

# West Devon Hub Committee



West Devon  
Borough  
Council

<b>Title:</b>	<b>Agenda</b>								
<b>Date:</b>	<b>Tuesday, 13th September, 2022</b>								
<b>Time:</b>	<b>2.00 pm</b>								
<b>Venue:</b>	<b>Chamber - Kilworthy Park</b>								
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Jory <b>Vice Chairman</b> Cllr Edmonds</p> <p><i>Members:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Cllr Cheadle</td> <td>Cllr Ratcliffe</td> </tr> <tr> <td>Cllr Crozier</td> <td>Cllr Vachon</td> </tr> <tr> <td>Cllr Leech</td> <td>Cllr Wood</td> </tr> <tr> <td>Cllr Mott</td> <td></td> </tr> </table>	Cllr Cheadle	Cllr Ratcliffe	Cllr Crozier	Cllr Vachon	Cllr Leech	Cllr Wood	Cllr Mott	
Cllr Cheadle	Cllr Ratcliffe								
Cllr Crozier	Cllr Vachon								
Cllr Leech	Cllr Wood								
Cllr Mott									
<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.								
<b>Committee administrator:</b>	Democratic.Services@swdevon.gov.uk								

**1. Apologies for absence**

**2. Declarations of Interest**

In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;

**3. Items Requiring Urgent Attention**

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any)

**4. Confirmation of Minutes**

**1 - 6**

Minutes of meeting held 12 July 2022

**5. Public Questions - a period of up to 15 minutes is available to deal with issues raised by the public**

**6. Hub Forward Plan**

**7 - 12**

**7. 2021/22 Revenue and Capital Outturn**

**13 - 30**

**8. Medium Term Financial Strategy 2023/24 to 2025/26**

**31 - 62**

**9. Homes for Ukraine Scheme Update**

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**10. Housing Crisis - Energy Efficiency in Homes**

**69 - 76**

**11. Cost Of Living Crisis**

**77 - 86**

# Agenda Item 4

At a Meeting of the **HUB COMMITTEE** held in the **Council Chamber, Kilworthy Park, Tavistock** on **TUESDAY** the **12<sup>th</sup>** day of **July 2022** at **2.00 pm**

**Present:** Cllr N Jory – Chairman  
Cllr C Edmonds – Vice Chairman

Cllr R Cheadle                      Cllr P Crozier  
Cllr A Leech                         Cllr C Mott  
Cllr P Vachon

**In attendance:** Chief Executive  
Deputy Chief Executive  
Section 151 Officer  
Director – Strategy and Governance  
Director – Place and Enterprise (via Teams)  
Monitoring Officer  
Democratic Services Manager  
Head of Environmental Health and Licensing  
Head of Strategy and Projects (via Teams)  
Senior Specialist – Place Making  
Head of Waste and Environmental Services

**Other Members also in attendance in a non-voting capacity:**  
Cllrs Daniel (Via Teams), Ewings (via Teams) Heyworth  
Pearce, Sellis (via Teams), Southcott (via Teams)  
Wood (via Teams) and Yelland

**\*HC 20/22 APOLOGIES**

Apologies for this meeting were received from Cllrs L Daniel (who was in attendance via Teams in a non-voting capacity) and B Ratcliffe

**\*HC 21/22 DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be discussed but there were none made.

**\*HC 22/22 URGENT BUSINESS**

The Leader informed the meeting that he had agreed for one item of urgent business to be raised at this meeting. The item was titled 'Waste and Recycling Services Contract Update' and was considered urgent in light of the associated time constraints.

In light of the item being considered to be exempt in accordance with paragraph 3 of Section 100(A)(4) of the Local Government Act 1972, it was the intention of the Leader to consider this matter at agenda item 11 (Minute HC.30/22 below refers).

**\*HC 23/22 MINUTES**

The Minutes of the Hub Committee meeting held on 21 June 2022 were confirmed as a correct record.

**\*HC 24/22 PUBLIC QUESTION TIME**

It was noted that no Public Questions had been received in accordance with the Hub Committee Procedure Rules.

**\*HC 25/22 HUB COMMITTEE FORWARD PLAN**

Members were presented with the latest version of the Hub Committee Forward Plan that set out items on the agenda for Hub Committee meetings for the next four months and duly noted its contents.

**\*HC 26/22 UPDATE ON PROGRESS OF RURAL HEALTH AND WELLBEING PILOT**

Members were presented with a report that provided an update on the progress made with the Rural Health and Wellbeing Pilot

In discussion, the following points were raised:

- (a) A Member felt the lack of cross reference in the published agenda report to the Council's adopted Consultation and Engagement Strategy was unfortunate;
- (b) In congratulating officers on the quality of the 'Cost of Living Public Information Leaflet', it was agreed that the following means should be used to disseminate the document to residents:
  - Promotion via social media;
  - A supply of paper copies provided to all Members;
  - Paper copies being available at local events (e.g. Okehampton Show); and
  - A link sent to all Members, town and parish council clerks and other key stakeholders (to include local MPs) for onward circulation.

In addition, a request was made for the link to the source of the data that was highlighted in the leaflet to be circulated to all Members for their information;

- (c) A number of Members stated their support for their pilot initiative and their hope that its success would result in it being rolled out to more areas across the Borough.

It was then **RESOLVED** that:

1. the approach adopted by the Pilot Project with the aim of improving health and wellbeing of residents be adopted; and
2. the publicity campaign to raise awareness of and access to the support already available to residents impacted by the cost of living challenges be endorsed.

**\*HC 27/22 HOUSING CRISIS - DEVELOPMENT AND ENABLING**

Members considered a report that provided an update on the delivery work undertaken to date to tackle the Housing Crisis. The information provided included:

- housing delivery by financial year from 2019;
- projected delivery for 2022/23 and 2023/24;
- response and customer access to the 'Enhanced Tenants Incentive Scheme';
- Disabled Adapted Panel; and
- the financial contributions secured to enable affordable housing

In discussion, reference was made to:

- a) the affordable housing figures in the Dartmoor National Park Authority area. When questioned, officers confirmed that the affordable housing figures quoted in the published agenda report did include those that were built in the Dartmoor National Park Authority area;
- b) the need of Livewest to reinvest in local rural communities. In instances when the organisation was looking to dispose of affordable houses, Members recognised the importance of encouraging Livewest to reinvest in those affected local rural communities. It was agreed that this matter would be followed-up by lead Members and officers outside of this Committee meeting.

It was then **RESOLVED** that the progress regarding affordable Housing Delivery be noted.

**\*HC 28/22 Q1 PLAN FOR WEST DEVON PROGRESS UPDATE - INTEGRATED PERFORMANCE MANAGEMENT REPORT 2022/23**

Members were presented with a report that provided an update on the progress made as at year two of the Thematic Delivery Plan

In discussion, assurances were provided by officers whereby the Plan for West Devon would both evolve and was sufficiently flexible to be able to cope with the unforeseen and often large parcels of work that occurred periodically. For example, the Homes for Ukraine Scheme and the cost of living crisis which had resulted in officer resource having to be redeployed to support these pieces of work.

It was then **RESOLVED** that the progress made in delivering the Plan for West Devon Delivery Plans, be noted.

**\*HC 29/22 EXCLUSION OF PUBLIC AND PRESS**

It was then:

**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 30/22 URGENT BUSINESS – WASTE AND RECYCLING SERVICES CONTRACT UPDATE**

As highlighted above (Minute HC 22/22 above refers), Members were in receipt of an urgent exempt report that provided an update on the status of the Waste and Recycling Services Contract.

Following a lengthy debate during which widespread support was expressed for the proposed way forward and the strictly confidential nature of the contents of the urgent report was reinforced, Members expressed a wish to re-admit the public and press to the meeting in advance of the vote on the motion being taken.

As a result, it was then:

**RESOLVED**

That the public and press be re-admitted to the meeting.

It was then **RESOLVED** that:

1. Council be **RECOMMENDED** to:
  - a) delegate authority to the Head of Paid Service (Chief Executive) and Director of Customer Services Delivery, in consultation with the Leader and Lead Member for waste and recycling services, to conclude subject to contract and without prejudice negotiations with the Council's waste contractor, FCC Environment Limited (FCC), for the continuation of the waste collection, recycling and cleansing services should South Hams and FCC agree to a mutual partial termination with a further report being brought to Council before 3 October 2022 for Council to agree the final terms.
  - b) transfer the value of the 2021/22 deductions to the waste management earmarked reserve (as part of the closure of the 2021/22 accounts), to contribute to the new contracted costs as set out in section 5 of the presented report.
  - c) increase the capital budget for Hayedown depot (statutory compulsory improvements), with the increase being financed from either the Waste Management Earmarked Reserve or internal borrowing as set out in Section 5 of the presented report.

- d) approve a capital budget for a new vehicle as set out in Section 5 of the presented report, to be financed either from the Waste Management Earmarked Reserve or internal borrowing.
2. it be noted that the Section 151 Officer will bring a further report to the Hub Committee in September 2022 on the updated ongoing revenue costs of delivering the service and the impact on the Council's Medium Term Financial Strategy; and
3. the intention for the Head of Paid Service to make any necessary organisational changes to the joint staffing structure, to recognise the changes in the provision of waste collection, recycling and cleansing services in the Councils be noted.

(The meeting terminated at 4.00 pm)

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Chairman

***(NOTE: THESE DECISIONS WILL BECOME EFFECTIVE FROM THURSDAY, 21 JULY 2022, WITH THE EXCEPTION OF MINUTE HC 30/22 PART 1 (a-d) WHICH IS A RECOMMENDATION TO THE COUNCIL MEETING TO BE HELD ON 19 JULY 2022 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18)***

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# Hub Committee Forward Plan

## About the Forward Plan

This is the provisional forward plan for at least four months starting September 2022. It provides an indicative date for matters to be considered by the Hub Committee. Where possible, the Hub Committee will keep to the dates shown in the plan. However, it may be necessary for some items to be rescheduled and other items added.

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

The Plan is published on the Council's website ([www.westdevon.gov.uk](http://www.westdevon.gov.uk))

## About the Hub Committee

The Hub Committee currently consists of nine Councillors. Each has responsibility for a particular area of the Council's work.

- Leader of the Council – Cllr N Jory
- Deputy Leader of the Council, with specific responsibility for Resources and Performance – Cllr C Edmonds
- Lead Hub Member for Enabling Inclusive and Accessible Services – Cllr R Cheadle
- Lead Hub Member for the Economy - Cllr P Crozier
- Lead Hub Member for the Natural Environment - Cllr L Wood
- Lead Hub Member for Leisure, Health and Wellbeing - Cllr A F Leech
- Lead Hub Member for the Built Environment - Cllr C Mott
- Lead Hub Member for Communities - Cllr P Vachon
- Lead Hub Member for Housing – Cllr B Ratcliffe

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

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



**Forward Plan from September 2022**

Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
Resources and Performance	<p><b>Title: 2021/22 Revenue and Capital Outturn</b></p> <p><b>Purpose:</b> To consider a report that presents the final Revenue and Capital Outturn figures for 2021/22.</p>	Cllr Edmonds / Pauline Henstock	Report of the Deputy Section 151 Officer	13 September 2022	
Leader	<p><b>Title: Medium Term Financial Strategy for the three years 2022/23 to 2024/25</b></p> <p><b>Purpose:</b> To set the strategic intention for all of the different strands of funding available to the Council. This brings together all known factors affecting the Council's financial position and its financial sustainability, to provide a long term financial forecast.</p>	Cllr Jory / Lisa Buckle	Report of Section 151 Officer	13 September 2022	
Homes	<p><b>Title: Housing Crisis – Energy Efficiency in Homes</b></p> <p><b>Purpose:</b> To consider a report that sets out a number of grant funding opportunities to improve home energy efficiency.</p>	Cllr Ratcliffe / Dave Sexton	Report of Principal Private Sector Housing Officer	13 September 2022	
Leisure, Health and Wellbeing	<p><b>Title: Homes for Ukraine Scheme Update</b></p> <p><b>Purpose:</b> To consider a report that provides the Committee with an update on the 'Homes for Ukraine' Scheme.</p>	Cllr Leech / Neil Hawke	Report of Head of Strategy and Projects	13 September 2022	
Communities	<p><b>Title: Cost of Living Crisis</b></p> <p><b>Purpose:</b> To consider a report that sets out some of the measures that are being undertaken by the Council in</p>	Cllr Vachon / Steve Mullineaux and Neil Hawke	Joint Report of Deputy Chief Executive and Head of Strategy and Projects	13 September 2022	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
	response to the Cost of Living Crisis.				
Council	<p><b>Title: Quarter 2 Integrated Performance Management Report 2022/23</b></p> <p><b>Purpose:</b> To consider a report that sets out the Integrated Performance Management report for Quarter 2 of 2022/23.</p>	Cllr Jory / Neil Hawke	Report of the Head of Strategy and Projects	1 November 2022	
Communities	<p><b>Title: Key Partnerships Funding</b></p> <p><b>Purpose:</b> To consider a report that presents the findings of the responses received from the Council's key partners in respect of extending funding provision.</p>	Cllr Vachon / Neil Hawke	Report of the Head of Strategy and Projects	1 November 2022	
Communities	<p><b>Title: Cost of Living Crisis – Follow-Up Report</b></p> <p><b>Purpose:</b> To consider a report that provides a follow-up to the report presented to the Hub Committee at its meeting held on 13 September 2022 in response to the Cost of Living Crisis.</p>	Cllr Vachon / Steve Mullineaux and Neil Hawke	Joint Report of Deputy Chief Executive and Head of Strategy and Projects	1 November 2022	
Inclusive and Accessible Services	<p><b>Title: Customer Access Strategy</b></p> <p><b>Purpose:</b> To consider a report that presents the draft Customer Access Strategy for approval.</p>	Cllr Cheadle / Catherine Bowen	Report of the Business Manager – Specialists	1 November 2022	
Resources & Performance	<p><b>Title: Council Tax Rebate Discretionary Scheme</b></p> <p><b>Purpose:</b> To receive a further report that seeks to:</p> <ul style="list-style-type: none"> <li>- Provide an update on the number of households that have received additional</li> </ul>	Cllr Edmonds / Steve Mullineaux	Report of Deputy Chief Executive	1 November 2022	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
	<p>financial support through Phase 1 of the Scheme; and</p> <ul style="list-style-type: none"> <li>Sets out recommendations for Phase 2.</li> </ul>				
Resources and Performance	<p><b>Title: Capital Programme Monitoring Report to Month 5 2022/23</b></p> <p><b>Purpose:</b> To consider a report that presents the Capital Programme Monitoring Report to Month 5.</p>	Cllr Edmonds / Pauline Henstock	Report of Head of Finance	1 November 2022	
Resources and Performance	<p><b>Title: Revenue Budget Monitoring Report to Month 5 2022/23</b></p> <p><b>Purpose:</b> To consider a report that presents the Revenue Budget Monitoring Report to Month 5.</p>	Cllr Edmonds / Lisa Buckle	Report of Section 151 Officer	1 November 2022	
Homes	<p><b>Title: Housing Crisis – Standing Agenda Item</b></p>	Cllr Ratcliffe / Issy Blake	Report of Head of Housing	1 November 2022	
Natural Environment	<p><b>Title: Devon Carbon Plan</b></p> <p><b>Purpose:</b> To consider a report that presents the draft Devon Carbon Plan for formal consideration.</p>	Cllr Wood / Drew Powell	Report of Director of Strategy and Governance	1 November 2022	
Leader	<p><b>Title: Draft Revenue and Capital Budget Proposals 2023/24</b></p> <p><b>Purpose:</b> To consider a report that presents for consultation a set of draft Revenue and Capital Budget proposals for 2023/24.</p>	Cllr Jory / Lisa Buckle	Report of Strategic Lead of Finance	13 December 2022	
Resources and Performance	<p><b>Title: Write-off Reports Q1 and Q2 2022/23</b></p> <p><b>Purpose:</b> The Council is responsible for the collection of:</p>	Cllr Edmonds / Lisa Buckle	Report of Strategic Lead of Finance	13 December 2022	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
	Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates. The report informs Members of the debt written off for these revenue streams.				
Homes	<b>Title: Housing Crisis – Standing Agenda Item</b>	Cllr Ratcliffe / Issy Blake	Report of Head of Housing	13 December 2022	
Resources and Performance	<b>Title: Capital Programme Monitoring Report to Month 7 2022/23</b>  <b>Purpose:</b> To consider a report that presents the Capital Programme Monitoring Report to Month 7.	Cllr Edmonds / Pauline Henstock	Report of Section 151 Officer	13 December 2022	
Inclusive and Accessible Services	<b>Title: Contact Centre Improvement Plan: Six Month Review</b>  <b>Purpose:</b> To consider a report that presents a six-month progress review on the Contact Centre Improvement Plan	Cllr Cheadle / Steve Mullineaux	Report of Deputy Chief Executive	13 December 2022	
Resources and Performance	<b>Title: Revenue Budget Monitoring Report to Month 7 2022/23</b>  <b>Purpose:</b> To consider a report that presents the Revenue Budget Monitoring Report to Month 7.	Cllr Edmonds / Lisa Buckle	Report of Section 151 Officer	13 December 2022	
	<b>Title: Housing Crisis – Standing Agenda Item</b>			31 January 2023	
Leader	<b>Title: Draft Revenue and Capital Budget Proposals</b>  <b>Purpose:</b> To consider a report that seeks to recommend to	Cllr Jory / Lisa Buckle	Report of the Section 151 Officer	31 January 2023	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
	Council the draft Revenue and Capital Budget proposals.				
Resources and Performance	<p><b>Title: Quarter 3 Integrated Performance Management Report 2022/23</b></p> <p><b>Purpose:</b> To consider a report that sets out the Integrated Performance Management report for Quarter 3 of 2022/23.</p>	Cllr Edmonds / Neil Hawke	Report of the Head of Strategy and Projects	31 January 2023	
	<b>Title: Housing Crisis – Standing Agenda Item</b>			7 March 2023	
Resources and Performance	<p><b>Title: Revenue Budget Monitoring Report to Month 10 2022/23</b></p> <p><b>Purpose:</b> To consider a report that presents the Revenue Budget Monitoring Report to Month 10.</p>	Cllr Edmonds / Lisa Buckle	Report of Section 151 Officer	7 March 2023	
Resources and Performance	<p><b>Title: Capital Programme Monitoring Report to Month 10 2022/23</b></p> <p><b>Purpose:</b> To consider a report that presents the Capital Programme Monitoring Report to Month 10.</p>	Cllr Edmonds / Pauline Henstock	Report of Head of Finance	7 March 2023	
Leader	<p><b>Title: Draft Annual Report of Achievements</b></p> <p><b>Purpose:</b> To consider a report that presents the Council’s draft Annual Report of Achievements for 2022/23</p>	Cllr Jory / Neil Hawke	Report of the Head of Strategy and Projects	7 March 2023	
				11 April 2023	

Report to: **Hub Committee**

Date: **13 September 2022**

Title: **2021/2022 Draft Revenue and Capital Outturn**

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

Wards Affected: **All**

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

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

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

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

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## **Recommendations:**

**That the Hub Committee RESOLVES to NOTE the draft Revenue and Capital outturn figures for the 2021/22 financial year including the overall Revenue outturn position of an underspend of £196,000 for 2021/22 (2.7% of the total Budget £7.302 million).**

### **1. Executive summary**

- 1.1 This report provides Members with the draft Revenue and Capital Outturn position for 2021/22 and provides a schedule of the Reserve balances at 31 March 2022.
- 1.2 There was an underspend of £196,000 on the outturn position for 2021/22 (2.7% of the net budget of £7.3m), as shown in the Draft Statement of Accounts for 2021/22 published by the end of July 2022.
- 1.3 In accordance with normal accounting practice, this underspend has gone into Unearmarked Reserves, with a view to it being reinvested

in our core services and 'The Plan for West Devon'. Unearmarked Reserves have increased by £196,000 in 2021/22 and total £1.490million at 31 March 2022.

## 2. Background

- 2.1 The Accounts and Audit (England) Regulations 2015 set out the requirements for the production and publication of the annual statement of accounts (SOA). The accounts usually have to be produced and certified by the Chief Finance Officer by 31 May however the Covid 19 pandemic has triggered amendments to this deadline by extending this to the end of July. Ordinarily the Audited Accounts have to be brought to Audit Committee by 31 July but for 2021/22 this has been delayed to the end of November.
- 2.2 The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
- 2.3 The statement of accounts and financial records have been closed, balanced and the draft accounts published and are being audited by our external auditors Grant Thornton during July, August and September. If any alterations are required the details will be reported to the Audit Committee with the external audit accounts report in November. Any impact to revenue or capital resources will be brought to Hub Committee in the Month 7 budget monitoring reports planned for 13 December 2022. The availability of the draft 2021/22 accounts and records for inspection by interested persons have been advertised on our website at <https://www.westdevon.gov.uk/accounts>. This also advises that the external auditor will be accessible to receive in writing any objections to the accounts from 1 August to 12 September 2022.

## 3. Outcomes/outputs

### Revenue Expenditure

- 3.1 Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, business rates, fees and charges, government grants and interest earned on investment activity. The underspend on the General Fund in 2021/2022 of £196,000 is essentially a break-even position. **The 2021/22 budget was £7.30 million and therefore the saving of £196,000 means that the actual spend was 2.7% less than the budget.** This saving will go into the Council's Unearmarked Reserves which now stand at £1.49 million.



3.2 A summary of the main variations from budget in 2021/22 is provided in the table below:

<b>ANALYSIS OF VARIATIONS</b> (% column shows variation against budget)	<b>£000</b>	<b>% variation</b>	
<b>Reductions in expenditure/additional income</b>			
Recycling Credits and Dry Recycling income (transferred to the Waste Earmarked Reserve – note R)	(250)	75.8%	A
Housing Benefit payments	(82)	-	B
Salaries savings	(81)	1.9%	C
Homelessness prevention expenses	(77)	82.8%	D
Staff and Member travel and expenses	(30)	33.0%	E
Trade Waste income	(28)	186.7%	F
Street Cleaning costs	(24)	5.0%	G
Garden Waste income	(17)	6.9%	H
Land Charges income	(13)	13.7%	I
Compensation from the Government income guarantee scheme for sales, fees and charges for April to June 21 – mainly for car parking income (£44k)	(46)	-	J
<b>Increases in expenditure/reduction in income</b>			
Car Parking income – net loss is £82,000 after taking into account the Government sales, fees & charges compensation for April to June 21 of £44k – note J	126	11.0%	K
COVID-19 expenditure	123	-	L
Investment income	70	66.7%	M
ICT software and support contracts	58	11.6%	N
Waste & Recycling – 3 weekly waste collection trials	50	-	O
Joint Local Plan contribution	25	-	P
Council Tax Collection income	13	12.7%	Q
Other small variances	7	-	
<b>Sub Total</b>	<b>(176)</b>		
<b>Less: Transfer to the Waste and Cleansing Options Review Earmarked Reserve:</b> (Additional recycling credits and dry recycling income transferred to the waste earmarked reserve) – Council CM42 4 <sup>th</sup> December 2018	250	-	R
<b>Add: Transfer from the COVID Earmarked Reserve:</b> (This is Government funding that was used to support the cost of Covid-19 expenditure and net losses on car parking income in 2021/22) – Council CM39 28 <sup>th</sup> Sept 2021	(190)	-	S
<b>Add: Transfer from the Salary Savings Earmarked Reserve:</b> (to support salary costs) – Council CM57 15 <sup>th</sup> February 2022	(80)	-	T
<b>TOTAL UNDERSPEND FOR 2021/22</b>	<b>(196)</b>	<b>(2.7%)</b>	

The 2021/22 budget for West Devon was £7.30 million but the actual spend was 2.7% lower, providing an underspend of £196,000 as shown above.

## Notes

- A. **Recycling Credits and Dry Recycling income** – additional income of £250,000 was received in 2021/22, which equates to 75.8% of the budget. This has been transferred to the Waste and Cleansing Options Review Earmarked Reserve (Council CM42 – 4 December 2018) – see note R.
- B. **Housing Benefit payments** – additional income of £82,000 was generated in 2021/22. This is mainly due to unbudgeted Housing Benefit overpayment recoveries.
- C. **Salaries savings** – this is mainly due to staff vacancies in 2021/22.
- D. **Homelessness prevention expenses** - homelessness prevention costs were underspent by £77,000 in 2021/22.
- E. **Savings on staff and Member travel and expenses** – due to Covid 19, a saving of £30,000 was achieved in 2021/22. These savings are due to staff and Members working from home.
- F. **Trade Waste income** - income exceeded the 2021/22 target by £28,000 which equates to 186.7% of the annual income budget of £15,000.
- G. **Street Cleaning costs** – a saving of £24,000 was achieved in 2021/22 in respect of Street Cleaning costs. This mainly related to an underspend on cleansing contract costs.
- H. **Garden Waste income** – income exceeded the 2021/22 target by £17,000 which equates to 6.9% of the annual income budget of £245,000.
- I. **Land Charges income** - income exceeded the 2021/22 target by £13,000 which equates to 13.7% of the annual income budget of £95,000.
- J. **Government Grant Funding for Income Losses** – in line with 2020/21 the Government extended their income guarantee scheme to help compensate Councils for losses of sales, fees and charges income during the first quarter of 2021/22. A compensation claim of £46,000 was made for April to June 2021, of which £44,000 relates to the loss of car parking income.
- K. **Car Parking income** – in 2021/22 there was a shortfall in car parking income of £126,000 out of total budgeted income of £1,147,000 (11%). An amount of £44,000 has been reclaimed from the Government through the sales, fees and charges income compensation scheme for the months of April to June 2021 when the scheme was in operation. This reduced the overall loss of income to £82,000.

In addition, the Council received COVID tranche funding from the Government in 2020/21, to meet COVID losses. This Government grant funding of £190,000 for COVID losses has been approved by Members to be used in 2021/22 to meet both the losses in car parking income and the COVID expenditure incurred in 2021/22. Therefore all of the losses in car parking income in 2021/22 have been funded from Government COVID funding.

- L. **COVID-19 expenditure** – One-off items of direct Covid 19 expenditure such as extra housing costs, ICT and remote working, waste, cleaning costs and community support costs. These costs were included on the monthly DELTA Government returns completed.
- M. **Investment income** – due to the historic low interest rates, a shortfall in investment income of £70,000 was experienced in 2021/22. This equates to 66.7% of the income target.
- N. **ICT Support Contracts** - There are additional costs in respect of ICT support contracts mainly due to,
- Above inflation increases, e.g. Microsoft Licensing
  - Additional costs for new licenses, laptops and accessories due to an increase in the number of users on our network
  - The acquisition of remote diagnostics software as a result of the increase in remote working
  - Disability Access legislation for the website has required the purchase of tools for monitoring compliance and enhancing access
- O. **Waste and Recycling** – The Revenue Budget for 2021/22 included potential additional income of £50,000 in 21/22 and a further £75,000 in 22/23 for income from the possibility to move to a three weekly waste collection. It was stated that this was dependent on the outcome of the results from the three weekly trials. As set out within a separate report to the Hub Committee on 21 September, it was agreed that the trial of the three weekly residual (black sack) collections was not extended to the whole of the Borough in Spring 2022 and this recognised the potential impact of making a major service change at a time when significant structural changes are expected in the waste industry and other external pressures, including the national LGV driver shortage.
- P. **Joint Local Plan Contribution** - a cost pressure of £25,000 was identified in 2021/22 relating to the Joint Local Plan contribution. There is currently no budget for this. A reserve contribution has been approved in the 2022/23 revenue budget. This has been funded from monies set aside in the JLP Earmarked Reserve in previous years, which has now been depleted.

- Q. **Council Tax Collection income** – summons costs recovered in respect of Council Tax and Business Rates were down by 12.7% in 2021/22.
- R. **Transfer to the Waste and Cleansing Options Review Earmarked Reserve** - additional income in respect of Recycling Credits and Dry Recycling of £250,000 was received in 2021/22, which equates to 75.8% of the budget. This has been transferred to the Waste and Cleansing Options Review Earmarked Reserve (Council CM42 – 4 December 2018) – see note R.
- S. **Transfer from the COVID Earmarked Reserve** – At the Hub Committee meeting on 21 September 2021 it was recommended to utilise funding of £190,000 from the COVID-19 Losses Earmarked Reserve in 2021/22, to fund COVID-19 expenditure in 2021/22 and the projected net losses on car parking income in 2021/22 (HC 28/21). This was approved at Council on 28 September 2021 (CM39).
- T. **Transfer from the Salary Savings Earmarked Reserve** – On 15 February 2022 Council approved the use of the Salary Savings Earmarked Reserve (£80,000) to support salary costs in 2021/22 (Council CM57).

## Capital Expenditure

- 3.3 Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £1,102,731 million in 2021/22 as shown in **Appendix A** (yellow column). The main areas of expenditure were as follows:
- Housing renovation grants including disabled facilities grants (£0.6m)
  - IT schemes (£0.2m)
  - Purchase of property (£0.2m)
- 3.4 **Appendix A** provides a breakdown of Capital expenditure by project for 2021/22 and shows how each scheme has been funded.

## Borrowing

- 3.5 In 2021/22 the long term borrowing of the Council decreased from £28,342,000 (20/21) to £27,726,000. Short term borrowing increased from £603,000 to £615,000 due to the maturity profile of borrowing.

## Revenue Reserves

- 3.6 The Council maintains both capital and revenue reserves. The management of risk and promoting financial resilience is a key principle of our budget strategy and this has helped facilitate our response to both the Covid pandemic and the current cost of living crisis which will have an impact on the Council's finances as well as the finances of the residents of the Borough. Key to the authority's financial resilience are our reserves, which are at a prudent level.
- 3.7 The provision of an appropriate level of balances is a fundamental part of prudent financial management, enabling the Council to build up funds to meet known and potential financial commitments.
- 3.8 The movement in the General Fund Balance (Un-Earmarked Reserves) is summarised below. Unearmarked Reserves have increased by £0.196m to £1.490m at 31.3.2022.

<b>Unearmarked Revenue Reserves</b>	£000
General Fund Balance (Un-Earmarked Revenue Reserve) at 1 April 2021	1,294
Surplus for the 2021/22 financial year	196
<b>General Fund Balance (Un-Earmarked Revenue Reserve) at 31 March 2022</b>	<b>1,490</b>

- 3.9 A schedule of Reserves is attached at **Appendix B**, which shows the contributions in and out of each Reserve during the year with both the opening and closing balances for 2021/22.
- 3.10 Earmarked Reserves have increased by £0.248m in 2021/22 moving from £8.941m on 1 April 2021 to £9.189m at 31 March 2022 as shown below. The movements in Earmarked Reserves are shown in detail in **Appendix B**.

<b>Earmarked Revenue Reserves</b>	£000
Earmarked Revenue Reserves at 1 April 2021	8,941
Additions to Earmarked Reserves	2,211
Actual Spend of Earmarked Reserves in 2021/22	(1,963)
<b>Earmarked Revenue Reserves at 31 March 2022</b>	<b>9,189</b>

- 3.11 The General Fund reserves (which are made up of the Unearmarked Reserves and Earmarked Reserves) have increased by £0.444m from the preceding year and stand at £10.679m at 31 March 2022.
- 3.12 This reflects the 2021/22 surplus of £196,000 and an increase in earmarked reserves of £248,000. Revenue reserves may be used to finance capital or revenue spending plans. The level of Reserves are assessed as adequate for the Council's operations. The Council undertakes a review of the level of its Earmarked Reserves every year as part of the budget setting process.
- 3.13 The total Earmarked Reserves balance at 31 March 2022 of £9.189m includes £1.631m held in the Business Rates s31 Compensation Grant Reserve.
- 3.14 This is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 and 2021/22 (this funding is in the S31 Compensation Grant Reserve). This temporary increase in reserves will reverse back out again in the 2022/23 Accounts, to fund the deficit on the Collection Fund. Therefore this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.

### **Capital Reserves**

- 3.15 The Capital Receipts Reserve (which holds capital receipts which can be used to finance capital projects) has a balance of £56,000 as at 31.3.2022. This reflects the fact that the Council has hardly any capital receipts left that can be used to fund capital projects.
- 3.16 The Capital Grants Unapplied Reserve has a balance of £353,000 as at 31 March 2022. This is mainly Disabled Facilities Government Grant which will be utilised in 2022/23.

### **Savings and Additional Income**

- 3.17 In line with the budget monitoring updates this outturn report includes a schedule of the savings and additional income that were identified in the 2021/22 budget setting process and provides a year end position, set out in **Appendix C**.
- 3.18 In 2021/22 £243,000 of savings and additional income were achieved compared to the original target of £344,200. This is mainly due to the reduction in the management fee income from the leisure contract and not proceeding with the three weekly waste trials. Further detail can be found in **Appendix C**.

#### 4. Collection Fund balance as at 31.3.2022

4.1 The Collection Fund shows the transactions of the Billing Authority in relation to the collection of council tax and business rates from taxpayers and its distribution to local authorities and the Government. The income from Council Tax totalled £45.8m in 2021/22 and business rates receivable totalled £8.136m for 2021/22. This is shown in Section 4 of the Statement of Accounts for 2021/22.

##### Collection Fund balance

2020/21 Business Rates £000	2020/21 Council Tax £000		2021/22 Business Rates* £000	2021/22 Council Tax £000
53	(396)	Fund balance at 1 April	7,218	(742)
7,165	(346)	Deficit/(surplus) for year	(4,133)	(1,704)
<b>7,218</b>	<b>(742)</b>	<b>Fund balance as at 31 March – deficit/(surplus)</b>	<b>3,085</b>	<b>(2,446)</b>

The balance on the Collection Fund is split between the preceptors as follows:

2020/21 Business Rates* £000	2020/21 Council Tax** £000		2021/22 Business Rates* £000	2021/22 Council Tax** £000
3,609		Central Government	1,542	
650	(518)	Devon County Council	278	(1,706)
	(81)	Devon and Cornwall Police		(269)
72	(31)	Devon and Somerset Fire Authority	31	(101)
<b>4,331</b>	<b>(630)</b>	<b>Total deficit/(surplus) due to Preceptors</b>	<b>1,851</b>	<b>(2,076)</b>
2,887	(112)	West Devon Borough Council	1,234	(370)
<b>7,218</b>	<b>(742)</b>	<b>Fund balance as at 31 March – deficit/(surplus)</b>	<b>3,085</b>	<b>(2,446)</b>

##### Business Rates

4.2 During 2020/21 and 2021/22 local authorities received S31 grants to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received in 2020/21 could not be discharged against the Collection Fund deficit until 2021/22 onwards. The deficit on the Business Rates Collection Fund as at

31 March 2022 has reduced from £7.2m to £3.1m following release of some of the S31 compensation grant received in 2020/21 to the Collection Fund. The S31 compensation grant will be applied to the Collection Fund over the next three years to smooth the impact of the Business Rates deficit.

4.3 This deficit is shared between the Preceptors and West Devon Borough Council as shown in the table above. The Preceptors element of this deficit is reflected in the significant reduction in the Business Rates Debtor as at 31 March 2022 detailed in Note 15 to the Statement of Accounts for 2021/22.

### **Council Tax**

4.4 Council Tax income was higher than anticipated in 2021/22 leading to an increase in the Council Tax Collection Fund surplus from £742,000 as at 31 March 2021 to £2.45m as at 31 March 2022. The Preceptors element of this surplus (£370,000 for WDBC) is reflected in the significant increase in the Council Tax Creditor as at 31 March 2022 detailed in Note 18 to the Statement of Accounts for 2021/22.

4.5 In the 2022/23 Budget, the Council has budgeted for a £152,000 collection fund surplus share for WDBC, with a further £175,000 being budgeted for 2023/24.

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

5.1 Members are advised that the accounts are being audited by our External Auditors, Grant Thornton during July, August and September 2022. Following the Audit, the Statement of Accounts will be brought back to the Audit Committee for approval in November. If any alterations are required the details will be reported to the Audit Committee with the external audit accounts report in November. Any impact to revenue or capital resources will be brought to Hub Committee in the Month 7 budget monitoring reports planned for 13 December 2022.

### **6. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Statutory Powers that apply to this report are Section 151 Local Government Act 1972 Section 21 (12), Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015.



Financial implications to include reference to value for money	Y	<p>The report provides the draft Revenue and Capital outturn figures for the 2021/22 financial year including the overall Revenue outturn position of an underspend of £196,000 for 2021/22 (2.7% of the total Budget £7.302 million).</p> <p>As part of Grant Thornton's external audit of the Statement of Accounts for 2021/2022, they will assess the arrangements the Council has in place for:-</p> <ul style="list-style-type: none"> <li>• Improving economy, efficiency and effectiveness</li> <li>• Financial Sustainability</li> <li>• Governance</li> </ul> <p>The outcome of Grant Thornton's work in this area will be reported to Members at the Audit Committee meeting on 1 November 2022.</p>
Risk	Y	<p><b>Public Accountability</b> – the accounts have been drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 which is recognised by statute as representing proper accounting practice.</p> <p><b>Resource Planning</b> – the Council takes into account any significant issues when developing the Council's Medium Term Financial Strategy.</p>
Supporting Corporate Strategy		The Annual Statement of Accounts supports all of the Thematic Delivery Plans within the Council's strategic vision, 'A Plan for West Devon'.
Consultation and Engagement Strategy		External consultation and engagement has not been undertaken with regard to this report.
Climate Change – Carbon / Biodiversity Impact		<p>A report was presented to Council on 8<sup>th</sup> December 2020 'Climate Change and Biodiversity Strategy and Action Plan update'.</p> <p>In March 2021, Council approved to set up an Earmarked Reserve for £200,000 for the Recovery Plan and Corporate Strategy.</p> <p>Further detail is set out in the Council's 'A Plan for West Devon' strategic vision.</p>
<i>Comprehensive Impact Assessment Implications</i>		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.

Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

**Supporting Information**

Appendix A – Schedule of Capital Programme 2021/22

Appendix B – Schedule of Reserves for 2021/22 (Earmarked and Un-Earmarked)

Appendix C – Summary of Savings and Additional Income 2021/22

**Background Papers:**

None

**WEST DEVON CAPITAL PROGRAMME** **APPENDIX A**

Capital Scheme	Total Budget	Previous Years		Current Year			Future Years		Target Date	Completion Date	Comments	Funding
		Total Expenditure to 31/03/21	Remaining budget	2021/22 Budget	2021/22 Capital Outturn - Expenditure to 31/03/22	2021/22 Remaining budget	2022/23 Budget	2023/24 Budget				
<b>Assets Capital Schemes</b>												
Tavistock - temporary accommodation (Springhill)*	1,200,000	142,890	1,057,110	50,000	45,752.46	4,248	1,007,110	-				Borrowing / S106 / Affordable Housing capital budget
Tavistock - temporary accommodation purchase (3 Springhill)	161,500			161,500	161,500.00	-						Borrowing
Tavistock Viaduct	20,000	-	20,000	-	-	-	-	20,000			Reduced from £100k to £20k as part of the Amended Budget proposals for 2020/21	
Tavistock Viaduct Walk	40,000	-	40,000	5,000	4,295.00	705	25,000	10,000			Following clearance of strips of vegetation to expose the rock face, further rope-access inspections will be undertaken this winter, and subsequent years in a phased approach.	Leisure Services Reserve
Hayedown Depot - Statutory Compulsory Improvements	180,000	-	180,000	-	-	-	180,000	-	2022			Innovation Fund (Invest to Earn) Earmarked Reserve
Parklands Leisure Centre - Contribution to Moveable Pool Floor	50,000	-	50,000	-	-	-	-	50,000			This money has been set aside as a partnership contribution to the cost of an engineering solution if the floor breaks down.	Leisure Services Reserve
Car Park Resurfacing	30,000	-	30,000	-	-	-	30,000	-				Car Park Maintenance Reserve
<b>TOTAL ASSETS CAPITAL SCHEMES</b>	<b>1,681,500</b>	<b>142,890</b>	<b>1,377,110</b>	<b>216,500</b>	<b>211,547.46</b>	<b>4,953</b>	<b>1,242,110</b>	<b>80,000</b>				
<b>Housing Capital Schemes</b>												
Private Sector Renewals inc Disabled Facilities Grants (DFG's)	1,495,383	-	1,495,383	650,000	607,284.55	42,715	845,383	-	On-going			Better Care Fund
Green Homes Grant	683,500	-	683,500	1,000	-	1,000	682,500	-				Green Homes Grant
<b>TOTAL HOUSING CAPITAL SCHEMES</b>	<b>2,178,883</b>	<b>-</b>	<b>2,178,883</b>	<b>651,000</b>	<b>607,284.55</b>	<b>43,715</b>	<b>1,527,883</b>	<b>-</b>				
<b>IT Capital Schemes</b>												
Replacement Payroll and HR Software	31,500	-	31,500	31,500	42,615.50	(11,116)	-	-	2022		This cost is being shared 50/50 with South Hams District Council	Capital Receipts/Support Services Trading Reserve
Replacement of IT Hardware	85,000	-	85,000	85,000	82,920.23	2,080	-	-	2022		This cost is being shared 50/50 with South Hams District Council	Capital Receipts
Future IT	150,000	-	150,000	150,000	123,082.56	26,917	-	-	2022		This cost is being shared 50/50 with South Hams District Council	RCCO (revenue funding)
<b>TOTAL IT CAPITAL SCHEMES</b>	<b>266,500</b>	<b>-</b>	<b>266,500</b>	<b>266,500</b>	<b>248,618.29</b>	<b>17,882</b>	<b>-</b>	<b>-</b>				
<b>Waste Capital Schemes</b>												
Waste Fleet	325,000	-	325,000	20,000	19,137.00	863	305,000	-	2022		This was the original £2.6m budget less £2.275m spent in 2020/21	Vehicle Replacement Reserve
<b>TOTAL WASTE CAPITAL SCHEMES</b>	<b>325,000</b>	<b>-</b>	<b>325,000</b>	<b>20,000</b>	<b>19,137.00</b>	<b>863</b>	<b>305,000</b>	<b>-</b>				
<b>Other Capital Schemes</b>												
Community Project Grants	35,000	-	35,000	35,000	16,143.97	18,856	-	-	On-going		Support for capital schemes across the Borough for things such as large sports equipment, repairs to village halls or large scale tree planting. The maximum typical grant available to any scheme is £5,000 or up to 50% of the project's costs, whichever is the lower.	Capital Receipts
Tavistock to Bere Alston Link	50,000	-	50,000	-	-	-	50,000	-			Agreed as part of the 20/21 budgets to move forward the feasibility and preliminary design for a low carbon public transport route between Tavistock and Bere Alston.	Capital Receipts
<b>TOTAL OTHER CAPITAL SCHEMES</b>	<b>85,000</b>	<b>-</b>	<b>85,000</b>	<b>35,000</b>	<b>16,143.97</b>	<b>18,856</b>	<b>50,000</b>	<b>-</b>				
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,536,883</b>	<b>142,890</b>	<b>4,232,493</b>	<b>1,189,000</b>	<b>1,102,731.27</b>	<b>86,269</b>	<b>3,124,993</b>	<b>80,000</b>				

\* Forms part of the Tavistock Temporary Accommodation (Springhill) budget

Affordable Housing	239,000	-	239,000	-	-	-	239,000	-			Anticipated to be required to assist with the redevelopment of the hostel in Tavistock (Springhill)	New Homes Bonus
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RESERVES - BALANCES AT 31 MARCH 2022					APPENDIX B
	Opening Balance	Additions to Reserve	Actual Spend	Closing Balance	
	01.04.2021	2021/22	2021/22	31.03.2022	Comments
	£000's	£000's	£000's	£000's	
<b>EARMARKED RESERVES</b>					
<b>Specific Reserves - General Fund</b>					
2016/17 Budget Surplus Contingency	86	0	0	86	This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve.
Broadband Community Support	50	0	0	50	As per the report to the Hub Committee on 1st December 2020, Council approved the creation of a Broadband Community Support Earmarked Reserve, to be financed by transferring £50k from the existing Business Rates Retention Earmarked Reserve in 2020/21.
Car Parking Maintenance	484	50	0	534	The addition of £50,000 relates to the underspend on Repairs and Maintenance in 2021/22.
COVID Losses Earmarked Reserve	221	282	(249)	254	On 16th February 2021 Council approved to transfer the COVID-19 LA Support Grant (4th tranche of £151K and the bank reconciliation adjustment of £69K) into a COVID Earmarked Reserve. In addition it was recommended to transfer the fifth tranche of COVID funding of £282k into this Reserve in 2021/22. Council approved to use £190,000 to fund car parking losses and COVID expenditure in 2021/22 and to also use £58,639 to fund the shortfall in the leisure management fee income.
Economic Grant Initiatives	26	0	0	26	
Elections	20	14	0	34	
Environmental Health Initiatives	20	0	0	20	
Financial Stability	454	0	0	454	This reserve was created in 2018/19 from the Business Rates Pilot funding. This funding was set aside to assist to smooth out future years' funding variations or reductions, in particular any changes from the Fair Funding Review.
Flood Works	15	0	0	15	
Grounds Maintenance	48	30	0	78	The addition of £30,000 relates to the underspend on Grounds Maintenance in 2021/22.
Homelessness Prevention	173	90	(19)	244	This reserve has been created following underspends on Homelessness Prevention Costs.
ICT Development	39	25	(39)	25	Spend in 2021/22 includes the Northgate Remote DBA Service (£21.5k).
Innovation Fund (Invest to Earn)	399	0	(21)	378	This reserve originated from New Homes Bonus funding.
Leisure Services	58	0	(10)	48	
Maintenance Fund (Estates)	242	119	0	361	Additions to this reserve relate to service charge income in 2021/22.
Management, Maintenance & Risk Management	302	119	(5)	418	This is a relatively new reserve set up to manage the ongoing maintenance costs of the Council's Investment Property Portfolio. The contributions to the reserve equate to 10% of the rental income on an annual basis.
Neighbourhood Planning Grants	10	60	(23)	47	
New Homes Bonus (NHB)	452	293	(239)	506	The NHB is used to support the funding of the revenue budget and the Capital Programme. The spend includes £192,772 to fund the 2021/22 revenue budget.
Outdoor Sports & Recreation Grants	16	0	0	16	
Planning Policy and Major Developments	147	0	(1)	146	This reserve is for all planning matters and is also to meet appeal costs.
Recovery Plan and Corporate Strategy	200	0	(18)	182	In March 2021 the Hub Committee recommended to Council to transfer £200k of the 2020/21 projected surplus into a new Recovery Plan and Corporate Strategy Earmarked Reserve.
Revenue Grants	912	558	(53)	1,417	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. The additions in 2021/22 amounting to £558,000 relate mainly to the Local Council Tax Support Scheme Grant (£102k), New Burdens COVID-19 Admin Support Grant (£131k) and other COVID-19 funding including the Clinically Extremely Vulnerable Fund (£85k) and the COVID-19 Hardship Fund (£72k). It is anticipated that a significant amount of these grants will be applied in 2022/23.
Salary Savings	80	0	(80)	0	This is a new reserve set up to hold salary savings from 2020/21 to be ringfenced to support salary costs in 2021/22. (Hub 16/3/21). Some work had to be postponed in 2020/21 due to the extra work pressures of the pandemic and this work was carried out in 2021/22 to maintain and enhance service delivery and address recommendations from internal audit reports. The use of this reserve in 2021/22 was approved by Council on 15 February 2022 (CM57).
Support Services Trading Opportunities	31	16	(27)	20	This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme. Spend in 2021/22 relates to the additional implementation costs associated with the introduction of the new payroll system.
Strategic Change (T18)	67	0	0	67	
Tree Maintenance	0	17	0	17	A new reserve set up in 2021/22 to hold in year surpluses generated to reinvest back into the Tree maintenance service in future years.
Vehicle Replacement	298	50	(20)	328	This is a new reserve set up to fund the Council's vehicle replacement programme (Council 4 Dec 2018). £50K a year is contributed to this reserve.
Waste & Cleansing Options Review	176	482	0	658	Additional income from increased recycling credits and dry recycling income has been transferred to this reserve (Council CM42 - 4 December 2018). In addition, the reserve also holds the value of the 2021/22 contractual performance deductions, to contribute to the contracted costs and capital outlay.
Other Reserves below £15,000 (combined)	46	6	(10)	42	
<b>Sub Total excluding the Business Rates Reserves</b>	<b>5,072</b>	<b>2,211</b>	<b>(812)</b>	<b>6,471</b>	
Business Rates Retention	1,260	0	(173)	1,087	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income, a contribution was required in 2021/22 to offset the Business Rates Collection Fund deficit. In addition, £30,000 was used to fund the Audio Visual Equipment in the Guildhall, Tavistock (Hub Committee 8/12/20).
S.31 Compensation Grant (Business Rates)	2,609	0	(978)	1,631	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 and 2021/22 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received will not be discharged against the Collection Fund deficit until the following year. In 2021/22 £278,000 of S31 grant was applied to the Collection Fund to smooth the impact of the business rates deficit. This reserve is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.
<b>TOTAL EARMARKED RESERVES</b>	<b>8,941</b>	<b>2,211</b>	<b>(1,963)</b>	<b>9,189</b>	
<b>TOTAL UNEARMARKED RESERVES</b>	<b>1,294</b>	<b>196</b>	<b>0</b>	<b>1,490</b>	Note: This Unearmarked Reserve has a minimum balance of £900,000 and an operating level of a minimum of £1.25million (set by Members as part of the Budget Process). The 2021/22 surplus shown in the Accounts of £196,000 has been credited to this Unearmarked Reserve, in accordance with normal accounting practice.
<b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>	<b>10,235</b>	<b>2,407</b>	<b>(1,963)</b>	<b>10,679</b>	

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Summary of Savings and Additional Income from the 2021/22 Budget Setting Process

APPENDIX C

The table below summarises the savings and additional income that were included in the 2021/22 Budget Setting process and confirms whether the saving/additional income were achieved in 2021/22

	Savings and Additional Income for the 2021/22 Budget	Income/Savings Target for 2021/22 (£)	Outturn for 2021/22 (£)	Narrative
1	Income from Investment Properties (£300k is in the base budget for 2021/22)	20,000	20,000	This additional income was achieved in 2021/22.
2	Re-procurement of contracts (e.g. savings from Leisure Contract)	117,000	58,000	A report on Leisure was considered by the Hub Committee on the 1 February 2022 (HC 63/21) and Council on 15 February 2022. The changes to the management fee profile were agreed by Council and the £58,639 shortfall in income in the management fee in 2021/22 was approved to be funded from the COVID Losses Earmarked Reserve in 2021/22.
3	Income from three weekly trials (Hub Committee 15th September 2020)	50,000	Nil	The Revenue Budget for 2021/22 included potential additional income of £50,000 in 21/22 and a further £75,000 in 22/23 for income from the possibility to move to a three weekly waste collection. It was stated that this was dependent on the outcome of the results from the three weekly trials. As set out within a separate report to the Hub Committee on 21 September, it was agreed that the trial of the three weekly residual (black sack) collections was not extended to the whole of the Borough in Spring 2022 and this recognised the potential impact of making a major service change at a time when significant structural changes are expected in the waste industry and other external pressures, including the national LGV driver shortage.
4	Increase in Garden Waste income	40,000	57,000	Additional income of £17,000 was generated in 2021/22.
5	Reduction in Pension Employer secondary rate contributions (due to a reduction in the actuarial deficit at 31.3.2019 - based on 17 year deficit recovery period)	80,000	80,000	This saving was achieved in 2021/22.
6	Public Conveniences - business rates savings	18,000	18,000	Legislation has been enacted so that Public Conveniences no longer have to pay Business Rates so this saving was achieved in 2021/22.
7	Kilworthy Park - reduction in operating costs	10,000	10,000	This saving was achieved in 2021/22.
8	Reduction in ICT contracts	8,000	0	ICT software and support contracts were overspent in 2021/22 by £58,000 (11.6% of budget)
9	Implement e-billing in council tax	1,200	Nil	The aim is to offer an e-billing service to Council Tax payers and this is a project which is currently being progressed.
	<b>TOTAL</b>	<b>£344,200</b>	<b>£243,000</b>	

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# Agenda Item 8

Report to: **Hub Committee**

Date: **13 September 2022**

Title: **Medium Term Financial Strategy 2023/24 to 2025/26**

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

Wards Affected: **All**

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

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance**

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

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## **Recommendations:**

- 1. It is recommended that the Hub Committee considers the Medium Term Financial Strategy and recommends to Council:**

**Recommendation 1: To continue to respond to Government consultations on Business Rates Reform.**

**Recommendation 2: To continue to actively lobby and engage with the Government, Devon MPs, South West Councils and other sector bodies such as the District Councils' Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2024 onwards, when the business rates reset is predicted to happen (this is the earliest date it might happen).**

**Recommendation 3: That the Council continues to lobby in support of the Government eliminating Negative Revenue Support Grant in 2023/24 (and thereafter) and continues to lobby for Rural Services Delivery Grant**

**allocations which adequately reflect the cost of rural service provision**

**Recommendation 4: To note the Council's strategic intention with its Council Tax setting strategy as set out in paragraph 3.6 of this report. The actual council tax for 2023/24 will be decided by Council in February 2023.**

**Recommendation 5: To approve the use of the Revenue Grant Earmarked Reserve to fund the Council's share of the costs of a two-year fixed term post that will be responsible for driving improved customer service and operational efficiency by exploiting technology and transformation (as set out in Appendix D, section 1.9). The total cost for West Devon is £80,000.**

- 2. It is also recommended that the Hub Committee:  
Notes the forecast budget gap for 2023/24 of £269,296 (3% of the projected Net Budget of £8.72million) and the position for future years.**

**1. Executive summary**

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling three year timeframe to 2025/26. The Council adopted a three year timeframe for its MTFS in 2021, as this dovetailed to the timescales of the Corporate Strategy, 'A Plan for West Devon'. This timeframe has been emulated with the 2022 MTFS as it gives a good balance between long term financial planning and having realistic assumptions to be able to work with. This is in light of the current volatility within local government financial planning, due to the lack of certainty from continued one-year financial settlements. The previous one year financial settlements announced by the Government have aimed to address short-term pressures rather than focus on long term sustainability.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding. Between 2009/10 and 2020/21, the Council's Core Government funding has reduced by £3 million. The Council now receives **no main Government Grant (Revenue Support Grant)** – this has been reduced to zero.
- 1.3 The Council has continued to work in partnership with South Hams District Council which has allowed West Devon to achieve annual savings of £2.2 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.

- 1.4 It is important to note that this Medium Term Financial Strategy (MTFS) sets out the budget strategy for the Council for the next three years, with regular reviews (at least annually) and updates when items are further known or are announced by the Government.
- 1.5 This is the starting point for developing a meaningful three year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 1.6 Prudent financial management in the past, has meant that the Council was in a relatively healthy position financially before the pandemic hit. When Councillors set the Budget for 2020/21 in February 2020, no-one could have foreseen how our future finances and everyday lives were about to be impacted. The pandemic has also changed the world we operate in. Across the Council, staff have been called upon to continue the efforts to help local communities against the impact of the pandemic.
- 1.7 The management of risk and promoting financial resilience is a key principle of our budget strategy and this has helped facilitate our response. Key to the authority's financial resilience are our reserves, which are at a prudent level.
- 1.8 The recent challenges presented by the war in Ukraine with its broader implications along with the current 'cost of living crisis' will have an impact on the Council's finances as well as the finances of the residents of the Borough. The Council's approach to delivering services remains steadfast.
- 1.9 The latest inflation figures show prices are rising at their fastest rate for 40 years with the headline CPI (Consumer Price Index) rate at 10.1%. These increases have also impacted the MTFS and increased the cost pressures. At present, there is no indication from Government of any additional funding. The financial standing of the Council is secure in the immediate future, but there is still much work to do to ensure the long term financial sustainability of the Council.
- 1.10 It had been expected that a technical consultation paper on the local government finance settlement for 23/24 would happen before Parliament's summer recess. However the political turmoil has meant that this hasn't happened. It is now expected to be in early Autumn 2022.
- 1.11 In his speech to the Local Government Association (LGA) conference on 28 June 2022, the Secretary of State, Michael Gove MP, promised to give local authorities greater "financial certainty". It was confirmed that a 2-year financial settlement will be introduced. The proposal for a 2-year settlement suggests that there will be rollover settlements in both 2023/24 and 2024/25, meaning financial settlements that are broadly similar to 2022/23.

1.12 The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2025/26 although this has not been confirmed by the Government so the MTFs assumes that these changes could happen in 2024/25 at the earliest.

1.13 The key assumptions within the Medium Term Financial Strategy are as below. Each of these is described in more detail in Section 4.

- The business rates baseline reset will be deferred until 2024/25 at the earliest (with no negative Revenue Support Grant in 2023/24)
- There will be a phasing in of negative Revenue Support Grant as part of the business rates baseline reset (predicted to be in 2024/25 at the earliest) with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. The modelling assumes negative RSG of £227,500 in 2024/25 and 2025/26. Some of the negative RSG could be offset by growth.
- It is assumed Council Tax limits for District Councils will remain at the higher of £5 or 1.99% for 2023/24 onwards
- The awaited technical consultation paper from the Government on a two year settlement could indicate whether Ministers are minded to allow a further year or two years of one-off allocations of New Homes Bonus (NHB), or the Government may chose to implement some other changes. It is assumed that the roll over settlement for 2023-24 will give an amount of at least £150,000 of NHB funding (or a similar replacement housing incentive scheme) that could be used to fund the 23/24 revenue base budget.
- A business rates pooling gain of £200,000 has been modelled for 2023/24 with no further gains for 2024/25 onwards.
- A council tax surplus of £175,000 for 23/24 has been assumed, with a council tax collection rate of 97% (97.8% was achieved in 2021/22)
- Rural Services Delivery Grant has been assumed to continue at the same level for 23/24 with uplifts for 24/25 and 25/26
- A 3% pay increase has been modelled from 2023/24 onwards (3% equates to £150,000) – see 3.27 and 3.28

1.14 The following table illustrates the predicted budget gap from 2022/23 onwards for the Council as shown in Appendix B:

<b>Budget Gaps</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Total Aggregated Budget Gap £</b>
'New' Budget Gap each year	269,296	87,571	555,816	912,683
*Cumulative Budget Gap	269,296	356,867	912,683	1,538,846

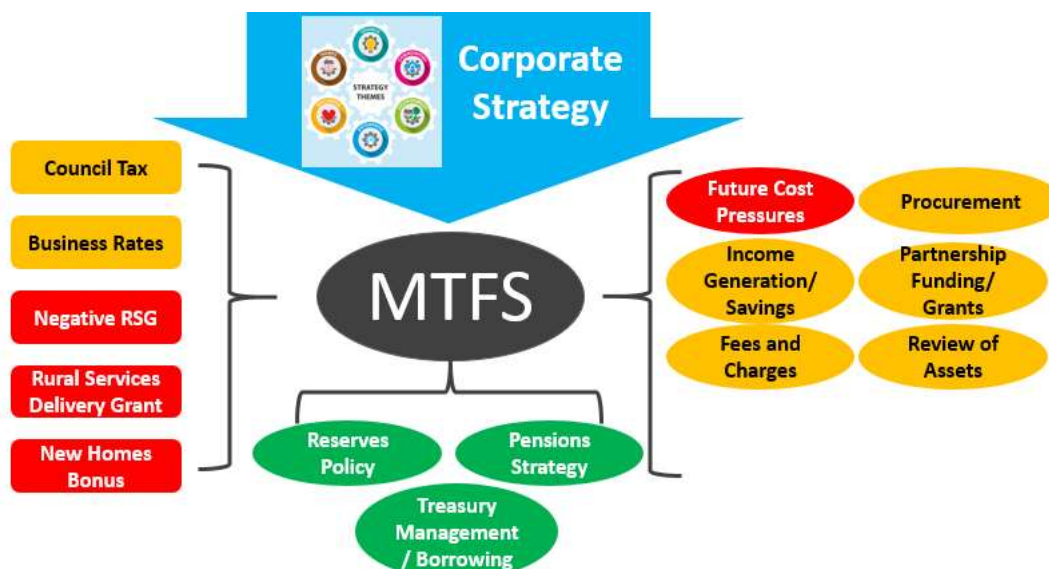
\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 1.15 ***The forecast budget gap for 2023/24 is £269,296. This is 3% of the Projected Net Budget for 23/24 of £8.72million.*** A cumulative budget gap of £356,867 is predicted for 2024/25 (the £356,867 assumes that the 23/24 budget gap of £269,296 has not been closed). The cumulative aggregated Budget Gap by 2025/26 is £1.5 million, if no action has been taken in each individual year to close the budget gap annually.
- 1.16 A Government technical consultation on the finance settlement is expected in the Autumn. The hope is that this will enable greater confidence to be had in the assumptions underlying the MTFS and might also set out the principles of how a two-year finance settlement would be implemented. In the meantime, there are continuing uncertainties about the level of local government funding for 2023/24. There is no indication yet of the detailed local government funding levels for 2023/24 and beyond. Therefore there are many uncertainties in preparing for the challenges we know we will face in the near future.
- 1.17 There is little Government appetite for full reform of Local Government finances in the short term, with the prospect of a General Election and Spending Review in the next couple of years encouraging delay. More time is also needed to develop formula changes and to get a full dataset for the 2021 Census.
- 1.18 A further budget update report will be presented to the Hub Committee on 1<sup>st</sup> November, which will update the MTFS for announcements in the Government technical consultation (due in the Autumn). Further options for Members' considerations of how to close the predicted budget gap of £269,296 will be presented as part of this report.

## **2 COMPONENTS OF THE MEDIUM TERM FINANCIAL STRATEGY**

- 2.1 The Diagram below sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

## 2022/23 Net Budget £7.77 million



2.2 The key assumptions within the MTFs are set out in Section 3.

### OVERALL POSITION – BUDGET GAP

2.3 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.

2.4 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **Appendix B** illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £7.77 million in 2022/23.

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

2.6 The following table illustrates the predicted budget gap from 2022/23 onwards for the Council as shown in **Appendix B**:

Budget Gaps	2023/24 £	2024/25 £	2025/26 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	269,296	87,571	555,816	912,683

*Cumulative Budget Gap	269,296	356,867	912,683	1,538,846
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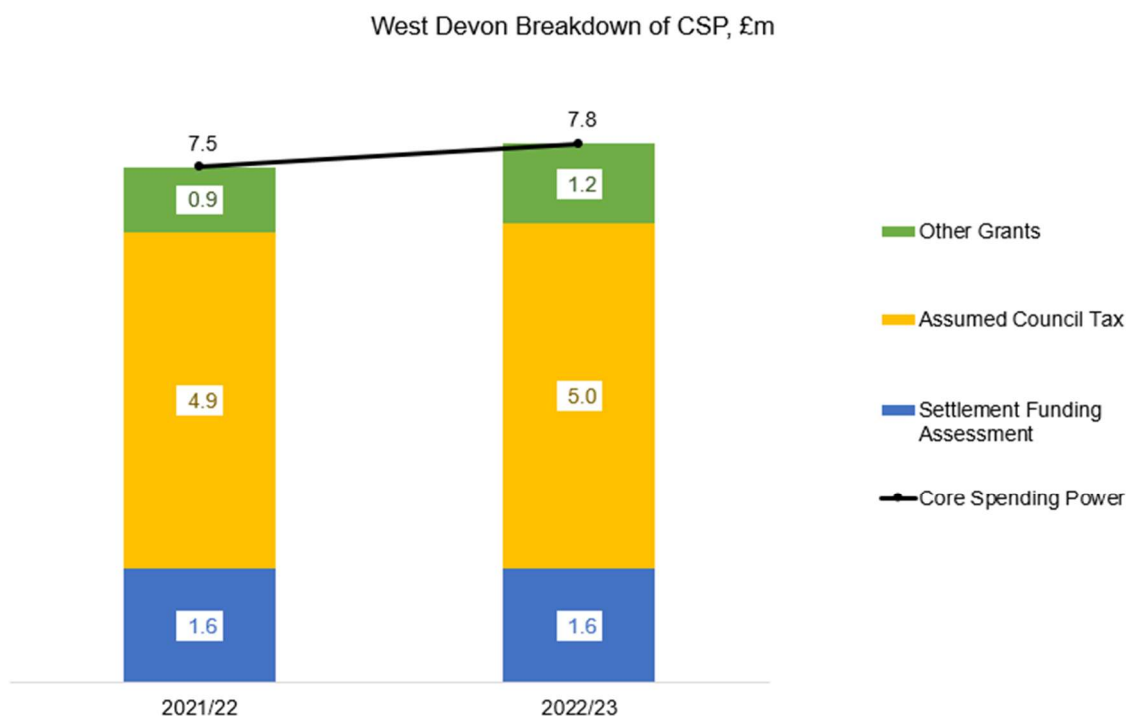
\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 2.7 ***The forecast budget gap for 2023/24 is £269,296. This is 3% of the Projected Net Budget for 23/24 of £8.72million.*** A cumulative budget gap of £356,867 is predicted for 2024/25 (the £356,867 assumes that the 23/24 budget gap of £269,296 has not been closed). The cumulative aggregated Budget Gap by 2025/26 is £1.5 million, if no action has been taken in each individual year to close the budget gap annually.
- 2.8 The Council awaits the details of the Government technical consultation (expected in the Autumn) on the finance settlement, which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy (MTFS) and the paper might set out the principles of how the two-year settlement would be implemented. Further options for Members' considerations of how to close the predicted budget gap of £269,296 for 2023/24 will be presented as part of further budget reports.

### **3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES**

- 3.1 The SFA is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income. The breakdown of the increase in SFA for 2022/23 is shown below.
- 3.2 The 'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax, as below. The Council now receives no main Government grant (Revenue Support Grant).
- 3.3 ***Core Spending Power for West Devon (which is a measure of how much extra funding a Council has received for next year) increased by 4.6% for 2022/23.*** Core Spending Power is the term the Government use to say how much money Councils have to run their services. On looking at the detail below, it can be seen that the extra funding of 4.6% is mainly coming from assumed Council Tax increases in 2022/23.
- 3.4 The calculation of Core Spending Power already assumes that a Council will increase its council tax up to the maximum allowed under the referendum limits for 2022/23 – so for WDBC a £5 council tax increase (less than 10pence per week) for 2022/23 was included within this 4.6% increase in funding. New Homes Bonus is also included in the measure of Core Spending Power in 'Other Grants'.

- 3.5 Core Spending Power increased from £7.5m in 2021/22 to £7.8m in 2022/23 as shown below. Nationally, Core Spending Power increased by 4.4% (factoring in council tax increases).



### Council Tax

- 3.6 The Council Tax Referendum limits for District Councils for 2022/23 was the higher of 1.99% or £5. An increase in council tax of £5 for the next three years has been modelled for council tax purposes. This would equate to a Band D council tax for the Borough Council of £251.63 in 2023/24 as shown in Appendix B (an increase of £5 for the year (10 pence per week) which equates to a 2.03% increase. The Council's share of the council tax for 2023/24, will be set at the Council meeting on 21st February 2023. (A 1% increase in council tax generates £51,000 of extra council tax income).
- 3.7 The table below shows how an average Band D council bill is made up for West Devon Borough Council for 2022/23, compared to 2021/22. Of an average Band D Council Tax within the Borough of £2,230.64, an amount of £246.63 is the element of a council tax bill set by West Devon Borough Council. Therefore 11pence of every £1 paid (11%) in council tax is received by West Devon Borough Council to pay for our services. The rest of the council tax bill is set by Devon County Council, the Fire, the Police and Town and Parish Councils to fund the services they provide.



In 2022/23, the council tax for an average Band D property in West Devon increased by £64.06 per annum, an annual increase of 2.96% as shown below.

<b>Precepting Authority</b>	<b>Band D 2021/22</b>	<b>Band D 2022/23</b>	<b>£ Increase</b>	<b>% Increase</b>
West Devon Borough Council	£241.63	£246.63	£5.00	2.07%
Devon County Council Precept	£1,342.44	£1,372.59	£30.15	2.99%
Adult Social Care Precept *	£168.84	£183.87	£15.03	
Devon & Cornwall Police & Crime Commissioner	£236.56	£246.56	£10.00	4.23%
Devon & Somerset Fire & Rescue	£90.00	£91.79	£1.79	1.99%
Average Parishes/Towns	£87.11	£89.20	£2.09	2.40%
<b>TOTAL</b>	<b>£2,166.58</b>	<b>£2,230.64</b>	<b>£64.06</b>	2.96%

- 3.8 The Borough Council is responsible for collecting all the Council Tax debt of approximately £46m as West Devon BC is the Billing Authority. After keeping 11% of the council tax collected to run the Council's services, the rest is paid over to Devon County Council, the Police, the Fire and Town and Parish Councils. The collection rate for Council Tax for West Devon was 97.8% for 2021/22. This was 1.9% higher than the national average of 95.9%.
- 3.9 A council tax collection rate of 97% has been assumed for 2022/23. This may need to be revisited in future budget reports depending on the payment profiles being experienced in latter months of the year. The early months of 22/23 are currently showing the same collection rate for council tax as that of 21/22.
- 3.10 It has been assumed that the number of properties within the Borough will increase by 150 per annum from 2023/24 onwards.
- 3.11 In 2022/23 the Government set no council tax referendum principles for Town and Parish Councils. It has not yet been announced by the Government whether any referendum principles will apply to Town and Parish Councils in 2023/24 onwards.

## **Business Rates and Negative Revenue Support Grant (RSG)**

- 3.12 It has been assumed that the Business Rates Reset will be delayed to 2024/25 at the earliest. Whilst this change is not confirmed by the Government, a reset based on the current taxbase would appear very unlikely.
- 3.13 It had been expected that a technical consultation paper on the local government finance settlement for 2023/24 would happen before Parliament's summer recess. However the political turmoil has meant that this hasn't happened. It is now expected to be in early Autumn 2022.
- 3.14 The proposal for a 2-year settlement suggests that there will be rollover settlements in both 2023/24 and 2024/25, meaning financial settlements that are broadly similar to 2022/23.
- 3.15 The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2025/26 although this has not been confirmed by the Government so the MTFS assumes that these changes could happen in 2024/25 at the earliest.
- 3.16 Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period (the current spending review runs to 2024/25). 2025/26 now looks like it is shaping up to be a very significant financial year for local government, incorporating a new spending review, the 2021 Census and funding reforms.
- 3.17 A two year settlement (with no negative Revenue Support Grant, RSG, in 2023/24) is the most likely scenario now. This means the Council wouldn't have to forego some of its business rates income (£227,500) by paying some of it back to Government in the form of 'negative government grant' in 2023/24. Negative RSG is effectively the Council's further predicted funding cuts.
- 3.18 It is anticipated there will be a phasing in of negative RSG as part of the business rates baseline reset (predicted to be in 2024/25 at the earliest), with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. The modelling assumes negative RSG of £227,500 in 2024/25 and 2025/26. Some of the negative RSG could be offset by growth.
- 3.19 Estimates have been made of the business rates baseline funding levels for 2023/24 onwards and the relative deductions for negative RSG. For example in 2023/24, the £1.95m is the amount the Council is projected to retain from its business rates income collected of around £12.2 million (this equates to around 16p in every £1 collected of business rates).
- 3.20 The 2021/22 collection rate for West Devon for business rates was 93.67%. This was slightly below the national average of 95.5% for 2021/22.

3.21 It is modelled to take £150,000 funding from the business rates retention reserve in all three years 23/24 to 25/26. This would reduce the business rates retention reserve by £450,000 over the next 3 years to smooth the impact of the business rates baseline reset and the future loss of pooling gains.

3.22 **Business Rates Revaluation** – There will be a business rates revaluation from 1 April 2023, based on the rental market at 1 April 2021. The purpose of a business rates revaluation is to update rateable values and therefore, business rates bills, to reflect changes. Transitional arrangements will be in place to support businesses to adjust to their new bills.

**Recommendation 1:** To continue to respond to Government consultations on Business Rates Reform.

**Recommendation 2:** To continue to actively lobby and engage with the Government, Devon MPs, South West Councils and other sector bodies such as the District Councils' Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2023 onwards, when the business rates reset happens.

#### **Devon Business Rates Pool**

3.23 West Devon Borough Council will continue to be part of a Devonwide Business Rates Pool for 2022/23 and it is expected that this opportunity will also be there for 2023/24 (until the baseline reset happens in 2024/25 at the earliest). A business rates pooling gain of £200,000 has been modelled for 2023/24 with no further gains for 2024/25 onwards when the baseline reset is scheduled to happen.

#### **Rural Services Delivery Grant**

3.24 Rural Services Delivery Grant has been modelled to continue for 2023/24 onwards at previous levels (£85m nationally – WDDBC share of £487,296) and the methodology for distribution is assumed to remain unchanged from 2022/23. The Council will continue to lobby on the basis that the £85m should be increased. This is Government grant to recognise the additional cost of delivering services in rural areas.

**Recommendation 3:** That the Council continues to lobby in support of the Government eliminating Negative Revenue Support Grant in 2023/24 (and thereafter) and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

### **New Homes Bonus (NHB)**

- 3.25 The timing of the cessation of the current NHB scheme is not clear, but if it does continue, it will be smaller in value with no historic legacy payments. The final legacy payment was made in 2022-23 and in theory there is £750m of NHB funding to be re-distributed to local authorities from 2023-24. The awaited technical consultation paper from the Government on a two year settlement could indicate whether Ministers are minded to allow a further year or two years of one-off allocations of NHB, or the Government may chose to implement some changes.
- 3.26 In 2022/23 the NHB allocation for the Council was £352,084. It is assumed that the roll over settlement for 2023-24 will give an amount of at least £150,000 of NHB funding (or a similar replacement housing incentive scheme) that could be used to fund the 23/24 revenue base budget.

### **Other assumptions within the Medium Term Financial Strategy (MTFS)**

- 3.27 The last pay award offer for 2021/22 was 1.75%. A 2% pay increase was budgeted for 2022/23 onwards. The National Employers have made a final offer for 2022/23 to the unions representing the local government workforce of an increase of £1,925 on all NJC pay points 1 and above with effect from 1 April 2022 and an extra day of annual leave entitlement with effect from 1 April 2023. All employees on a NJC pay spine would receive a minimum 4.04% pay increase, with a minimum of £10.50 hourly rate of pay.(The estimate of the National Living Wage, set at two-thirds of medium earnings for those aged 21 and over in 2024 is £10.95).
- 3.28 There is a consultation process for the pay award so it will not yet be known the outcome of this. The MTFS has modelled a total provision for pay award of £360,000 in 23/24. This is an extra £210,000 for the possible 22/23 pay award (this is the amount on top of the 2% provided for in the 22/23 budget), plus a provision of a 3% (equating to £150,000) pay award for 23/24 and thereafter.
- 3.29 The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.30 The Council is particularly affected by inflation in terms of the Local Government Pay Award as staffing forms a significant proportion of the Council's budget. The 2022/23 budget was set before this crisis escalated and an assumption of 2% was included.
- 3.31 The Consumer Price Index (CPI) has reached 10.1% (July 2022 CPI), which is a 40 year high, and is forecast to peak at 13% in the Autumn. Half of this increase can be attributed directly to gas/electricity price inflation. An extra £150,000 cost pressure for inflation on goods and services has been included within the cost pressures in Appendix A. This is around a 150% increase in some areas of utilities.

3.32 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates (Bank Base rate) will increase another 0.5% in September to 2.25% as the Bank of England looks to tackle surging inflation. Another rise to 2.75% is predicted in March 2023, with rates falling back to 2.25% by June 2024. The increase in Bank Rate will increase the Council's income from treasury management investments and additional income of £175,000 has been built into the MTFS for 2023/24.

**A Plan for West Devon – The Council's 20 year vision**

3.33 'A Plan for West Devon' sets out the Council's 20 year vision for West Devon and its communities and how we will work towards it over the next three years. It forms the strategy for both the Council as an organisation and West Devon as a Place. The six areas of focus are supported by detailed annual delivery plans.

<https://westdevon.gov.uk/plan-for-west-devon>

**Achieving our Vision**

Our longer term vision will be delivered by concentrating on the following areas. These areas of focus will be supported by detailed annual delivery plans.



**Strengthening our communities**

An area that our communities can be proud of



**Enhancing community wellbeing**

Every resident is able to live a healthy and active life



**Improving homes**

Every resident has access to a quality and safe home



**Stimulating a thriving economy**

A Borough that attracts high quality employment opportunities and space for business to grow



**Growing our natural environment**

An environment where people and nature thrive together



**Adapting our built environment**

Planning for the future, celebrating the past

**Climate Change**

3.34 The Council's annual delivery plan on 'Growing our natural environment' sets out the Council's action plan for addressing climate change and the carbon/biodiversity impact.

## **OTHER BUDGET ITEMS**

3.35 The Council will be reviewing core service delivery through on-going service reviews and will bring reports back to Members at the appropriate point, linking back to the corporate strategy.

3.36 The Levelling Up and Regeneration Bill is making its way through Parliament. The Government is aiming for Royal Assent in Spring 2023. There is a proposal within the bill to allow Billing Authorities the discretion to charge second home owners a council tax premium of 100% (so a second home dwelling would pay double the council tax charge). The Bill requires Billing Authorities to have a minimum period of 12 months between making its first determination and the financial year in which it takes effect. Billing Authorities might be able to charge the premium to second home owners in 2024-25, but the timing will be very tight if Authorities only get the powers in Spring 2023. A Member decision would need to be taken on this as part of the future budget setting process. Modelling shows that extra council tax income of £145,000 could be generated.

### **Waste and Recycling service**

3.37 An update on the waste and recycling service was considered by the Hub Committee on 12 July 2022 and Council on 19 July 2022. As part of this report, it was noted that the Section 151 Officer would bring a further report to the Hub Committee in September 2022, on the updated on-going revenue and capital costs of delivering the service and the impact on the Council's Medium Term Financial Strategy. The intention for the Head of Paid Service to make any necessary organisational changes to the joint staffing structure, to recognise the changes in the provision of waste collection, recycling and cleansing services in the Councils was also noted. This is summarised in Appendix D to this report.

3.38 It is recommended (Recommendation 5) to approve the use of the Revenue Grant Earmarked Reserve to fund the Council's share of the costs of a two-year fixed term post that will be responsible for driving improved customer service and operational efficiency by exploiting technology and transformation (as set out in Appendix D, section 1.9). The total cost for West Devon is £80,000.

## **4. Treasury Management and Borrowing Strategy**

4.1 The Council has previously taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £50 million in 2019 and it is not proposed to change this limit at present.

- 4.2 In 2021/22 the long term borrowing of the Council decreased from £28,342,000 (20/21) to £27,726,000. Short term borrowing increased from £603,000 to £615,000 due to the maturity profile of borrowing.

## **5 FEES AND CHARGES**

- 5.1 As part of the budget process, fees and charges will be reviewed. A delegation is in place to enable service managers to increase fees and charges by inflation where these are not material changes or increases.

## **6 FINANCIAL SUSTAINABILITY AND TIMESCALES**

- 6.1 The Council will continue to assess various options for closing the budget gap for 2023/24 onwards, and in the longer term, to achieve long term financial sustainability and further options will be presented to Members in further budget reports. This will consider ways to reduce the Council's operating costs and generating further income and savings.
- 6.2 Making the best use of our resources and setting a balanced budget annually is within the 'Delivering Quality Services' Draft Delivery Plan of the Council's long term strategic vision, 'A Plan for West Devon'.

## **7 Earmarked and Unearmarked Reserves Policy**

- 7.1 Unearmarked Reserves have increased by £196,000 in 2021/22 and total £1.490 million at 31 March 2022. There was an underspend of £196,000 on the outturn position for 2021/22 (2.7% of the net budget of £7.3m) as shown in the Draft Statement of Accounts for 2021/22 published by the end of July 2022. In accordance with normal accounting practice, this underspend has gone into Unearmarked Reserves, with a view to it being reinvested in our core services and 'The Plan for West Devon'.
- 7.2 Earmarked Reserves have increased by £248,000 in 2021/22 and total £9.189 million at 31 March 2022. A full list of Reserves is shown in Appendix C.
- 7.3 Earmarked Reserves includes £1.631m held in the Business Rates s31 Compensation Grant Reserve. This is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 and 2021/22 (this funding is in the S31 Compensation Grant Reserve). This temporary increase in reserves will reverse back out again in the 2022/23 Accounts, to fund the deficit on the Collection Fund. Therefore this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.

- 7.4 Reserve levels will be kept under constant review and will be reviewed throughout the budget setting process to consider commitments against Earmarked Reserves, their unallocated balance and the contributions to/from Earmarked Reserves for 2023/24 and future years also. This will form part of the December 2022 Budget report to the Hub Committee and will be able to be considered alongside details of the Government's technical consultation paper (due Autumn 2022).
- 7.5 At Council on 15th February 2022, Members set a minimum balance for Unearmarked Reserves of £900,000, with an operating level of a minimum of £1.25million. This was based on a risk assessment basis and a sensitivity analysis. Therefore the current level of £1.490m is still above these levels previously set.
- 7.6 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 Officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances (this was recommended at £900,000 being the minimum level in February 2022, with an operating level of £1.25million). Section 25 of the Local Government Act 2003 requires the Section 151 officer to report on the adequacy of the Council's financial resources on an annual basis.
- 7.7 The provision of an appropriate level of balances is a fundamental part of prudent financial management, enabling the Council to build up funds to meet known and potential financial commitments.
- 7.8 As highlighted above there is a high degree of uncertainty about future levels of funding for local government. However, the Section 151 Officer is keeping a close watch on developments and planning for this longer-term uncertainty. For example, the Council has a Financial Stability earmarked reserve to help secure financial stability for the longer term. This will include addressing any future financial pressures from changes in local government funding levels. The balance on the Financial Stability earmarked reserve at 31 March 2022 is £0.454m. It is also projected to increase to £0.62m in 2022/23.

## **8 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING**

- 8.1 The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. The Capital Budget Proposals for 2023/24 will be a separate report to the Hub Committee in December 2022.
- 8.2 Capital projects will be scored on the following criteria:
- Health and Safety compliance
  - Essential to keep operational assets open
  - Fit with the Council's Delivery Plans for 'A Plan for West Devon'
  - To rationalise service delivery or service improvement
  - To generate income, capital value or to reduce revenue costs



- 8.3 It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'A Plan for West Devon'.

### **Capital Reserves**

- 8.4 The Capital Receipts Reserve (which holds capital receipts which can be used to finance capital projects) has a balance of £56,000 as at 31.3.2022. This reflects the fact that the Council has hardly any capital receipts left that can be used to fund capital projects.
- 8.5 The Capital Grants Unapplied Reserve has a balance of £353,000 as at 31 March 2022.
- 8.6 **Investment Property Strategy** – The Council has agreed an Investment Property strategy. To date, Investment Properties have a value of £19.12 million in aggregate as at 31.3.2022.
- 8.7 Purchases made within the strategy are capital expenditure. An income projection of £300,000 from the net ancillary income from investments in Investment property has been included within the 2022/23 Base Budget and it is predicted that this will increase by £50,000 for 2023/24 in line with rental reviews.
- 8.8 The Council's Asset Base is £45.7 million at 31 March 2022. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

## **9 NEXT STEPS AND PROPOSED WAY FORWARD**

- 9.1 The MTFs is the starting point for developing a meaningful three year strategy that sets out the strategic intention for different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 9.2 The Council's budget is essentially fixed in cash terms and its ability to raise income is limited as there are national controls in place around council tax and business rates.
- 9.3 Officers will continue to work with the Hub Committee and the results of this will be incorporated into future Budget reports. This will consider ways to reduce the Council's operating costs and generating further income and savings.
- 9.4 A further budget update report will be presented to the Hub Committee on 1<sup>st</sup> November, which will update the MTFs for announcements in the Government technical consultation (due in the Autumn). Further options for Members' considerations of how to close the predicted budget gap of £269,296 will be presented as part of this report. The table below shows the budget timetable for the budget meetings for the 2023/24 Budget process.

13 <sup>th</sup> September 2022	Hub Committee – To consider the three year MTFS (Medium Term Financial Strategy) for 2023/24 to 2025/26
1 <sup>st</sup> November 2022	Hub Committee – To update the MTFS for the details of the Government technical consultation on local government finance (due Autumn 2022)
13th December 2022	Hub Committee – To consider draft proposals for the Revenue and Capital Budget for 2023/24.
17th January 2023	Overview & Scrutiny Committee - To consider draft proposals for the Revenue and Capital Budget for 2023/24.
31 <sup>st</sup> January 2023	Hub Committee – To recommend Final Budget Proposals to Council for 2023/24
<b>16th February 2023 (9am)</b>	<b>Date which Council Procedure Rule 16 applies</b>
21st February 2023	Full Council – To approve Final Budget Proposals for 2023/24 and set the WDBC share of the Council Tax
22 February 2023	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2023/24 (This is WDBC share plus all other precepting authorities share).

**Note 1-** Council Procedure Rule 16 states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Thursday 16th February 2023.

## 10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Hub Committee is responsible for recommending to Council the budgetary framework. It is the role of the Overview and Scrutiny Committee to scrutinise the Budget proposals being proposed by the Council on an annual basis. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of the Budget report is evidence of whether the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>
Financial implications to include reference to value for money		<p><b><i>The forecast budget gap for 2023/24 is £269,296. This is 3% of the Projected Net Budget for 23/24 of £8.72million.</i></b> A cumulative budget gap of £356,867 is predicted for 2024/25 (the £356,867 assumes that the 23/24 budget gap of £269,296 has not been closed). The cumulative aggregated Budget Gap by 2025/26 is £1.5 million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>It is recommended (Recommendation 5) to approve the use of the Revenue Grant Earmarked Reserve to fund the Council's share of the costs of a two-year fixed term post that will be responsible for driving improved customer service and operational efficiency by exploiting technology and transformation (as set out in Appendix D, section 1.9). The total cost for West Devon is £80,000. There is sufficient funding within this reserve to finance this proposal.</p> <p>The Council awaits the details of the Government technical consultation (expected in the Autumn) on the finance settlement, which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy (MTFS) and the paper might set out the principles of how the two-year settlement would be implemented.</p>

		<p>As part of Grant Thornton's external audit of the Statement of Accounts for 2021/2022, they will assess the arrangements the Council has in place for:-</p> <ul style="list-style-type: none"> <li>• Improving economy, efficiency and effectiveness</li> <li>• Financial Sustainability</li> <li>• Governance</li> </ul> <p>The outcome of Grant Thornton's work in this area will be reported to Members at the Audit Committee meeting on 1 November 2022.</p>
Risk		Each of the budget options taken forward by Members will consider the risks of the option.
Supporting Corporate Strategy		The majority of activities set out in the Council's delivery plans can be delivered through refocusing and reprioritisation of existing resources however, in order to realise the ambition set out in the strategy, some of the activities will require additional resources.
Climate Change - Carbon / Biodiversity Impact		<p>A report was presented to Council on 8<sup>th</sup> December 2020 'Climate Change and Biodiversity Strategy and Action Plan update'.</p> <p>In March 2021, Council approved to set up an Earmarked Reserve for £200,000 for the Recovery Plan and Corporate Strategy.</p> <p>Further detail is set out in the Council's 'A Plan for West Devon' strategic vision.</p>
<b>Comprehensive Impact Assessment Implications</b>		
Consultation and Engagement Strategy		External consultation and engagement has not been undertaken with regard to this report.
Equality and Diversity		Equality Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

## **Supporting Information**

### **Appendices:**

Appendix A – Budget pressures and savings

Appendix B – Modelling of the Budget Position

Appendix C - Schedule of Reserves

Appendix D - Summary on the waste and recycling service

### **Background Papers:**

None

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WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

	BASE 2022/23 £	Yr 1 2023/24 £	Yr 2 2024/25 £	Yr 3 2025/26 £
Waste collection, recycling and cleansing contract inflation (estimate) - assume 7.5% 2023/24 onwards (23/24 also includes some extra inflation provision from 22/23)	80,000	345,000	225,000	225,000
Waste collection, recycling and cleansing contract - Council 19 July 2022	0	400,000	0	0
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)	0	75,000	0	0
Inflation on goods and services	70,000	150,000	150,000	150,000
Increase in salaries - increments and pay and grading	50,000	175,000	75,000	75,000
Salaries - 22/23 award of £1,925 per Scale point has been modelled (an extra £210,000 on top of the 2% provided for) plus provision for pay award at 3% (£150,000) from 2023/24 onwards, total pay including on-costs of £5m	90,000	360,000	150,000	150,000
Housing Delivery Team - Hub Committee 7th June 2022	0	29,800	0	0
Head of Revenues and Benefits - Hub Committee 12th April 2022	0	30,000	0	0
Increase the staffing budget for four planning specialists and two legal specialists (Planning Improvement Plan) Posts are shared with South Hams District Council, to be financed by extra planning income (Hub Committee 2 November 2021). In addition, the Planning Improvement Plan, Hub Committee 7 June 2022, noted that the cost of the restructure, £33K per annum, will be funded for the first three years from the additional planning income held in the planning earmarked reserve.	71,000	33,000	0	0
A Plan for West Devon - Council 28.9.21 - £122,000 cost pressure for 22/23 and £168,000 for 2023/24	122,000	46,000	(168,000)	0
Reduction in Housing Benefit administration subsidy	10,000	10,000	10,000	0
National Insurance and National Living Wage (social care levy of 1.25% and NLW increases)	60,000	100,000	100,000	100,000
IT Support contracts - increased number of users on the network, increase in remote working, Disability Access legislation and above inflationary increases on IT support contracts	30,000	0	0	0
Rough sleeper outreach worker (WDBC share of the cost is 40%), to be funded from Government Homelessness grant	16,000			
Reduction in treasury management income	80,000	0	0	0
Community composting groups	10,000	0	0	0
<b>TOTAL IDENTIFIED BUDGET PRESSURES</b>	<b>689,000</b>	<b>1,753,800</b>	<b>542,000</b>	<b>700,000</b>

WEST DEVON BOROUGH COUNCIL

Contribution to Earmarked Reserves  
(This line shows the annual contributions into the Reserve)

	BASE 2022/23 £	Yr 1 2023/24 £	Yr 2 2024/25 £	Yr 3 2025/26 £
Contribution to IT Development Reserve (£50K per annum)	50,000	50,000	50,000	50,000
Contribution to Planning Reserve (£25K per annum)	25,000	25,000	25,000	25,000
Contribution to Elections Reserve (20K per annum)	20,000	20,000	20,000	20,000
Contribution from the Planning Reserve for the cost of the restructure within the planning service - Hub Committee 7 June 2022 - to be funded for the first three years from the additional planning income held in the planning earmarked reserve		(33,000)	(33,000)	(33,000)
Contribution from Business Rates Retention Reserve to smooth the volatility in business rates income from the baseline reset	(75,000)	(150,000)	(150,000)	(150,000)
Contribution from the Flexible Homeless Government Grant for three housing posts (wdbc share of costs) and the rough sleeper outreach post	(48,500)	0	0	0
Contribution to Vehicles Replacement Reserve (£50K per annum) - Minute CM42	50,000	50,000	50,000	50,000
Contribution to Joint Local Plan Earmarked Reserve	25,000	25,000	25,000	25,000
Contribution to Financial Stability Earmarked Reserve (one-off in 2022-23)	162,850			
<b>Total Contribution to Earmarked Reserves</b>	<b>209,350</b>	<b>(13,000)</b>	<b>(13,000)</b>	<b>(13,000)</b>

**SAVINGS AND INCOME GENERATION IDENTIFIED**

	<b>BASE 2022/23 £</b>	<b>Yr 1 2023/24 £</b>	<b>Yr 2 2024/25 £</b>	<b>Yr 3 2025/26 £</b>
Income from Investment properties (£300,000 is in the Base Budget for 2022/23) - periodic upwards rental reviews on investment properties	0	50,000	25,000	0
Management fee income from external contracts such as leisure - Council 15 February 2022	0	45,500	434,500	0
IT FIT Project - software savings	70,000	10,000	0	0
Establishment savings (salary savings) gained from IT and digital communications	20,000	50,000	0	0
Extra recycling income - this income has already been achieved in 2021-22	60,000	190,000	0	0
Extra trade waste income	0	30,000	0	0
Extra treasury management income - Base Rate has increased to 1.75%	0	175,000	0	0
Savings on staff and Member travel and expenses	0	30,000	0	0
Reducing homelessness costs through Springhill provision	0	0	0	100,000
Extra planning income (to fund four planning specialists and two legal specialists) - Planning Improvement plan - Hub Committee 2 November 2021	71,000	0	0	0
Income from three weekly trials (Hub Committee 15th September 2020)	(50,000)	0	0	0
Additional Employments estates income	50,000	50,000	0	0
Funding from Homelessness prevention government grant (this funds housing posts - funding to be reflected within the base budget)	0	175,000	0	0
Discretion to charge up to an extra 100% extra council tax on Second Homes (timescale is that legislation may be introduced for 24-25 but it also could be delayed to 25-26) A Member decision would need to be taken on this as part of the future budget setting process. The figure shown is for modelling purposes only.			145,000	0
<b>TOTAL SAVINGS AND INCOME GENERATION</b>	<b>221,000</b>	<b>805,500</b>	<b>604,500</b>	<b>100,000</b>



<b>Modelling assumptions: Assumes Council Tax is increased by £5 annually</b>	<b>BASE</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>
Modelling for the financial years 2023/24 onwards	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
Base budget brought forward	7,301,695	7,769,695	8,448,699	8,298,628
Budget pressures (as per Appendix A)	689,000	1,753,800	542,000	700,000
Savings already identified (as per Appendix A)	(221,000)	(805,500)	(604,500)	(100,000)
<b>Projected Net Expenditure:</b>	<b>7,769,695</b>	<b>8,717,995</b>	<b>8,386,199</b>	<b>8,898,628</b>
<b>Funded By:-</b>				
<b>Council Tax income</b> - Modelling a £5 increase in council tax each year (Taxbase 22/23 = 20,687.75 Band D Equivalent properties)	5,102,220	5,243,403	5,386,086	5,530,270
Collection Fund Surplus	152,000	175,000	150,000	150,000
Localised Business Rates	1,700,000	1,950,000	2,100,000	2,000,000
Business Rates Tariff/Top Up Adjustment amount (Negative Revenue Support Grant change to baseline need assumed to start in 2024/25)	0	0	(227,500)	(227,500)
Business Rates Pooling Gain	200,000	200,000	0	0
Funding from Rural Services Delivery Grant	487,296	487,296	497,042	497,042
Funding from New Homes Bonus	150,000	150,000	150,000	150,000
Funding from Lower Tier Services Grant	73,923	74,000	74,000	74,000
Funding from New Services Grant	113,606	156,000	156,000	156,000
Less: Contribution to Earmarked Reserves	(209,350)	13,000	13,000	13,000
<b>Total Projected Funding Sources</b>	<b>7,769,695</b>	<b>8,448,699</b>	<b>8,298,628</b>	<b>8,342,812</b>
<b>Budget gap per year</b> (Projected Expenditure line 4 - Projected Funding line 15)	<b>0</b>	<b>269,296</b>	<b>87,571</b>	<b>555,816</b>
<b>Actual Predicted Cumulative Budget Gap</b>	<b>0</b>	<b>269,296</b>	<b>356,867</b>	<b>912,683</b>
<b>Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)</b>	<b>0</b>	<b>269,296</b>	<b>626,163</b>	<b>1,538,846</b>

<b>Modelling Assumptions: (Assumes an increase in Band D Equivalent properties of 150 per annum)</b>				
Council Tax (Band D) (an increase of £5 per annum has been modelled)	246.63	251.63	256.63	261.63
Council TaxBase	20,687.75	20,837.75	20,987.75	21,137.75

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RESERVES - BALANCES AT 31 MARCH 2022					APPENDIX C
	Opening Balance 01.04.2021 £000's	Additions to Reserve 2021/22 £000's	Actual Spend 2021/22 £000's	Closing Balance 31.03.2022 £000's	Comments
<b>EARMARKED RESERVES</b>					
<b>Specific Reserves - General Fund</b>					
2016/17 Budget Surplus Contingency	86	0	0	86	This is the Budget Surplus from 2016/17 which was put into an Earmarked Reserve.
Broadband Community Support	50	0	0	50	As per the report to the Hub Committee on 1st December 2020, Council approved the creation of a Broadband Community Support Earmarked Reserve, to be financed by transferring £50k from the existing Business Rates Retention Earmarked Reserve in 2020/21.
Car Parking Maintenance	484	50	0	534	The addition of £50,000 relates to the underspend on Repairs and Maintenance in 2021/22.
COVID Losses Earmarked Reserve	221	282	(249)	254	On 16th February 2021 Council approved to transfer the COVID-19 LA Support Grant (4th tranche of £151k and the bank reconciliation adjustment of £69k) into a COVID Earmarked Reserve. In addition it was recommended to transfer the fifth tranche of COVID funding of £282k into this Reserve in 2021/22. Council approved to use £190,000 to fund car parking losses and COVID expenditure in 2021/22 and to also use £58,639 to fund the shortfall in the leisure management fee income.
Economic Grant Initiatives	26	0	0	26	
Elections	20	14	0	34	
Environmental Health Initiatives	20	0	0	20	
Financial Stability	454	0	0	454	This reserve was created in 2018/19 from the Business Rates Pilot funding. This funding was set aside to assist to smooth out future years' funding variations or reductions, in particular any changes from the Fair Funding Review.
Flood Works	15	0	0	15	
Grounds Maintenance	48	30	0	78	The addition of £30,000 relates to the underspend on Grounds Maintenance in 2021/22.
Homelessness Prevention	173	90	(19)	244	This reserve has been created following underspends on Homelessness Prevention Costs.
ICT Development	39	25	(39)	25	Spend in 2021/22 includes the Northgate Remote DBA Service (£21.5k)
Innovation Fund (Invest to Earn)	399	0	(21)	378	This reserve originated from New Homes Bonus funding.
Leisure Services	58	0	(10)	48	
Maintenance Fund (Estates)	242	119	0	361	Additions to this reserve relate to service charge income in 2021/22.
Management, Maintenance & Risk Management	302	119	(3)	418	This is a relatively new reserve set up to manage the ongoing maintenance costs of the Council's Investment Property Portfolio. The contributions to the reserve equate to 10% of the rental income on an annual basis.
Neighbourhood Planning Grants	10	60	(23)	47	
New Homes Bonus (NHB)	452	293	(239)	506	The NHB is used to support the funding of the revenue budget and the Capital Programme. The spend includes £192,772 to fund the 2021/22 revenue budget.
Outdoor Sports & Recreation Grants	16	0	0	16	
Planning Policy and Major Developments	147	0	(1)	146	This reserve is for all planning matters and is also to meet appeal costs.
Recovery Plan and Corporate Strategy	200	0	(18)	182	In March 2021 the Hub Committee recommended to Council to transfer £200k of the 2020/21 projected surplus into a new Recovery Plan and Corporate Strategy Earmarked Reserve.
Revenue Grants	912	558	(53)	1,417	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. The additions in 2021/22 amounting to £558,000 relate mainly to the Local Council Tax Support Scheme Grant (£102k), New Burdens COVID-19 Admin Support Grant (£131k) and other COVID-19 funding including the Clinically Extremely Vulnerable Fund (£85k) and the COVID-19 Hardship Fund (£72k). It is anticipated that a significant amount of these grants will be applied in 2022/23.
Salary Savings	80	0	(80)	0	This is a new reserve set up to hold salary savings from 2020/21 to be ringfenced to support salary costs in 2021/22. (Hub 16/3/21). Some work had to be postponed in 2020/21 due to the extra work pressures of the pandemic and this work was carried out in 2021/22 to maintain and enhance service delivery and address recommendations from internal audit reports. The use of this reserve in 2021/22 was approved by Council on 15 February 2022 (CM57).
Support Services Trading Opportunities	31	16	(27)	20	This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme. Spend in 2021/22 relates to the additional implementation costs associated with the introduction of the new payroll system.
Strategic Change (T18)	67	0	0	67	
Tree Maintenance	0	17	0	17	A new reserve set up in 2021/22 to hold in year surpluses generated to reinvest back into the Tree maintenance service in future years.
Vehicle Replacement	298	50	(20)	328	This is a new reserve set up to fund the Council's vehicle replacement programme (Council 4 Dec 2018). £50k a year is contributed to this reserve.
Waste & Cleansing Options Review	176	482	0	658	Additional income from increased recycling credits and dry recycling income has been transferred to this reserve (Council CM42 - 4 December 2018). In addition, the reserve also holds the value of the 2021/22 contractual performance deductions, to contribute to the contracted costs and capital outlay.
Other Reserves below £15,000 (combined)	46	6	(10)	42	
<b>Sub Total excluding the Business Rates Reserves</b>	<b>5,072</b>	<b>2,211</b>	<b>(812)</b>	<b>6,471</b>	
Business Rates Retention	1,260	0	(173)	1,087	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income, a contribution was required in 2021/22 to offset the Business Rates Collection Fund deficit. In addition, £30,000 was used to fund the Audio Visual Equipment in the Guildhall, Tavistock (Hub Committee 8/12/20)
S.31 Compensation Grant (Business Rates)	2,609	0	(978)	1,631	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 and 2021/22 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received will not be discharged against the Collection Fund deficit until the following year. In 2021/22 £978,000 of S31 grant was applied to the Collection Fund to smooth the impact of the business rates deficit. This reserve is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.
<b>TOTAL EARMARKED RESERVES</b>	<b>8,941</b>	<b>2,211</b>	<b>(1,963)</b>	<b>9,189</b>	
<b>TOTAL UNEARMARKED RESERVES</b>	<b>1,294</b>	<b>196</b>	<b>0</b>	<b>1,490</b>	Note: This Unearmarked Reserve has a minimum balance of £900,000 and an operating level of a minimum of £1.25million (set by Members as part of the Budget Process). The 2021/22 surplus shown in the Accounts of £196,000 has been credited to this Unearmarked Reserve, in accordance with normal accounting practice.
<b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>	<b>10,235</b>	<b>2,407</b>	<b>(1,963)</b>	<b>10,679</b>	

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## Waste and Recycling Service

- 1.1 An update on the waste and recycling service was considered by the Hub Committee on 12 July 2022 and Council on 19 July 2022.
- 1.2 At the Council meeting on 12 July 2022 it was resolved to:
  - a) delegate authority to the Head of Paid Service (Chief Executive) and Director of Customer Services Delivery, in consultation with the Leader and Lead Member for waste and recycling services, to conclude subject to contract and without prejudice negotiations with the Council's waste contractor, FCC Environment Limited (FCC), for the continuation of the waste collection, recycling and cleansing services should South Hams and FCC agree to a mutual partial termination with a further report being brought to Council before 3 October 2022 for Council to agree the final terms.
  - b) transfer the value of the 2021/22 deductions to the waste management earmarked reserve (as part of the closure of the 2021/22 accounts), to contribute to the new contracted costs as set out in section 5 of the presented report.
  - c) increase the capital budget for Hayedown depot (statutory compulsory improvements), with the increase being financed from either the Waste Management Earmarked Reserve or internal borrowing as set out in Section 5 of the presented report.
  - d) approve a capital budget for a new vehicle as set out in Section 5 of the presented report, to be financed either from the Waste Management Earmarked Reserve or internal borrowing
- 1.3 The Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26 has been prepared and a cost pressure of £400,000 has been included for 2023/24 for the uplift in the contract sum effective from 1 July 2022. Further detail is set out in the Hub Committee report of 12 July 2022, 'Waste and recycling services contract update'.
- 1.4 The MTFS shows that there is a forecast budget gap for 2023/24 of £269,296 (3% of the projected Net Budget of £8.72million) and the cumulative budget gap is £356,867 by 2024/25.

- 1.5 In addition, Council has also approved to increase the capital budget for the Hayedown depot by £270,000 and to purchase a new vehicle with a capital budget provision of £180,000. These items will be added to the Council's current capital programme for 2022/23 and it is recommended that they are funded from the Waste Earmarked Reserve (with £450,000 to be funded from the waste earmarked reserve).
- 1.6 The waste earmarked reserve has a current balance at 31.3.2022 of £657,799 and therefore there is sufficient for the £450,000 to be funded from this reserve, leaving a remaining balance of over £200,000. The waste earmarked reserve contains the additional income from increased recycling credits and dry recycling income and it also contains the value of the 2021/22 contractual performance deductions.
- 1.7 Bringing the service under the Council's direct control will have wide ranging implications across the Council which have necessitated a number of organisational changes these include:
- The appointment of an Assistant Director to lead the Council's strategy, people management, organisational development and communications services.
  - Realigning Directors' responsibilities including for Environmental Health and HR
- 1.8 With the transfer of the waste service back in-house for South Hams DC, further changes are required to strengthen management, leadership and capacity within the Service Delivery Directorate.
- 1.9 Whilst the TUPE data is not yet finalised, it is anticipated that over 150 staff will transfer from the contractor to South Hams DC, increasing the total staffing establishment by over 40%. Prior to the outsourcing of the service, a director had the sole responsibility for the waste and street cleansing services. Rather than increase the number of directors in SLT, it is proposed that:
- The role of Head of Waste (reporting to the Director, Customer Service Delivery) is upgraded to Assistant Director, Waste and Operations with responsibility for all front-line services including localities, toilets, carparking, grounds and property maintenance. This will provide management oversight and a single focus on all waste and street scene services. There will be a realignment of roles within this area. The additional costs will be met by South Hams DC.

- In addition, to drive improved customer service and operational efficiency, we need to exploit technology and transformation to continue to modernise the way in which we work and to reduce our operating costs. We plan to do this by putting in place a temporary 2-year fixed term senior role. This post will work across both Councils and it is proposed to share costs on a 60:40 basis (SH:WD). It is recommended to fund this from the Revenue Grant Earmarked Reserve at a total one-off cost of £80,000 (wdbc share of the costs). This reserve has sufficient funding to finance this proposal.

1.10 The organisational changes set out above will be achieved without increasing the overall size of the existing senior management structure.

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Report to: **Hub Committee**

Date: **13<sup>th</sup> September 2022**

Title: **Homes for Ukraine**

Portfolio Area: **Cllr Barry Ratcliffe**  
**Hub Lead for Homes**

Wards Affected: **All**

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

Date next steps can be taken:

Author: **Isabel Blake & Neil Hawke** Role: **Joint corporate leads on Homes for Ukraine**

Contact: [Isabel.Blake@swdevon.gov.uk](mailto:Isabel.Blake@swdevon.gov.uk)  
[Neil.Hawke@swdevon.gov.uk](mailto:Neil.Hawke@swdevon.gov.uk)

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## **Recommendations:**

### **That the Hub Committee:**

- 1. notes the progress that the Council has made under the Homes for Ukraine scheme**
- 2. agrees to the Leader writing to the Minister for Refugees urgently seeking clarity of the future of the Homes for Ukraine scheme and request a more permanent solution; and**
- 3. notes the significant contribution that our voluntary and community sector have already played in welcoming Ukrainian guests to the area.**

### **1. Executive summary**

- 1.1 This report provides an overview of how the Council are responding to the needs of people escaping the War in Ukraine and our role in not only delivering the Homes for Ukraine scheme but wider support to other Ukrainian people settling in the borough.
- 1.2 The Council responded quickly and positively to ensure there were no barriers to people arriving and both they and their hosts received the support they needed to access benefits, funding and

help with housing. To date we have welcomed 139 Ukrainians to West Devon in 51 family groups.

- 1.3 Whilst we have been able to successfully welcome a number of households, there are mounting concerns about the risks of placement breakdowns and the pressures on the Council in performing its statutory homeless duties if alternative rematched placements cannot be found. The challenges Ukrainian people are also seeing in attempting to resolve their own housing need and the effect the housing crisis is having on available options for everyone means there is a lack of affordable options anywhere in the borough.
- 1.4 This report also informs Members of the work we are doing with Team Devon to seek joint solutions to some of the issues surrounding placement breakdown.

## **2. Background**

- 2.1 Following the Russian invasion of Ukraine in February 2022, the Government (in response to overwhelming public support), launched the Homes for Ukraine scheme. The scheme opened for applications on the 18<sup>th</sup> March. This is a sponsorship scheme for individuals or households fleeing from Ukraine who had named people in the UK willing to sponsor them for a minimum of 6 months. In reality, this was not through known acquaintances and friends, and most were arranged through social media pages, where willing sponsors could connect with potential guests and take the process through the visa application together. There have been other schemes such as the family sponsor scheme which have brought other people into West Devon however the involvement of the Council has been limited in most cases to the Homes for Ukraine Scheme.
- 2.2 As of the 26<sup>th</sup> July 119,000 visas have been issued nationally. There now 1,345 arrivals in Devon, of which there are 139 individuals across 51 family groups in West Devon (there are currently no unaccompanied minors in the County) data correct as of 12<sup>th</sup> August 2022
- 2.3 Devon Districts and the County Council have worked together on the Homes for Ukraine scheme since March and continue to do so. All Councils are concerned about the likelihood of placement breakdown and the pressures this puts on housing advice teams with the availability of housing in acutely short supply and are considering ways we might respond to the challenge collectively. Further details of this will provide part of the regular update to Members through their Friday bulletins.
- 2.4 As we saw through the Covid-19 pandemic, our communities have rapidly and successfully stepped up to deliver a wide range of community support

## **3. Support already implemented**

- 3.1 Under the Homes for Ukraine Scheme, each individual arriving attracts a funding allocation of £10,500. The County has retained £4,200 of this money with the remaining £6,300 available to District Authorities to fund activity to support the

scheme. This funding has so far been used to fund staff resource to undertake welcome visits and property checks, leisure passes and individual items such as car seats and transport. It is anticipated that a significant proportion of this funding will need to be used to fund temporary accommodation placements or incentives to private landlords as placements begin to breakdown and alternative accommodation options need to be found.

- 3.2 Initially the Council's role was to arrange and carry out home visits with potential hosts to check the suitability of the accommodation. The County Council arranged safeguarding checks and co-ordinated the data on potential arrivals. Due to early challenges with the available data from the Government, there were some cases where the guests had already arrived prior to checks and visits.
- 3.3 Utilising systems it had deployed for the business support grants, the Council has been able to implement processes to issue welcome payments to each guest (£200 each) and to automate the £350 host thank you payment each month. This has meant that financial hardship has been mitigated as much as possible by quick payment to both hosts and guests.
- 3.4 Wider wrap-around support has been commissioned from both the Citizens Advice Bureau ("CAB") and the Council for Voluntary Sector ("CVS") who have supported us in responding to service requirements. The CAB is providing support to individuals (Hosts and guests) who require support in claiming benefits, jobs, childcare, and immigration enquiries and the CVS have supported with arranging community events and supporting volunteers and support groups.
- 3.5 Due to the volume of guests arriving and the expectations of Government that each guest receives three 'Welcome Visits'. it has been necessary to create a shared project team with South Hams (where we are currently supporting 155 guests over 66 groups) to ensure that we are as effective as possible to meeting the needs of hosts and of guests. There are 5 members of staff within this team, 3 of which started on the 5<sup>th</sup> September with overall project leadership from the Head of Housing and Head of Strategy. Collaboration between the project team and the housing options team will become more closely linked because of the risks of homelessness and placement breakdown representing key challenges for the scheme.
- 3.6 The Voluntary and community sector has again stepped up and played a significant role in addressing the challenges. Individuals and organisations across the borough have played a huge part in welcoming Ukrainians to West Devon.

#### **4. Challenges**

- 4.1 Hosts who signed up to the Homes for Ukraine Scheme were asked to commit to a period of at least 6 months, so by its very nature the scheme was temporary and offered no permanent solution. The

first of our placements come to the end of that time this month. We are working with hosts to better understand the likelihood of placements continuing after the initial 6 months. Hosts at this moment can continue to receive the thank you payment for 12 months, however any further advice from Government has not been finalised. Anecdotally we are aware there are hosts who are unable to continue over the 6 months.

- 4.2 Placement breakdown is a significant risk, and it is important that we remain vigilant and responsive to hosts and guests asking for help, hence the significant staff resource we have invested in supporting the scheme. A need to continue with good rematching options, avoid use of temporary accommodation wherever possible and support with other housing options will be key objectives of the Homes For Ukraine delivery team.
- 4.3 There have already been 5 placement breakdowns in West Devon, 3 of which have required temporary homeless accommodation before rematching options were found. Temporary accommodation is already under significant pressure at this time of year, so placements have been out of area in 2 of these cases. The Council has statutory homeless duties towards anyone on either the Homes for Ukraine Scheme or any other sponsorship scheme in relation to placement breakdown. Whilst costs can be recovered from the Homes for Ukraine funding, the availability of suitable accommodation in the right location is the biggest challenge.
- 4.4 Whilst initial arrivals have slowed, we are still seeing on average 1 new household a fortnight. We have also received out of area placement rematch requests.
- 4.5 Whilst funding can continue to hosts for 12 months, there remains a lot of uncertainty about how we can keep hosts engaged with the scheme and continuing with the placements. The cost of living and rising energy bills is likely to be further cause for concern as the £350 thank you payment may not be enough to counteract the increase in costs.
- 4.6 The previous Minister for Refugees (Lord Harrington) had indicated his wish for the monthly host 'thank you payment' to be increased from £350 to £700 in recognition of the increasing cost of living being seen at this time. We would support this proposal and encourage Government to implement this enhancement to the current support package as soon as possible.

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

- 5.1 That the Council continues to resource appropriately the Homes for Ukraine support team and continues to take early intervention to prevent placement breakdown wherever possible
- 5.2 That the Council continues to assess the impact of the support the CAB and CVS can offer to ensure value for money
- 5.3 That we continue to work as part of Team Devon on holistic solutions to placement breakdowns on a large scale
- 5.4 That the Leader writes to the Minister for Refugees to lobby for the need for more information regarding the future plans for the Homes for Ukraine Scheme.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Council has made a commitment to the Homes for Ukraine Scheme, and it is an expectation of Government that we adhere to the scheme framework, and that funding is used to resource the support required to manage the scheme successfully.</p> <p>The Council has statutory duties under homelessness legislation which has been amended to include specifically people who are residing in England under the Homes for Ukraine Scheme.</p>
Financial implications to include reference to value for money		<p>The Council currently receive £6,300 for each guest and the County retains £4,200 as a reserve. It is expected that all funding associated with the scheme is accounted for through this funding. The £350 host thank you payment is in addition to this funding. West Devon has salary commitments of approximately £55,171 (40% of 1 x Level 5, 1 x Level 6 for 12 months and 40 % of 3 x Level 7 for 6 months.)</p> <p>West Devon also has committed costs to the CAB to deliver services to individuals of £14,800 and the CVS of £20,625 to deliver support services to groups and hosts.</p> <p>Funding will likely continue to be spent in increasing numbers on temporary accommodation top up costs, incentives to private landlords and resettlement packages</p>
Risk		<p>The Council has declared a Housing Crisis and recognised the significant difficulty in finding accommodation in the Borough. It is therefore a significant risk that rematching opportunities will not be found for placements that breakdown and the Council may be required to place in temporary accommodation for significant periods of time. Whilst the cost of this is one factor, there are other concerns including the challenges with finding temporary accommodation or rematch placements close to where people may have their children in school, have work or training requirements or</p>

		<p>receive support. It should not be forgotten that these are people who have fled their County because of the invasion and no doubt some will have significant trauma attached to this. A further placement breakdown may have further effects on their wellbeing.</p> <p>Whilst the Council will seek to avoid placements that might be deemed unsuitable it is inevitable that some people will be placed in temporary accommodation some distance from their support networks.</p>
Supporting Corporate Strategy		Homes Council Services Wellbeing
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		We will continue to monitor this impact
Safeguarding		We continue to work closely with our colleagues in children and adult services to address any safeguarding concerns
Community Safety, Crime and Disorder		We will continue to monitor this impact
Health, Safety and Wellbeing		We will continue to monitor this impact
Other implications		

**Supporting Information**

Appendices: None

Background Papers: None

Report to: **Hub Committee**

Date: **13<sup>th</sup> September 2022**

Title: **Housing Crisis Update - Energy Efficiency in Homes**

Portfolio Area: **Homes – Cllr Barry Ratcliffe**

Wards Affected: **All**

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

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

Author: **David Sexton** Role: **Principal Private Sector Housing Officer**

Contact: **01822 813716/email: dave.sexton@swdevon.gov.uk**

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## **Recommendation**

**That the Hub Committee note the content of the report, along with the progress made to date on the schemes and to continue to support the council's energy efficiency work.**

### **1. Executive summary**

- 1.1 In February 2022, the Council declared a housing crisis. At the same time, it set out a range of activities it would undertake to tackle the crisis. The Leader of the Council has requested that an update be provided to Hub Committee at their regular meetings.
- 1.2 The Council has been clear with its priorities around Housing and delivering homes for local people whilst making best use of existing stock, in accordance with A Plan for West Devon, and Better Homes, Better Lives (Housing Strategy 2021-2026).
- 1.3 The Council has also declared a Climate Change and Biodiversity emergency and has adopted set an aim to work with partners to reduce the Borough of West Devon's carbon emissions to net-zero by 2050 at the latest.
- 1.4 One of the areas that the Council is able to secure improvements in the private sector housing stock is energy efficiency. There are a number of schemes available to householders (and

landlords) that the Council is able to promote, enable and administer. Improving energy efficiency improves the thermal comfort of homes and reduces the energy usage.

- 1.5 There is established evidence showing that living in cold houses can have a direct impact on people's health and can contribute to excess winter mortality and morbidity especially amongst the elderly and vulnerable.
- 1.6 As set out in reports on the Hub agenda today, one of the key factors contributing to the cost-of-living crisis is the sharp increase in gas and electricity costs. Some estimates suggest that following the predicted October 2022 increase in prices, as many as half of all households nationally will be paying more than 10% of their income on energy, which is an established indicator of fuel poverty.
- 1.7 The grants that are available are open to application from households on a lower income in owned or rented properties. Landlords are unable to apply directly but could encourage their tenants to do so on their behalf.
- 1.8 According to government statistics in year the year 2020, 3100 properties were affected by fuel poverty in West Devon.
- 1.9 The grants that are available are listed within this report, with a brief explanation of who they are available to and the benefits that they offer. The outcomes of the work carried out to date are also provided.

## **2. Background**

- 2.1 It is estimated that from the latest figures in 2020 there were 3.1 million households in fuel poverty in England, with 3100 being located in West Devon. Since the start of the cost-of-living crisis this number will have significantly increased, see 1.5 above.
- 2.2 Residential buildings – houses, flats, apartments – contribute to at least 13% of the total carbon emissions across the Borough. Reducing emissions from these buildings by increasing their energy efficiency and/or fitting lower carbon sources of heating and electricity will contribute to the Councils' climate change aims.
- 2.3 In July 2020 the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England. The Council submitted a bid and received a total of £683,500 (includes both capital and ancillary costs)
- 2.4 There are challenges in retrofitting homes in West Devon. The cost of material continues to rise, for example, the starting price



for an air source heat pump is £15,000. External wall insulation is a similar price. There are added complications for listed properties and homes within the National Park and conservation areas. A larger proportion of the worst performing dwellings will not have access to mains gas and have single skin walls. It can be estimated that to significantly improve 3000 homes (average of £15000 per property), 45-55 million pounds of investment is needed.

- 2.5 The Council is currently operating and participating in a number of programmes to help residents improve their homes and reduce bills. The cost-of-living crisis will mean that demand for these services is likely to rise.
- 2.6 Both homeowners and tenants can make an application to the schemes, however, there may be a financial contribution needed from the landlord.
- 2.7 To make accessing support as simple as possible, residents can make a query via the West Devon Reducing Fuel Bills webpage, so that the council can signpost them to the appropriate scheme.

### **Schemes currently offered in West Devon**

- 2.8 **Green Homes Grants phases 1-3**  
Green Homes Grant is a grant that is funded by Central Government and administered by the Council. It is for low-income households to apply for to be able to claim funding to pay for various non-fossil fuel energy efficiency measures such as insulation, heat pumps and solar panels. This is being delivered in three phases, of which two are detailed below.
- 2.9 **Green Homes Grants phase 1**  
The original delivery plan across West Devon and South Hams districts involved partnering with SSE Energy Solutions (now OVO) to use their expertise and supply chain to install 150 measures (external wall insulation and air source heat pumps) to lower income households living in low efficiency housing.

The project experienced problems with 2021 Covid lock down, OVO taking over SSE, supply chain capacity problems and material shortages/increased prices. For these reasons OVO/SSE was unable to undertake any installs at all, other council projects experienced the same problems.

The Council was alerted to this difficulty in the autumn of 2021 when it became clear that OVO would not be able to fulfil the installs, so a new delivery scheme was developed.

A new approach was used that offered the existing approved applicants a voucher and the ability to then choose from a list of accredited contactors (most if not all will have engaged

previously with the council through our ECO LA flex scheme, which is a way households can get grants from the energy companies, EON, British gas etc).

In addition, a wider range of measures were offered (Solar Panels, all insulations and storage heaters). Based on the contractor's assessment of what is the most appropriate measure (s) for that property, to achieve an EPC rating of C, a quote is provided. The quote and measures are then approved by the Council.

We have also partnered with the local community energy group(s) to help vulnerable applicants through the install process. The capital grant is an average of £10k. The project finishes in September 2022.

#### 2.10 **Green Homes Grants phase 2**

The project is similar to phase 1 as it targets lower income households in low energy efficiency housing. As the Government directed the funding to South West Energy Hub, this scheme is being overseen by them and being operated in Devon by EON/Happy Energy. The Council do not have any direct involvement in the project. South West Energy Hub have done their own marketing and management of installations, including any energy efficiency measures but no carbon based heating.

#### 2.11 **Green Homes Grants phase 3 - Home Upgrade Grant (Sustainable Warmth)**

This is a consortium of the Devon Districts running the next phase of the Government's energy efficiency initiatives, overseen by Devon County Council. The community energy groups are involved and front up the project. They assess the applicant's eligibility and are involved in the process of assessing what measures are appropriate for the property. A variety of measures are available; however the property is assessed and measures designed specifically for that property.

The Council has Officer representation on the management board for the project. The project is similar to the other phases as it targets lower income households in low energy efficiency housing and includes any energy efficiency measures and excludes carbon-based heating.

#### 2.12 **Energy Company Obligation (ECO4)**

Under the Energy Company Obligation (ECO) 'Help to Heat' scheme energy suppliers/installers are able to offer grants. One way to do this, is to use the Council's Statement of Intent (<https://www.westdevon.gov.uk/ReduceFuelBills>) which sets out the eligibility criteria for households to qualify for grants. The key criteria being a gross household income of less than £31,000 and

living in a property with an EPC (Energy Performance Certificate) rated D or below. This allows them to install fully funded or subsidised energy saving measures into homes, which have been declared eligible by the Council.

The installers do their own marketing and identify homes that may be eligible, however the Council have asked that they sign a code of practice that includes no cold calling.

2.13 **Energy Advice**

The Council is working closely with Tamar Energy Community and Citizen Advice, to offer free and impartial, independent advice from local advisers on how to reduce energy bills and help with heating to struggling households. This will become increasingly more important as the energy cap rises and household bills start to go up. We will ensure that access to this service is heavily promoted as part of our response to the cost of living.

2.14 **Minimum Energy Efficiency Standards (MEES)**

The purpose of this work is to raise energy efficiency standards in the private rented sector by engaging with landlords, making them aware of the requirement to comply with the set standards for energy efficiency in the properties that they rent. The Council is working with Tamar Energy Community to contact all non-compliant properties households identified in the Governments Energy Performance Certificate (EPC) database. All rental properties must be rated E and above unless properly exempted. The landlords are given initial advice on how to become compliant with the regulations. Formal action will be taken against non-compliant landlords who are not willing to undertake the necessary work.

2.15 **Energy Efficiency Loans**

The council can offer loans for households for energy efficiency measures. Households can apply through the Council loan partner Lendology. Also, households can get a 0% loan to buy bulk fuel (Oil, LPG, solid fuel).

<https://www.lendology.org.uk/loans/energy-efficiency-loans/>

The Council established a loan pot a number of years back with a grant from Government and, when able, adds to the pot from the Better Care Fund allocation it receives each year. The loans are repaid into the pot to enable further lending.

- 2.16 It is worth noting that all measures being funded by Government grants now have to meet minimum design and installation requirements. Therefore, any proposals/designs need to be signed off by an appropriately qualified person in energy efficiency retrofit.

- 2.17 Links to additional information on these grants may be found here; <https://www.westdevon.gov.uk/ReduceFuelBills>

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

#### **3.1 Green Home Grants phase 1**

So far 42 Grants approved totalling £628,082.34 of the £683,500 originally awarded.

20 Air Source Heat Pumps  
11 Solar Panels  
6 Insulation  
4 Storage heater upgrades  
1 Park home

#### **3.2 Green Home Grants Phase 2**

So far £118,937 spent on 16 installations within the West Devon Area.

11 Solar Panels  
1 Insulation  
1 Internal wall insulation  
1 Heat Pump  
2 Extra ventilation

#### **3.3 Green Homes Grant Phase 3 - Home Upgrade grant (Sustainable Warmth)**

This project is at the initial stages and marketing has been undertaken through the Cosy Devon website. Applicants are getting initial assessments from the community energy groups who have been engaged. <https://www.cosydevon.com/>

#### **3.4 MEES (Minimum energy efficiency standard)**

All landlords of G rated properties have been contacted and we are currently looking at response received regarding their intentions. An assessment of what further action by the Council is necessary, if any, will follow. A final report will be submitted at the end of the project.

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

- 4.1 The schemes listed in the report are not mandatory. To not engage in the schemes would mean that our residents would not benefit from the help that has been made available.
- 4.2 The Council can continue with its existing resource to explore and administer help to households.
- 4.3 The Council will also need to be realistic in its ambition around energy efficiency help as we have found through the projects that measures are expensive and retrofitting existing homes is a challenge in both the design requirements and the types of housing for example solid wall and small rooms are a particular challenge.

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

- 5.1 There is a new round of funding for Home Upgrade Grant opening in Autumn, the Council will consider an application.
- 5.2 To continue to work closely and in partnership with the community energy groups and explore ways to reach even more households.
- 5.3 To work closely with ECO4 installers so that residents can access funding.
- 5.4 To complete the MEES (Minimum energy efficiency standard) Project.
- 5.5 To explore further funding partnerships/funds and opportunities to take action to tackle the cost of living for our residents through upgrading the energy performance of their homes
- 5.6 To measure the impact of the installations/measures against the Council's wider climate change aims.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Home Energy Conservation Act 1995 (HECA) requires all local authorities (LAs) in England to submit reports to the Secretary of State demonstrating what energy conservation measures they have adopted to improve the energy efficiency of residential accommodation within that LA's area
Financial implications to include reference to value for money	Y	The schemes identified within this report are delivered through external grant awards. There are no further financial implications arising.
Risk	Y	The risk of submitting poor returns to the Secretary of State is that the Council may be criticised for its lack of action in dealing with poor energy efficiency.
Supporting Corporate Strategy	Y	Housing and Climate Change and Biodiversity
Climate Change - Carbon / Biodiversity Impact	Y	Contributes to the Climate Change plan through action 1.2 of the action plan by; a. Raise awareness for grant schemes and the Solar Together scheme as part of a Climate Change communication strategy involving newsletters, web and social media. b. Continue to administer funding as and when it arises.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	N/A	The qualifying criteria for the grants is set by Central Government policy to benefit those on a lower income and living in low efficiency homes.
Safeguarding	N/A	There are no safeguarding implications from this report
Community Safety, Crime and Disorder	N/A	There are no implications from this report
Health, Safety and Wellbeing	N/A	The improvement in housing stock facilitated by the grants mentioned within this report will have a positive impact on the health, safety and wellbeing of the occupants
Other implications	N/A	

Report to: **Hub Committee**  
Date: **13 September 2022**  
Title: **Cost of Living Crisis**  
Portfolio Area: **Cllr Neil Jory**  
**Leader of Council**

Wards Affected: **All**

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

Date next steps can be taken: A further report is to be presented to the next Hub Committee meeting to be held on 1 November 2022

**Authors: Ian Luscombe and Isabel Blake** Role: **Head of Environmental Health and Head of Housing**

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## **RECOMMENDATIONS:**

**That the Hub Committee:**

- 1. nominates Cllr Leech (in his capacity as the lead Hub Committee Member for Leisure, Health and Wellbeing) to be appointed as the Council's lead Member to respond to the cost of living crisis;**
- 2. requests that the Council mobilises its resources and works with partners to ensure a responsive, co-ordinated approach to the cost of living challenges faced by residents; and**
- 3. instructs the Leader of Council to lobby Central Government to substantially increase the funding it is providing to address the cost of living crisis, including supporting the Local Government Association in its call for a solution to address the cost of living crisis to reduce the need for emergency support.**

## **1. Executive summary**

- 1.1 In September 2021, the Council unanimously adopted 'A Plan for West Devon' which included a focus on supporting our communities to recover from a global pandemic.
- 1.2 The strategy includes specific actions to address economic, wellbeing and environmental impacts known at the time. The strategy could not however have predicted the significant increases in the cost of living currently impacting all our residents.
- 1.3 This report considers the support the Council has already put in place and sets out proposed further steps that we take in ensuring our residents are supported over the coming months.

## **2. Background**

- 2.1 The dramatic increase in the cost of living is beginning to have a significant impact on residents across the borough. Price rises driven by energy price increases will already have impacted on most households.
- 2.2 On 1 April 2022, the energy price cap was increased by 54%. A further significant increase, in the order of 80%, has been announced for October and further increases expected in January 2023. This will amplify the challenges our residents face through Autumn and Winter.
- 2.3 Some estimates suggest that following the proposed October 2022 increase in prices, as many as half of all households nationally will be paying more than 10% of their income on energy, which is an established indicator of fuel poverty.
- 2.4 Inflation reached a 40-year high in August at 10.1% and is forecast to increase further in the coming months. In turn this will likely result in an increase in Interest rates.
- 2.5 Against a backdrop of recovering from the financial and health impacts of a global pandemic, this is likely to further increase inequalities and disproportionately affect the Borough's most deprived communities.
- 2.6 In September 2021 the Council adopted 'A Plan for West Devon', setting out our priorities for supporting all residents. It is now clear that the actions within the plan will not address the imminent threat and we therefore need to take further, urgent steps and lead a borough wide approach to supporting our residents.

## **3. Action we have already taken**

- 3.1 As through the Covid pandemic, the Council has been quick to respond to supporting our residents both with local support and in progressing Government support packages. We have:
- 3.2 Quickly processed Government energy bill rebates of £150 through Council Tax with 26,696 eligible households now having received payments.
- 3.3 Launched a discretionary Council Tax rebate scheme for those households not eligible for the main scheme. This has seen a further £5,750 of grants paid out to date to 38 households.
- 3.4 Launched a Household Support fund to provide rapid, short-term financial support to meet immediate needs with food, energy or water bills and other essentials.



- 3.5 Promoted a Devon County Council scheme for continue with free school meals throughout the summer holidays
- 3.6 Made a one-off payment of £90 to householders of state pension age who are already in receipt of council tax reduction, seeing 1,480 residents supported.
- 3.7 Promoted schemes that will increase the longer-term energy efficiency of properties within the borough (as set out in the Housing report to Hub Committee today)

**4. Recommended steps**

- 4.1 It is realised that our role in providing direct support in response to Cost of Living is limited, however there is a clear community leadership role in co-ordinating partners and ensuring that we highlight all available support to residents.
- 4.2 It is proposed that we immediately lobby Government to highlight the challenges that our community face and to seek support for, for example, residents and businesses impacted by the rises in energy costs and to secure more funding to improve and future proof our housing stock.
- 4.3 As through the Covid-19 pandemic, the Council stands ready to support the Government in delivery of any further support to residents and will realign resources to prioritise this work.
- 4.4 It is recommended to designate a senior officer to work with the Lead Member, Cllr Leech, on developing our response and overseeing its implementation.
- 4.5 This report sets out an initial framework for our response (Appendix A), this continues to develop as more information is known. It is recommended to work with partners to further build on this as a matter of urgency. The detailed response plan will then be considered by Hub at their next meeting on 1 November 2022. In the interim, Officers will continue to support the Lead Member in taking all appropriate action to provide support.
- 4.6 The Council is holding a number of meetings with Town and Parish Councils in the coming month with one area of focus being considering how we can work together to best support our residents.
- 4.7 It is also recommended that the Council join the Local Government Association in lobbying Government and local MP’s for both urgent additional support for residents in meeting the current forecast energy price increases but also for longer term solutions to the cost of living and addressing UK energy security.

**5. Implications**

	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	<i>There are no direct legal / governance implications</i>

Financial implications to include reference to value for money	Y	The Council will work with partners to develop a comprehensive and joined up response to supporting our residents in respect of the increasing cost of living. While there are no direct financial implications as a result of this report, the further update on 1 November is likely to require some finance to support our response.
Risk	Y	<i>The most significant risk arises if we do nothing. This report sets out proposals for a co-ordinated response to the cost of living in order to address this risk.</i>  <i>There is also a risk that significant resource will be required to deliver and co-ordinate this response. This will be quantified in the next report.</i>
Supporting Corporate Strategy	Y	Community Wellbeing, Homes, Community, Inclusive Services, Council Resources
Climate Change - Carbon / Biodiversity Impact	Y	No direct impacts although the longer-term solutions that we will lobby Government for include the de-linking of energy costs from renewable energy from non-renewables, therefore reducing the cost of energy supplied through renewable sources.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	Y	All residents will be impacted as a result of the Cost of Living however there will be a disproportionate impact on those lower income families who have less scope to adapt to the increasing cost of living.
Safeguarding	Y	It is possible that as financial pressures increase on families, instances of family breakdowns could increase. A co-ordinated plan will ensure partners work together to minimise the impacts.
Community Safety, Crime and Disorder	Y	Ensuring that we do all we can to support our residents will reduce the risk of increased crime and disorder.
Health, Safety and Wellbeing	Y	It will be important that the Council does all it can to support our residents. Having a co-ordinated plan, we will work with partners to de-stigmatize getting help when needed, ensure that residents know where to go for help and use data to give us a good understanding of the impacts.
Other implications		

**Supporting Information**

**Appendices:**

Appendix A – Framework for Financial Wellbeing Plan

**Background Papers:**

None

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West Devon  
Borough Council

# Financial Wellbeing

Our Response to the Cost of Living  
Crisis

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# What we know



17% of Devon Households experiencing food insecurity in 2021\*



54% Increase in energy prices with a further £1,578 increase in the cap from October 2022



Inflation at 40 year high with further increases due



x% of properties already in fuel poverty



# Aims of our Financial Wellbeing Plan

To achieve a financially inclusive West Devon, where residents have access to a range of appropriate financial and money advice as well as the knowledge, skills and confidence to maximise their own financial wellbeing.

We'll do this by

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Enabling and empowering partners and other stakeholders to work together in delivering financial support and guidance that meets the needs of our residents

Taking a strategic approach to our communications, promoting awareness of support available from different organisations

Providing a clear structure to support our plan, ensuring lead officers co-ordinate resources from across the Council to achieve our aims

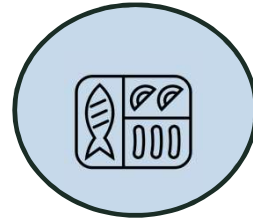
Identifying any gaps in existing provision and developing proposals to meet those needs



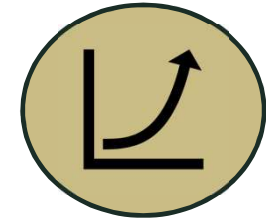
# Workstreams



Financial Independence and behaviour change



Tackling food and rural poverty



Maximising money and security

Green text indicates immediate priorities

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Level control

Direct control of Council

Joint with partners

Influencing / Enabling

	Develop financial capability	Provision of money advice	Accessing financial products	Addressing fuel inequality	Access to low-cost nutritious food	Home and Income Security
		Training for staff in order to meet needs				Maximising income for households through promotion of available benefits and identifying gaps in current emergency funding schemes
	Unplanned events support	Quality assured debt advice		Supporting people in crisis	Access food in crisis	Support to maintain tenancies / homes
	Every day living support		Affordable Credit Savings Facilities Insurance Cover Bank Accounts	Tackle causes of fuel poverty	Joined-up system of food networks in each community	Stable employment opportunities

