft workers and at the Dart Lower Ferry.

III. Premium Payments

Under the terms of the NJC Agreement, premium payments are payable when an employee works additional hours (overtime) or outside of normal working hours, such as evenings, weekends and public holidays. All payments are in accordance with the NJC Agreement or local agreements. Under the terms of individual contracts of employment (and in accordance with the NJC provisions), overtime pay is normally only payable to officers on Level 6-9. Officers at Level 1 – 5 are offered time off in lieu if they work additional hours.

IV. Special Responsibility Allowances

In recognition of special responsibilities, certain categories of employees are awarded an allowance above their substantive Level and salary.

Currently, the Council recognises the responsibilities carried out by the following employees

- Supervisory Case Managers – receive an additional 2 increments
- Deputy 151 and Deputy Monitoring Officer – receive £2,500pa or 5% of salary, whichever is the greater
- Deputy Chief Executive – receives £8000 pa or 6.5% of salary whichever is the greater

V. Responsibility Allowances, Secondments and Acting Up

From time to time, the Councils will need to make interim appointments to cover a short-term demand for a particular role, task or activity. The Councils are committed to providing opportunities for staff to gain experience of different roles and levels of responsibility within the organisation and will offer interim opportunities to staff unless there is a business imperative to make external arrangements.

Where an employee is carrying out a Secondment or is Acting Up, and is expected to carry out the full range of duties of a Role at a higher Level, salary will be paid in accordance with the entry point to the appropriate Level.

Where the employee is expected to carry out some additional duties and/or responsibilities, an additional increment will be awarded within their existing substantive Level, or, where the employee is at the top of the Level, SLT will determine an appropriate salary uplift.

In exceptional circumstances and with the agreement of SLT, an additional increase in salary may be awarded.

VI. Merit Pay and Honorariums

Where an employee undertakes temporary additional responsibilities or performs exceptionally, a payment can be made by SLT in accordance with the Councils' Merit Pay and Honorarium Policy.

VII. Accelerated incremental progression

In exceptional circumstances, SLT may award an accelerated increment to an employee.

VIII. Out of Hours Payments

The Council delivers a number of functions, including statutory duties, that need to be accessed out of hours and provides a payment to appropriate employees to deliver the out of hours service in accordance with its Out of Hours Policy.

IX. Market Supplements

Although the Council does not currently pay a market supplement to any employee, it retains the ability to make a market supplement payment where it is demonstrated to SLT that there is a clear business case to support a supplementary payment. Any market supplement should be based on empirical evidence and kept under review.

X. Commercial Delivery or Community Benefit Supplement

From time to time, the Councils can deliver product(s) and / or services to third parties or external organisations in order to generate a commercial return and can also be responsible for the delivery of externally funded services that can have a significant benefit on the communities we serve.

From time to time, SLT may agree to award a Commercial Delivery or Community Benefit Supplement to an employee(s) where it considers the success of the commercial venture or externally funded project will be enhanced in accordance with the agreed policy.

XI. Relocation Allowance

From time to time, SLT may determine that a relocation allowance should be made available to attract the right candidate to the organisation. All payments will be made in accordance with the Councils' Relocation Policy up to a maximum payment of £5000. From time to time, the Leader of the Council may authorise an increase in the upper limit of the payment where it is

necessary to attract candidates to particular roles. For appointments made to Executive Director Roles in 2014 and Chief Executive in 2020 this allowance was raised to £10,000.

In exceptional circumstances, the Council may offer a financial incentive to attract candidates to apply for hard to fill vacant posts. During 2020/2021, three 'golden hello' payments of £5000 each were offered to secure the appointment of three Planning Specialists.

XII. Membership Professional Fees

The Council is committed to supporting the highest level of professional and technical competence within its workforce and will financially support an employee's membership of a relevant professional body.

XIII. Leave and Flexible working

The Council recognises that it is important for its employees to strike an effective work life balance and operates Annual Leave and Special Leave Policies to make sure employees are able to take appropriate breaks from working for both rest and recreation and to manage unforeseen events in their personal life.

The Council also recognises that flexible working practices can help employees manage the work life balance and encourages the use of agile working. The Council's Ways of Working Policy sets out the overall approach to agile working and seeks to find an appropriate balance between the needs of our customers and communities and the ability of employees to structure their working pattern and environment in a manner that supports their personal life.

In response to the national 'lockdown', the Councils introduced further flexibilities to its working arrangements, aimed specifically to help working parents whilst schools were closed.

During 2020, the Councils introduced a policy that enables employees to purchase up to 10 days of additional days of annual leave.

XIV. Volunteering

The Council encourages and supports its employees to do voluntary work. It can help the Councils build relationships and improve its reputation within the local community and can directly support initiatives that enhance the communities in which we live and work.

By volunteering, employees can share their talent for the benefit of the community, learn new skills and encounter new experiences. Volunteering can help enhance a person's self-esteem and improve their health and well-being.

In accordance with the agreed policy, an employee may be granted up to 3 days paid leave and unlimited unpaid leave per year to carry out voluntary work.

XV. Salary Sacrifice Schemes

The Council promotes a healthy lifestyle by offering employees the opportunity to purchase a bicycle for the purpose of cycling to work through salary sacrifice arrangements that allow the cost to be deducted before national insurance contributions are calculated in accordance with HMRC rules. The Councils can no longer offer a child care voucher scheme to employees as individuals now need to enrol on the government Tax-Free Childcare scheme.

However, for employees who were previously registered, we can continue to offer child care vouchers through our payroll.

During 2020/21, the Councils implemented a salary sacrifice scheme to assist employees to lease electric vehicles. This scheme supports the Councils commitment to reduce its carbon footprint. The Council also implemented a scheme allowing employees to purchase up to 10 days' additional annual leave through a salary sacrifice scheme.

XVI. Severance Payments

From time to time, the Council's requirement for particular activities and functions to be carried out can diminish and may result in a redundancy situation. Where a redundancy cannot be avoided, all severance payments are made in accordance with the Council's Redundancy and Interests of Efficiency Policy. The policy is agreed by Full Council and is compliant with the Local Government (Discretionary Payments) Regulations 1996 and Employment Rights Act 1996.

XVII. Sickness absence and pay

The Councils are committed to the well-being of its employees and to providing the right working environment, working practices and healthcare support to help employees to be healthy and able to work. On occasions, however, employees will be unable to attend work due to illness and the Councils adhere to the Green Book Sickness Scheme.

XVIII. Occupational Health, Counselling and Employee Assistance Programme

The Councils provide access to an Occupational Health Service to help understand what it can do to support employees with longer term sickness absences and to help facilitate an earlier return to work.

The Councils provide access to a range of support networks and advisory services through its partnership with an Employee Assistance Programme and offer an anonymous self-referral service to a Counselling Service to help employees with a wide range of work and non-work related issues.

XIX. Maternity, paternity and parental leave and pay

The Councils adhere to the Green Book Maternity, Paternity and Parental Leave and Pay policies for eligible employees.

XX. Travel and subsistence expenses

The Councils will reimburse employees for all reasonable and authorised expenditure, including mileage, occurred on Council business in accordance with the Travel and Subsistence Policy.

APPENDIX A – PAY AND GRADING STRUCTURE with effect from 1 APRIL 2020

SPINAL COLUMN POINTS 2020-2021 (WEF 01/04/2020)				
Grade	SCP	ANNUAL SALARY	MONTHLY RATE	HOURLY RATE
Scale 1	1	17,842	1486.83	9.25
	2	18,198	1516.50	9.43
	3	18,562	1546.83	9.62
9	4	18,933	1577.75	9.81
	5	19,312	1609.33	10.01
	6	19,698	1641.50	10.21
8	7	20,092	1674.33	10.41
	8	20,493	1707.75	10.62
	9	20,903	1741.92	10.83
	10	21,322	1776.83	11.05
	11	21,748	1812.33	11.27
7	12	22,183	1848.58	11.50
	14	23,080	1923.33	11.96
	15	23,541	1961.75	12.20
	17	24,491	2040.92	12.69
	19	25,481	2123.42	13.21
6	21	26,511	2209.25	13.74
	22	27,041	2253.42	14.02
	23	27,741	2311.75	14.38
	24	28,672	2389.33	14.86
	25	29,577	2464.75	15.33
6 - Supervisory Allowance	26	30,451	2537.58	15.78
	27	31,346	2612.17	16.25
5	28	32,234	2686.17	16.71
	29	32,910	2742.50	17.06
	30	33,782	2815.17	17.51
	31	34,728	2894.00	18.00
	32	35,745	2978.75	18.53
4	33	36,922	3076.83	19.14
	34	37,890	3157.50	19.64
	35	38,890	3240.83	20.16
	36	39,880	3323.33	20.67
	37	40,876	3406.33	21.19
3A	41	44,863	3738.58	23.25
	42	45,859	3821.58	23.77
	43	46,845	3903.75	24.28
	44	48,013	4001.08	24.89
	45	49,220	4101.67	25.51
3B	43	46,845	3903.75	24.28
	44	48,013	4001.08	24.89
	45	49,220	4101.67	25.51
	46	51,324	4277.00	26.60
	47	52,403	4366.92	27.16
3C	45	49,220	4101.67	25.51
	46	51,324	4277.00	26.60
	47	52,403	4366.92	27.16
	48	54,458	4538.17	28.23
	49	56,513	4709.42	29.29

