

## Agenda for Cabinet

Wednesday, 8 June 2016; 5.30pm

### [Members of Cabinet](#)

**Venue:** Council Chamber, Knowle, Sidmouth, EX10 8HL

[View directions](#)

**Contact:** [Amanda Coombes](#), 01395 517543

[Diana Vernon](#), 01395 517541

(or group number 01395 517546)

Issued 27 May 2016



East Devon District Council  
Knowle  
Sidmouth  
Devon  
EX10 8HL

DX 48705 Sidmouth

Tel: 01395 516551

Fax: 01395 517507

[www.eastdevon.gov.uk](http://www.eastdevon.gov.uk)

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Members of the public exercising their right to speak during Public Question Time will be recorded.

- 1 [Public speaking](#)
- 2 Minutes of 11 May 2016 (pages 4-13), to be signed as a true record
- 3 Apologies
- 4 [Declarations of interest](#)
- 5 [Matters of urgency](#)
- 6 Confidential/exempt items – there are no items which officers recommend should be dealt with in this way.

- 7 Forward Plan for key decisions for the period 1 July 2016 to 30 October 2016 (pages 14-19)
- 8 Minutes of the Recycling and Refuse Partnership Board held on 27 April 2016 (pages 20-25)
- 9 Notes of Community Fund Panel held on 9 May 2016 (page 26)

#### **Part A matters for key decision**

- 10 **Council Tax Support Scheme for 2017/18** (pages 27-43)  
To consider the proposed changes to the Council Tax Support Scheme and approve the draft scheme for consultation.  
**Appendix 1** – Equality Analysis form

#### **Part A matters for decision**

- 11 **Revenue and Capital Outturn Report 2015/16** (pages 44-53)  
During 2015/16 monthly budget monitoring reports have informed members of budget variations and the anticipated year-end financial position. This report contains the final position for the year and compares this outturn position against the budgets set.  
**Appendix 1** – Sea Cadets letter
- 12 **Annual Treasury Management Review 2015/16: 1 April 2015 to 31 March 2016** (pages 54-70)  
This report details the overall position and performance of the Council's Treasury Management Strategy during 2015/16.
- 13 **Discretionary Housing Payments Policy** (pages 71-85)  
To review and update the Discretionary Housing Payments policy to take account of latest guidance issued by The Department for Work and Pensions.  
**Appendix 1** – Discretionary Housing Payments Policy
- 14 **Monthly Performance reports – April 2016** (pages 86-89)  
Performance information for the 2016/17 financial year for April 2016 is supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement is necessary.  
**Appendix 1** – April Snapshot
- 15 **Cranbrook Town Centre Facilities** (pages 90-95)  
To seek delegated approval to negotiate the terms of a financial contribution towards the accelerated delivery of town centre facilities at Cranbrook.
- 16 **Cranbrook Team Resources** (pages 96-100)  
The report sets out the issues facing the future development of Cranbrook and the associated implications in terms of resources and team structure. It recommends the creation of a Team Leader post to manage the team and provide additional planning officer capacity to deal with the high levels of workload that the new community is generating.  
**Appendix 1** - Proposed Structure

- 17 **Exemption from Contract Standing Orders – Stockland Neighbourhood Plan** (page 101)  
To advise that exemption to standing orders has been applied in order to appoint an independent examiner to examine the Stockland Neighbourhood Plan.
- 18 **Access to information 2015/16** (pages 102-106)  
This report provides information about requests received under the Freedom of Information Act (and Environmental Information Regulations) between 1st April 2015 and 31st March 2016. The report also looks at steps taken during the last 12 months to improve the accessibility of information.
- 19 **Leader's annual report on urgent executive decisions** (pages 107-108)  
Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations:  
Under Regulation 19, there is a requirement to submit an annual report containing details of each executive decision which was agreed as urgent under Regulation 11 (Cases of special urgency) where less than 5 days' notice could be given.
- 20 **Fixed penalty notice for fly tipping** (pages 109-111)  
Report on the new power for authorised Council Officers to serve a fixed penalty notice on a person who they have reason to believe has committed a waste deposit offence. Members are asked to agree the level of the fixed penalty.

**For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546**

**EAST DEVON DISTRICT COUNCIL**  
**Minutes of the meeting of Cabinet held**  
**at Knowle, Sidmouth on 11 May 2016**

**Attendance list at end of document**

The meeting started at 5.30pm and ended at 7.19pm

**\*220 Public Speaking**

Trevor Leahong spoke on agenda item 21 – Asylum seeker/Refugee support. Mr Leahong was encouraged to see the press release from the Council requesting private landlords to come forward with offers of homes for refugees under the Government's Syrian Vulnerable Persons Resettlement Scheme. However, the press release mentioned tenancy agreements for 5 years, giving the impression that landlords needed to be willing to provide a property for at least 5 years. In addition, the Cabinet report mentioned that the Scheme requirements were for properties to be available for 5 years. He understood that this was not an accurate reflection of the requirements and might act as a deterrent to many landlords. Whilst the overall commitment of the Scheme was to support refugees for 5 years, other local authorities and refugee support organisations had asked for properties from landlords for a minimum of one year with a preference for at least two years. What had been the response from landlords in East Devon so far? Had any suitable properties been identified and what further steps could be taken to encourage landlords to come forward?

This question submitted in advance was taken into account and answered later in the meeting - see minute 240.

**\*221 Minutes**

The minutes of the Cabinet meeting held on 6 April 2016 were confirmed and signed as a true record.

**\*223 Declarations**

Councillor Tom Wright – Minute 14  
Interest: Personal  
Reason: Social member of Budleigh Salterton Football Club

Councillor Geoff Pook – Minute 16  
Interest: Personal  
Reason: Councillor for Beer and Branscombe ward

Councillor Geoff Pook – Minute 18 (Cllr Pook left the Chamber during this discussion)  
Interest: Pecuniary  
Reason: Chairman of the Community Land Trust

Councillor Ian Thomas – Minute 22  
Interest: Personal  
Reason: Director of the Science Park

**\*224 Matters referred to the Cabinet**

There were no matters referred to the Cabinet by the Overview and Scrutiny Committees.

**\*225 Exclusion of the public**

There were no confidential items that officers recommended should be dealt with in this way.

**\*226 Forward Plan**

Members noted the contents of the forward plan for key decisions for the period 1 June 2016 to 31 September 2016.

**\*227 Notes from Seaton Regeneration Board held on 17 March 2016**

Members received the action notes of the Seaton Regeneration Programme Board held on 17 March 2016.

**\*228 Notes of New Homes Bonus Panel held on 22 March 2016**

Members received the notes of the New Homes Bonus Panel held on 22 March 2016 and approved the Panel's recommendations.

**\*229 Minutes of the Recycling and Refuse Partnership Board held on 23 March 2016**

Members received the minutes of the Recycling and Refuse Partnership Board held on 23 March 2016.

**RESOLVED (1) that the following be noted:**

**Minute 55 – Statistical information**

**Minute 56 - Sustainable waste service trial (Feniton & Exmouth) – update**

**Minute 57 - SUEZ Senior Contract Manager performance report**

**Minute 58 - Award of contract and finalising the legal contract**

SUEZ had been awarded the contract on 23 February 2016.

**Minute 64 – Dates of future meetings**

**RESOLVED (2) that the following recommendations be approved:**

**Minute 59 - Mobilisation plan and forming mobilisation teams to address early mobilisation tasks**

1. that the Service Lead – StreetScene bring a written report on the mobilisation plan to the next meeting of the Recycling and Refuse Partnership Board;
2. that the Board consider the opportunities and associated costs of advertising on the new fleet of vehicles at a future meeting;
3. that the Council continue with the diesel fleet as specified in the bid due to reasons of economics and fuel economy.

**Minute 61 – Communications Plan**

that a communications plan be brought to the next meeting of the Recycling and Refuse Partnership Board.

**Minute 62 - Partnership Charter, future of the Board and performance measures going forward**

that a report on the Partnership Charter be brought to a future meeting of the Recycling and Refuse Partnership Board.

**230 Minutes of the STRATA Joint Executive held on 30 March 2016**

Members received and noted the minutes of the STRATA Joint Executive held on 30 March 2016.

**RESOLVED (1) that the following be noted:**

**Minute 5 - Strata Budget Monitoring Quarter 3 2015/16**

**Minute 7 - Strata Implementation Progress March 2016**

**Minute 8 - Strata Board Work Plan**

**Minute 9 - Performance Management of the Chief Operating Officer**

**Minute 13 - Staff Engagement Survey**

**Minute 14 – Security Status Overview**

**RESOLVED (2) that the following resolutions be approved**

**Minute 8 - Strata Board Work Plan**

(2) The Teignbridge Strata Director be requested to report to the next Strata Joint Scrutiny Committee meeting on mechanisms for increasing the transparency of Board business.

**Minute 9 - Performance Management of the Chief Operating Officer**

(2) A 'two tier' approach be used for the performance management for the Chief Operating Officer:

- Performance assessment – carried out by the Board collectively
- Performance management – carried out by one Board member.

**Minute 10 - Family Friendly Policies**

that the action of the Board be supported in agreeing these policies, in principle, so that they can be discussed and agreed with UNISON at the next Staff Joint Forum.

**RECOMMENDED that the following recommendations be referred to**

**Council:**

**Minute 6 - Strata Budget 2016/17**

The three Councils approve the Budget for 2016/17.

**\*231 Notes from Exmouth Regeneration Board held on 31 March 2016**

Members received the action notes from Exmouth Regeneration Board held on 31 March 2016.

**\*232 Minutes of Scrutiny Committee held on 14 April 2016**

Members received and noted minutes of the Scrutiny Committee held on 14 April 2016.

**RESOLVED (1) that the following recommendations be approved:**

**Minute 63 – Broadband update**

The committee regretted the move by CDS, and subsequent advice by BDUK, to ask the

council to enter into a non-disclosure agreement which would prevent the council publishing where, when or how funding is spent on this project. The committee request that Cabinet write to the three MPs covering the District to ask that they lobby on this issue as an issue of transparency.

**RESOLVED (2) that the following decisions be noted:**

**Minute 63 – Broadband update**

1. that the Portfolio Holder Central Services be supported in his endeavours for alternative solutions to meet the needs of the areas not covered by the CDS project;
2. that a progress report and revised timetable be requested from CDS;
3. that the committee receive a further update from the Portfolio Holder Central Services in approximately six months' time or as soon as there are further significant developments.

**Minute 64 - Scoping for engagement and consultation**

that further scoping work be undertaken on the following consultation exercises:

- a) Exmouth masterplan consultation of 2011;
- b) "Splash" and associated area excluding current pre-planning application work
- c) Beach hut consultation prior to hire charge changes, particularly on the timing of public meetings in relation to wider consultation;
- d) Inclusion of land at Sidford in the production process of the local plan;

**Minute 65 – Scope for Website**

that the Vice Chairman undertakes research on the website issues raised by Members, working closely with web editors to resolve issues where necessary and report back to a future meeting of the committee.

**Minute 66 – Draft Annual Report**

that the final version of the Scrutiny Committee Annual Report be agreed by the Chairman and Vice Chairman before submission to Annual Council in May 2016.

233 **Sports & Activity Clubs Rent and Rent Support Grant Scheme**

The Deputy Chief Executive provided an update on progress in delivering the recommendations of Cabinet on 17 June 2015. The new rent support scheme was ready to launch and members were being advised of the detail. This followed on from the Asset Management Forum's review of sports and activity clubs and the resulting recommendation that a clear rational was put in place about which tenants were afforded a rent subsidy.

Discussions included the following:

- more clarification concerning the canvassing of Members on the application form
- panel members should be independent
- councillors to be invited to the workshops

**RECOMMENDED:**

that the new rent support grant scheme be agreed

**REASON:**

To update members on progress to deliver the scheme.

\*234 **Acquisition of former Reservoir, Holyford Woods, Colyton**

The Service Lead, Countryside and Leisure informed Members that the owners of a former reservoir known locally as 'Top Pool' or 'Lambs Pool' had offered to donate the ownership to East Devon District Council to form part of the Holyford Woods Local Nature Reserve.

Discussions included the following:

- the liabilities dealing with old reservoirs were great
- woodland and nature reserves were part of the Council's strategic assets
- not a big financial liability
- areas of this wood were already owned by the Council with a possible projective income coming from this part of the wood
- encourage endeavours to support future income streams with minimal risks
- this was free not costing the Council anything, with potential of attracting people and children to enjoy being outdoors with no real risk.

The Chairman passed on his appreciation for the wonderful work of the Countryside Team.

**RESOLVED:**

that the Council accept the transfer of 'Top Pool' or 'Lambs Pool', Holyford Woods to incorporate into the Holyford Wood Local Nature Reserve subject to the Senior Management Team being satisfied as to:

1. any risk of flooding being tolerable following the undertaking of a flood risk assessment by the Council's engineers
2. the cost implications for the Council in terms of the initial cost of works and future management were acceptable, which would be evidenced through a detailed costs breakdown
3. a satisfactory title position following a report on title to be provided by Legal Services.

With authority being given to the Deputy Chief Executive to agree the heads of terms and progress the transfer in consultation with the Strategic Lead (Legal, Licensing and Democratic Services).

**REASON:**

To decide whether or not the Council would accept the offer of the former reservoir.

Cllr Ian Thomas, Portfolio Holder Finance asked for his vote against this proposal to be recorded.

235 **Corporate Asset Management Plan 2014-17**

Members were asked to take forward the Asset Management Forum's proposals toward a new focus on the Council's property portfolio and associated service delivery.

The Portfolio Holder Finance commended the Chairman of the Asset Management Forum for his hard work in producing these new proposals.

**RECOMMENDED:**

that the Asset Management Forum's ambition to develop a new focus on the Council's property portfolio and associated service delivery be agreed.



**REASON:**

To seek member approval to take forward the Asset Management Forum proposals to review the council's approach to asset management and explore opportunities and implications of devolving services, with their associated assets to town and parish councils.

\*236 **Monthly Performance reports – March 2016**

The report set out performance information for March 2016. This allowed Cabinet to monitor progress with selected performance measures and identify any service areas where improvement was necessary.

There were three indicators that were showing excellent performance:

1. Percentage of planning appeal decisions where the planning inspector has disagreed with the Council's decision
2. Percentage of Council Tax collected
3. Days taken to process Housing Benefit/Council Tax Benefit new claims and change events

There were no performance indicators showing as concern.

**RESOLVED:**

that the progress and proposed improvement action for performance measures for the 2015/16 financial year for March 2016 be noted.

**REASON:**

The performance reports highlighted progress using a monthly snapshot report; SPAR report on monthly performance indicators and system thinking measures in key service areas including Development Control, Housing and Revenues and Benefits.

237 **Beer Community Land Trust Refinancing of Development Loan**

A request had been received from Beer Community Land Trust (CLT) asking the Council to refinance an element of the development loan due for repayment during June 2016. The request to refinance an element of the original loan was, in principle, consistent with the original paper presented to Cabinet in 2013. The underlying need for the loan had not changed and was in line with the Council's priorities to provide affordable housing to the community of East Devon. Consideration had been given to Beer CLT's business plan and the risks and rewards to EDDC of refinancing the loan. In addition, the required security measures had been identified.

**RECOMMENDED:**

that the refinancing £290,000 of the £305,000 principal currently outstanding on Beer CLT's development loan be agreed with the refinancing being on a maturity basis for a period of 5 years at an interest rate of 3.24%.

**REASON:**

A priority of the Council was to provide affordable housing for the local community. The initial development loan was instrumental in developing such housing for the community of Beer.

**\*238 Exemption from Contract Standing Orders - The appointment of Economic Consultants – Exmouth Coastal Community Team**

Members were asked to seek exemption from Contract Standing Orders for the appointment of Economic Consultants to support the Exmouth Coastal Community Teams Economic Plan submission to the Department for Communities and Local Government.

**RESOLVED:**

that the exemption from Contract Standing orders be agreed.

**REASON:**

To enable the preparation of the Exmouth Economic Plan by the deadline date of 31 January 2016 for submission to the Department for Communities and Local Government (DCLG).

**\*239 Stockland Neighbourhood Plan Submission**

The Service Lead, Planning Strategy and Development Management updated Members to the current consultation in the Stockland Neighbourhood Plan. He congratulated Stockland Parish Council for their hard work in producing this document. Stockland's Plan was only the second in East Devon to reach this stage in the process.

**RESOLVED:**

1. that Members note the formal submission of the Stockland Neighbourhood Plan and congratulate the producers of the plan on the dedicated hard work and commitment in producing the document
2. that the Council made the proposed representation set out at paragraph 5.4 in the report in response to the consultation.

**REASON:**

To ensure that the view of the District Council was recorded and informed the consideration of the neighbourhood plan by the Independent Examiner.

**\*240 Asylum seeker/Refugee support**

The Strategic Lead Housing, Health and Environment updated Members to the national framework for assisting asylum seekers and resettling Syrian refugees. The issues and challenges for the Council in contributing towards the national programme were identified. The Council anticipated securing accommodation for 5-10 Syrian refugee households per annum in East Devon, and the need to link effectively with partner agencies and the voluntary sector to ensure that resettlement was successful.

In response to the questions asked by Mr Leahong, the Strategic Lead Housing, Health and Environment confirmed that Devon County Council suggested the 5-year leases by landlords as asylum seekers and refugees had 5-year humanitarian protection. This could of course be flexible if necessary. A number of serious inquiries had been received in relation to the appeal for accommodation by the Council. Six of these were in advanced discussions with the housing team. The Council was prepared to put out further appeals and look into other ways to secure accommodation. Housing Association partners were being asked for their input. It was not a requirement for 5-year tenancies; the Council was just asking landlords to commit to five years.

The Council was working closely with Exeter and Plymouth City Councils who had more experienced of working with asylum seekers and refugees. Properties would be chosen from the private sector not council accommodation to avoid tension and conflict.

Discussion included the following:

- asylum seekers and refugees had been through a very traumatic experience and would have health and mental health issues which would need support
- access to voluntary services to include; schools and translating services
- the voluntary sector was key to the success of this scheme with their wide range of skills and experience
- asylum seekers and refugees would need to be welcomed and looked after
- the need to learn from the more experienced councils
- workshops for Members so they can properly support any asylum seekers and refugees in their wards
- keep the level of communication going out to the public
- the willingness was there, people were keen to help

**RESOLVED:**

that the approach to resettling asylum seekers as set out in the report, with initial efforts concentrated on the Syrian Vulnerable Persons Resettlement scheme be agreed.

**REASON:**

To consider the Council's contribution towards the national programme to resettle asylum seekers and refugees in the UK.

241 **Prospective Enterprise Zone**

The Principal Project Manager presented Members with an overview and update of the proposed Enterprise Zone. Enterprise Zone status had the potential to support the accelerated delivery of economic growth. This status would build upon previous investment initiatives, such as Regional Growth Fund and investment made into Science Park and Sky Park, as well as support the inward investment and marketing of the sites. However, before the zone could become operational significant work was required to investigate key issues, such as the implications of business rate retention, as well as understanding the full impact of the benefits.

Further papers and possible workshops would be provided to Overview and Cabinet as this progressed and further information was received from Government. The implications to business rates would be thoroughly investigated and reported back to Members.

**RESOLVED:**

1. that the outcome of the Enterprise Zone application submitted by the Heart of the South West Local Enterprise Partnership confirmed as part of the Autumn Statement be noted,
2. that the additional work that would need to be undertaken to develop a detailed business plan and defined geography, before the zone can be approved and operational be acknowledged,
3. that the Draft Memorandum of Understanding that needed to be signed before the zone becomes operational be noted.

**RECOMMENDED:**

that the request for £25,000 to support the development of the Enterprise Zone be agreed.

**REASON:**

The report provided an overview of the Enterprise Zone proposal, its background and the next steps. The report emphasised the proposed Enterprise Zone was not a live designation and considerable further work was required to develop a detailed business case and plan. Not least, this will need to address future governance arrangements.

**Attendance list**

**Present:**

Andrew Moulding Deputy Leader/Strategic Development and Partnership (in the Chair)

**Portfolio Holders:**

Tom Wright	Corporate Business
Iain Chubb	Environment
Jill Elson	Sustainable Homes and Communities
Phil Twiss	Corporate Services
Ian Thomas	Finance

**Cabinet Members without Portfolio**

Geoff Pook  
Eileen Wragg

**Cabinet apologies:**

Paul Diviani	Leader
Philip Skinner	Portfolio Holder Economy

**Non-Cabinet apologies:**

Mike Allen  
Paul Carter  
David Chapman  
Maddy Chapman  
Alan Dent  
Steve Hall  
Marcus Hartnell  
Mike Howe  
Brenda Taylor

**Also present (for some or all of the meeting)**

**Councillors:**

Megan Armstrong  
Brian Bailey  
David Barratt  
Matt Booth  
Colin Brown  
John Dyson  
Peter Faithfull  
Steve Gazzard  
Roger Giles  
Graham Godbeer  
Alison Greenhalgh  
Ian Hall

Geoff Jung  
Rob Longhurst  
Dawn Manley  
Cherry Nicholas  
Helen Parr  
Marianne Rixson  
Mark Williamson

**Also present:**

**Officers:**

Mark Williams, Chief Executive  
Richard Cohen, Deputy Chief Executive  
Simon Davey, Strategic Lead – Finance  
John Golding, Strategic Lead Housing, Health and Environment  
Henry Gordon Lennox, Strategic Lead - Legal, Licensing and Democratic Services  
Karen Jenkins, Strategic Lead - Organisational Development and Transformation  
Ed Freeman, Service Lead - Planning Strategy and Development Management  
Andrew Wood, East of Exeter Projects Director  
Charlie Plowden, Service Lead - Countryside and Leisure  
Naomi Harnett, Principal Project Manager  
Jamie Buckley, Engagement & Funding Officer  
Amanda Coombes, Democratic Services Officer

Chairman ..... Date.....

**EAST DEVON DISTRICT COUNCIL**  
**Forward Plan of Key Decisions - For the 4 month period 1 July 2016 to 31 October 2016**

This plan contains all the (i) important decisions that the Council intends to take and (ii) Key Decisions that the Council's Cabinet expects to make during the 4-month period referred to above. The plan is rolled forward every month.

Key Decisions are defined by law as “**an executive decision** which is likely :-

- (a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Council's area

In accordance with section 9Q of the Local Government Act 2000, in determining the meaning of “significant” in (a) and (b) above regard shall be had to any guidance for the time being issued by the Secretary of State.

**A public notice period of 28 clear days is required when a Key Decision is to be taken by the Council's Cabinet even if the meeting is wholly or partly to be in private. Key Decisions and the relevant Cabinet meeting are shown in bold.**

The Cabinet may only take Key Decisions in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of the Constitution and the Local Authorities (Executive Arrangements)(Meetings and Access to information)(England) Regulations 2012. A minute of each key decision is published within 2 days of it having been made. This is available for public inspection on the Council's website <http://www.eastdevon.gov.uk>, and at the Council Offices, Knowle, Sidmouth, Devon. The law and the Council's constitution provide for urgent key decisions to be made without 28 clear days notice of the proposed decisions having been published. A decision notice will be published for these in exactly the same way.

This document includes notice of any matter the Council considers to be Key Decisions which, at this stage, should be considered in the private part of the meeting and the reason why. Any written representations that a particular decision should be moved to the public part of the meeting should be sent to the Democratic Services Team (address as above) as soon as possible. **Members of the public have the opportunity to speak on the relevant decision at meetings (in accordance with public speaking rules) unless shown in *italics*.**

**Obtaining documents**

Committee reports made available on the Council's website including those in respect of Key Decisions include links to the relevant background documents. If a printed copy of all or part of any report or document included with the report or background document is required please contact Democratic Services (address as above).

Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
1.	Sports and Social Clubs Rent Support Grant		Deputy Chief Executive	Council 27 July 2016	Cabinet 11 May 2016	28 July 2016	Part A
2	Council Tax Support Scheme for 2017/18 and possible changes draft		Revenues & Benefits Service Lead	Council 27 July 2016	Cabinet 8 June 2016	28 July 2016	Part A
3	West Hill Boundary Review		Chief Executive	Council 27 July 2016	Cabinet 13 July 2016	28 July 2016	Part A
4	Recycling & Refuse Collection service mobilisation update report		Strategic Lead – Housing, Health and Environment	<b>Cabinet 13 July 2016</b>		21 July 2016	Part A

Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
5	Cranbrook Healthy New Town action plan report		Strategic Lead – Housing, Health and Environment	<b>Cabinet 13 July 2016</b>		21 July 2016	Part A
6	Exmouth Regeneration Update		Deputy Chief Executive	<b>Cabinet 13 July 2016</b>		21 July 2016	Part A
7	Relocation Update		Deputy Chief Executive	<b>Cabinet 14 September 2016</b>		22 September 2016	Part A
8	Exmouth flood prevention scheme		Strategic Lead – Housing, Health and Environment	Council 26 October 2016	Cabinet 14 September 2016	27 October 2016	Part A



Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
9	Manstone Depot improvements		Strategic Lead – Housing, Health and Environment	<b>Cabinet 14 September 2016</b>		22 September 2016	Part A
10	Syrian Refuge Resettlement progress		Strategic Lead – Housing, Health and Environment	<b>Cabinet 14 September 2016</b>		22 September 2016	Part A
11	Sidmouth Beach Management Plan		Strategic Lead – Housing, Health and Environment	Council 26 October 2016	Cabinet 12 October 2016	27 October 2016	Part A
12	Council Tax Support Scheme for 2017/18 and possible changes Final Scheme		Revenues & Benefits Service Lead	Council 26 October 2016	Cabinet 12 October 2016	27 October 2016	Part A

Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
13	Street Markets and Street Trading Consultation Outcomes		Deputy Chief Executive	Council 26 October 2016	Cabinet 12 October 2016	27 October 2016	Part A
14	Sports and Activity clubs – Rent and Rent support Scheme Outcomes		Deputy Chief Executive	Council 21 December 2016	Cabinet 11 November 2016	22 December 2016	Part A
15	Relocation Update and Delivery		Deputy Chief Executive	Council 21 December 2016	Cabinet 7 December 2016	22 December 2016	Part A

Table showing potential future key decisions which are yet to be included in the current Forward Plan

Future Decisions		Lead / reporting Officer	Consultation and meeting dates (Committees, principal groups and organisations) To be confirmed	Operative Date for decision  To be confirmed
1	Specific CIL Governance Issues	Deputy Chief Executive <b>(RC)</b>		
2	Business Support – options for the future	Deputy Chief Executive <b>(RC)</b>		
3	Thelma Hulbert Gallery - progress	Strategic Lead (Housing, Health and Environment) / Service Lead (Countryside)		

The members of the Cabinet are as follows: Cllr Paul Diviani (Leader of the Council and Chairman of the Cabinet), Cllr Andrew Moulding (Strategic Development and Partnerships Portfolio Holder), Tom Wright (Corporate Business Portfolio Holder) Cllr Phil Twiss (Corporate Services Portfolio Holder) Cllr Philip Skinner (Economy Portfolio Holder), Cllr Iain Chubb (Environment Portfolio Holder) Cllr Ian Thomas (Finance Portfolio Holder), Cllr Jill Elson (Sustainable Homes and Communities Portfolio Holder), and Cabinet Members without Portfolio - Geoff Pook and Eileen Wragg. Members of the public who wish to make any representations or comments concerning any of the key decisions referred to in this Forward Plan may do so by writing to the identified Lead Member of the Cabinet (Leader of the Council ) c/o the Democratic Services Team, Council Offices, Knowle, Sidmouth, Devon, EX10 8HL. Telephone 01395 517546.

June 2016

## **EAST DEVON DISTRICT COUNCIL**

# **Minutes of a meeting of the East Devon Recycling and Refuse Partnership Board, Council Chamber, Knowle, on 27 April 2016**

### **Attendance list at end of document**

The meeting started at 10.07am and ended at 12:40pm.

**\*65 Minutes**

The minutes of the Recycling and Refuse Partnership Board meeting held on 23 March 2016 were confirmed and signed as a true record.

**\*66 Declarations of interest**

None

**\*67 Matters arising**

None

**\*68 Statistical information**

The Waste Management Officer presented the statistical information to the Board, which compared performance with the past few months, showing a general decrease in missed collection figures, although a slight increase compared with 2015. It was noted that the percentage of overall missed collections for both recycling and refuse was extremely low.

The Board discussed the missed assisted collection figures. It was noted that SUEZ had been working on this and it was expected that figures next month would improve. Assisted collections were periodically reviewed due to changes in circumstances of households. The Board also discussed clinical waste collections, how these could be reduced in the future and issues regarding absorbent hygiene products (AHPs), and how this service would be communicated during the roll out of the new service.

Concern was expressed over the number of requests for replacement recycling boxes and food caddies, and the associated costs. Consideration would be given to charging for replacement receptacles after the new contract had begun.

There had been a reduction in the number of complaints received in March. Officers stressed how important it was that complaints were reported as soon as possible so that the issues could be addressed immediately. This allowed the SUEZ Contract Manager to deal with the specific crews or individuals concerned where there was a performance failure. The Interim Recycling and Waste Contract Manager advised that potential complaints and queries should be sent to [recyclingandwaste@eastdevon.gov.uk](mailto:recyclingandwaste@eastdevon.gov.uk).

**RESOLVED:** that the report be noted.

**\*69 SUEZ Senior Contract Manager update**

There was no SUEZ Contract Manager's report as the SUEZ Contract Manager was currently off sick. Other SUEZ representatives were attending a national planning day and had sent their apologies. The Service Lead – Streetscene outlined the current management situation at the Greendale depot.

The Chairman sent the Board's best wishes to the SUEZ Contract Manager.

**\*70 Sustainable waste service trial (Feniton & Exmouth) – update**

The Waste Management Officer reported that the trial continued to be a success. Throughout the trial and to date, weekly monitoring had taken place on site by waste management officers, checking participation, overseeing collections and resolving any issues.

Records and weights of materials collected in the trial areas were being kept and it was noted that there had been a general increase in waste arisings (the amount of waste and recycling collected) for both trial areas of approximately 2kg per household. It was suspected that there were several factors that had contributed to this increase, including:

- a reduction in the amount of food waste being placed out for recycling (going into the refuse bins instead),
- there was more space in the grey refuse bins than expected so residents were filling this more,
- green garden waste may be being disposed of in the grey refuse bin,
- some momentum to recycle may have been lost to the 'business as usual' effect, with people settling into a more 'normal' pattern.

In both the areas observed, more residents appeared to place out their green recycling box than their food caddy. This reinforced the significant drop in food tonnages collected. Figures provided to the Board showed that there was far less drive to recycle food waste and the Waste Management Team expressed a desire to undertake an 'intervention' for the food waste stream in the Colony area. Suggested interventions included:

- Roadshows,
- Information drops – leaflets etc,
- Campaigns - such as 'Slim your bin' or 'Get more out of your bin',
- Door knocking.

The Board requested some data on the types of materials being placed in the grey refuse bins. It was noted that the least obtrusive way of checking the contents of bins was to evaluate the content of the loads as they were tipped at the Energy to Waste plant from the relevant collections. Officers would contact Devon County Council to arrange to attend the Energy to Waste plant to conduct waste analysis when the trial areas residual waste was being tipped.

The Board stressed the need to ensure that the appropriate waste streams went into the appropriate bins. The Communications and Public Affairs Manager reported that the media and social media could be effectively used to remind people and suggested that local schools be involved.

**RESOLVED:**

1. that the sustainable waste service trial update be noted.
2. that thanks be given to all the various teams involved in the success of the trial so far.
3. that interventions to increase the recycling of food waste be supported.
4. that a visit to the energy to waste plant be arranged to allow officers to conduct waste analysis of the trial areas.

**\*71 Mobilisation planning, working groups and sub groups, and timeline**

The Service Lead – StreetScene advised the Board that the completed draft contract would be with SUEZ shortly. The three outstanding pieces of work were the payment mechanism (schedule 4), schedule 2 (authorities requirements) and schedule 3 (service delivery plan).

Information was still awaited from Capita on fleet procurement. The data provided would be evaluated by 13 May and orders would then be able to be placed with vehicle manufacturers. The Service Lead – StreetScene explained that SUEZ had a provisional build slot for the vehicles, but that this could effectively be gazumped, so officers were therefore working on a letter of intent to secure that build slot.

The structures of mobilisation groups to aid implementation of the contract were explained. The Recycling and Waste Contract Mobilisation Leaders Group reported to the Recycling and Refuse Partnership Board. The Leaders Group had met twice so far and comprised senior managers from the Council and SUEZ. The group would approve a number of key activities which would be critical to successfully delivering the project on time. It was also responsible for ensuring contract documentation was finalised and ready for signature prior to 1 July 2016. The four delivery groups which reported to the Recycling and Waste Contract Mobilisation Leaders Group were:

- communications delivery group
- IT delivery group
- operational/implantation delivery group
- depot delivery group

Each delivery group had a work package document and the Interim Recycling and Waste Contract Manager briefly outlined the tasks of each of these groups.

It was noted that SUEZ hoped to extend operating hours at the Greendale depot. A planning application would need to be considered by Devon County Council. The Ward Member explained the opposition likely to be faced to any extension of operating hours at Greendale.

In response to a question about additional recycling sacks, the Waste Management Officer explained that a sample sack (90 litre) had been designed following resident feedback from the trial areas. This was currently being assessed by SUEZ, who had also requested a smaller sack (75 litre). 20 bags would be trialled in the existing trial areas and feedback obtained.

**RESOLVED:** that the report be noted.

**\*72 Communications plan**

The Communications and Public Affairs Manager circulated a draft communications strategy at the meeting which outlined the Council's overarching communication and engagement approach relating to the delivery of the new recycling and waste collection service. The strategy was an evolving document which would be continuously reviewed and updated to support the delivery of the roll out. An action plan drawn up by the Recycling and Waste Collection Communications Delivery Group would sit alongside the strategy. It would detail the activities associated with communicating and engaging with residents, councillors, staff and stakeholders.

Key issues to be communicated included:

- changes to the recycling and waste collection days in some areas,
- changes to the collection frequency for the non-recyclable waste bin,
- the extra recyclables being collected every week and extra recycling containers,
- optimising the weekly food waste collections,
- bring banks to be removed.

The communications lessons learnt from the trials helped develop a 'template' for how the Council could successfully communicate changes to its residents. Feedback from the trials would inform communications decisions around the new service.

It was noted that every communications platform possible would be used. The Council currently had 5000 followers on Twitter. One element of the communications strategy was to use visual media. A video would be produced with the theme 'recycling is child's play'. The Communications and Public Affairs Manager asked for volunteers from the Board to take part in this promotional video.

**RESOLVED:** that the draft communications strategy be noted.

**\*73 Vehicle fleet specification and procurement process**

Vehicle fleet and procurement had been discussed at minute 71 earlier in the meeting.

**\*74 Update on Otter Rotters**

The Interim Recycling and Waste Contract Manager reported on a number of communications with Otter Rotters, which were starting to have a positive effect. They had been in contact with SUEZ regarding health and safety matters and were having loads weighed. Devon County Council were fully supportive of the work that was being undertaken.

It was noted that there was no legal duty to provide a garden waste collection service but it could have a negative impact on refuse collection figures if green waste entered the residual waste stream. The Board agreed to continue to support the extension of Otter Rotters service to the whole of the district.

**RESOLVED:** that the Board continue to support Otter Rotters.

**75 Devon County Council avoided waste disposal cost sharing**

The Strategic Lead, Housing, Health and Environment explained that on 13 April 2016 DCC Cabinet had agreed the principle of shared savings through collaborative working with district councils to reduce treatment and disposal costs of waste. A savings mechanism would be devised between the County Council as Waste Disposal Authority (WDA) and a District Council as a Waste Collection Authority (WCA) such that where a WCA introduced a significant waste collection service change that resulted in net savings to the WDA, these net savings would be shared with the WCA.

This proposal could yield significant savings for the WDA on treatment and disposal costs by encouraging WCAs to make significant changes to their waste collection services. These changes were likely to reduce the volumes of waste produced, increase the volumes of waste recycled and/or enable the waste collected to be treated through cheaper processing facilities.

Delegated authority was given to the Head of Service (Highways, Capital Development and Waste) to agree the details of both the sharing of savings mechanism and agreement, acting in consultation with the Cabinet Members for Community & Environmental Services, the County Treasurer and the County Solicitor.

The Strategic Lead, Housing, Health and Environment reported that he had requested a meeting with DCC to help devise a formula, with the suggestion that cost sharing be split 50/50.

**RECOMMENDED:** that the Strategic Lead, Housing, Health and Environment report back on progress at the next Board meeting.

## **76 Any other business**

### **Award finalists**

The Service Lead – Streetscene reported that EDDC and SUEZ had been nominated for a national recycling award for the best public/private partnership, based on the success of the recycling trial. The awards ceremony would be held in London on 6 July 2016 and a Board member representative was requested.

**RESOLVED:** that a nominated elected member represent the Recycling and Refuse Partnership Board at the forthcoming awards ceremony.

### **Textile collection**

It was suggested that the Council should publicise that the Salvation Army had won the textile collection contract in Devon. It was also hoped that the use of bring banks for textile collections would be promoted.

**RECOMMENDED:** that textile collection be promoted and publicised via press releases.

## **\*77 Dates of future meetings**

The Board discussed the frequency of meetings and agreed that monthly meetings did not allow enough time to progress and report on the work programme. They felt that bi-monthly meetings would be adequate.

**RESOLVED:** that future meetings of the Recycling and Refuse Partnership Board be held on the following dates:

- Wednesday 22 June 2016 – 10am
- Wednesday 20 July 2016 – 10am
- Wednesday 5 October 2016 – 10am
- Wednesday 7 December 2016 – 10am

## **Present**

### **Councillors:**

Ian Chubb – Portfolio Holder, Environment (Chairman)  
Steve Gazzard  
Simon Grundy  
Geoff Jung  
John Dyson



**Officers:**

Lorna Christo – Waste Management Officer, EDDC  
John Golding – Strategic Lead, Housing, Health and Environment, EDDC  
Andrew Hancock - Service Lead – StreetScene EDDC  
Steve Maclure – Waste Management Officer, EDDC  
Alison Stoneham – Communications and Public Affairs Manager, EDDC  
Nigel Trueman – Interim Recycling and Waste Contract Manager, EDDC  
Alethea Thompson – Democratic Services Officer, EDDC

**Apologies:**

Councillor Geoff Pook  
Simon Davey – Strategic Lead, Finance, EDDC  
Cherise Foster – Customer Services Manager, EDDC  
Susan Percival – Accountant, EDDC  
Nick Browning - General Manager Municipal, SUEZ  
Dave Swire – Regional Manager, SUEZ  
Andy Williams – Senior Contract Manager, SUEZ

Chairman ..... Date.....

## **EAST DEVON DISTRICT COUNCIL**

### **Report of a Meeting of the Community Fund Panel held at Knowle, Sidmouth on 9 May 2016**

**Present:** Councillors:  
Paul Carter  
David Key  
Ian Thomas  
Douglas Hull

**Also present:** Jamie Buckley, Engagement and Funding Officer  
Chris Lane, Democratic Services Officer

**Apologies:** Matthew Booth  
Matthew Coppel

The meeting started at 10.00am and ended at 10.30am.

#### **6 Notes of Meeting held on 12 January 2016**

The notes of the meeting held on 12 January 2016 were accepted as a true record. Members asked that it be noted that the Community Fund Panel would be responsible for deciding on rent support grant arrangements which would make the allocation of funding support more consistent and fair for sports and social clubs renting Council playing pitches and facilities.

#### **7 Background papers**

The Community Building Funding Guidance Notes and application form had been included with the agenda papers. Each year EDDC allocated a sum of money to be given in grants for community buildings and community shops in villages.

A member asked a question in cases when a parish council owned a parish hall, but it was run by a management committee, could either apply for grant aid from the Community Building Fund. The Panel considered that either could apply as long as they had the authority from the other to carry out the project .

**RESOLVED** that the application form included a question 'have the applicants got permission from the relevant bodies to carry out the project'?

#### **8 Community Building Fund.**

The Engagement and Funding Officer had applied the Community Council of Devon scoring system for guidance and to help summarise the background details of the applications. Members discussed whether it was appropriate to provide funds for small halls in the outskirts of Town Council areas such as Millwey Rise Community Hall, Axminster or Tipton St John Village Hall, Ottery St Mary. The Panel members felt it appropriate that funding be not provided in this circumstance. The reason being that the funds available were limited and would be best concentrated on those parishes that could not afford to pay for repairs to their halls. Members stated that Town Councils should be encouraged to provide funding for community buildings within their own areas, and the community buildings in their areas should be directed to the Town Council for funding.

**RESOLVED** that no community buildings or community shops within Town Council areas be eligible to apply the Community Building Fund Scheme.

**Report to:** Cabinet  
**Date of Meeting:** 08 June 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 10

**Subject:** Proposed changes to the Council Tax Support Scheme for 2017/18

**Purpose of report:** For Members to consider the proposed changes to the Council Tax Support Scheme and approve the draft scheme for consultation.

**Recommendation:**

- 1. To approve the draft scheme for consultation.**
- 2. A meeting of the Finance Think Tank to be held to consider the results of the consultation and to agree the recommendation to be presented back to Cabinet.**

**Reason for recommendation:** There were a number of welfare changes announced in the 2015 Summer Budget and the Autumn Statement. It would make sense to reflect these changes in our Council Tax working age scheme in order to keep the scheme aligned with Housing Benefit (HB), Pensioner Council Tax Support Scheme and Universal Credit (UC).

The Devon Local Government Steering Group (DLGSG) met on 15 April 2016 to consider a report from County and District Heads of Finance on Council Tax – Future Strategy. In this report they were asked to consider whether changes should be made to the council tax support scheme for 2017/18. There were 4 options presented:

- Option 1 – No change.
- Option 2 – Further restrictions in liability level.
- Option 3 – Administration changes to align with Housing Benefit and Universal Credit.
- Option 4 – Option 3 plus the introduction of a minimum income floor for self employed.

All Members of the DLGSG agreed to progress with option 4. This option would deliver savings both to the cost of the scheme and in its administration.

The cost of the scheme is met through the Council Tax collection fund and all the major precepting authorities need to continue to make significant savings due to cuts in funding.

All the Devon Authorities (including the two Unitary authorities) are proposing the same changes to their 2017/18 scheme.

Each year we continue to see a reduction in our administration grants for both Council Tax Support (CTS) and HB which is why it is important to keep the schemes aligned so that we are not creating additional

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administration.

Now that roll out of UC for working age is being expanded it makes sense to ensure that we minimise the administrative process as we are only dealing with CTS as HB is included in UC.

**Officer:** Libby Jarrett, Service Lead for Revenues & Benefits,  
[ljarrett@eastdevon.gov.uk](mailto:ljarrett@eastdevon.gov.uk), Direct Line 01395 517450

**Financial implications:** Financial details are contained within the report.

**Legal implications:** This report seeks approval to a draft Council Tax Support Scheme which will be subject to a public consultation exercise jointly with the other precepting authorities prior to a final Scheme being reported back for consideration / approval by Cabinet and then Council prior to 31 January 2017 (being the date legally when a scheme for the following year has to have been approved by). While the rationale for the proposed changes seems logical, ensuring a consultation exercise that is legally compliant (including following the guidance from the Supreme Court in the *Moseley* case) is of paramount importance. It should also be noted that a further equality impact assessment (pursuant to the Equality Act 2010) will be carried out prior to the proposed final Scheme being reported back later in the year. Members will need to have regard to the outcomes of the consultation exercise and the revised equality impact assessment when determining whether to approve the proposed Council Tax Support Scheme. Further comments will also be provided by Legal at this time. Other than noting the above there are no other direct legal implications arising from the report.

**Equalities impact:** Medium Impact

**Risk:** Medium Risk

[Click here to enter text on risk considerations relating to your report.](#)

**Links to background information:** [Three Years On: An Independent Review of Local Council Tax Support Schemes published March 2016](#)

[Explanation of the changes being proposed](#)

**Link to Council Plan:** Encouraging communities to be outstanding

## Report in full

### 1.0 Background

1.1 Council Tax Support (also known as Council Tax Reduction) was introduced in April 2013 and replaced the national Council Tax Benefit scheme, with a 10% funding reduction. The CTS scheme for working-age customers is a local scheme, however the scheme for pension-age recipients is a national scheme, prescribed by regulations, and cannot be varied locally. Therefore any savings to the scheme must come from working-age customers.

1.2 Local schemes must take account of:

- Support work incentives and in particular avoid disincentives for those moving into work
- Our duties to protect vulnerable people (these duties already exist under the Equality Act 2010, Child Poverty Act, the Housing Act and responsibility to protect those that are disabled).
- Armed forces covenant

## **2.0 Our current scheme**

2.1 The working age scheme adopted by this Council in April 2013 retained the main elements of the former Council Tax Benefit scheme but with the following changes:

- Capital limit of £8,000, (previously £16,000 under the Council Tax Benefit scheme). This means that if a customer has savings above this limit they will not qualify for CTS.
- Liability limit (maximum support) of 80%. This means that everyone pays at least the 20% of their Council Tax.
- Limiting CTS to a Band D Council Tax charge. This means that customers living in a home with a Council Tax band greater than D must pay the additional charge.
- No second adult reduction
- A vulnerability/hardship fund to provide additional financial help.

2.2 By retaining the core elements of the Council Tax Benefit scheme, albeit with the above changes, meant that we had preserved the means test in its current form, together with the protections and work incentives that have been refined over many years. This means that our scheme allows for the annual upratings such as; living allowances, permitted earnings and non dependant deductions in-line with the relevant regulations.

2.3 The scheme adopted by this Council also took account of the outcomes following consultation.

2.4 The administration of HB and UC is subject to complex legislation. By keeping our scheme aligned with the national schemes means that we are mirroring the same principles in our means test and there is also less risk of error being made when assessing claims. It also means that we can administer claims for both HB and CTS at the same time using the same information. This is particularly important when we are experiencing year on year reductions in our administration grants for both HB and CTS.

## **3.0 Reviewing our scheme**

3.1 Every year the Council must decide, for each financial year, whether to revise its scheme or to replace it with another scheme. Members must review and agree a CTS Scheme by 31 January of the preceding financial year.

3.2 Since April 2013 the Council has made the decision not to change the scheme and so we have been continuing with the same scheme for four financial years.

3.3 In order to make changes to our scheme for 2017/18 we are required by law to:

- Consult with the major precepting authorities
- Publish a draft scheme
- Consult with other persons as it considers are likely to have an interest in the operation of the scheme.

3.4 The scheme must be adopted by Full Council and cannot be delegated to a committee or officer.

3.5 Since the start of CTS there have been a number of legal challenges to Billing Authorities schemes. Most of these challenges have been made against the consultation process and whether due regard was given to the equality impact assessment when making changes to

the scheme. A Supreme Court ruling in 2014 – [R \(Moseley\) v London Borough of Haringey](#) has meant that consultation on changes to Council Tax Support schemes must also include an option on how the current scheme could be retained on the same level of funding, which comes from other sources or reductions in services.

- 3.6 Reviewing schemes is a lengthy and time consuming process due to the requirement to evaluate and model proposed changes, carry out consultation and communicate agreed changes. However, because of the number of changes being made to HB, the expansion of the roll of UC (East Devon went live in November 2015) and, changes made to the pensioner CTS scheme it makes sense to review our scheme to keep them aligned.
- 3.7 Also, with further cuts in Government funding making changes to our scheme could alleviate some of the financial pressure for all the precepting authorities in having to make cuts to other services. This is particularly relevant to Devon County Council who fund approximately 75% of the scheme through the council tax collection fund (their share of Council Tax).
- 3.8 Since the start of CTS we have been working with all the Devon Authorities under a framework arrangement. As all the Devon authorities are proposing the same changes then we can share the administration burden when implementing changes to our schemes. Working with other authorities is something that was recommended following the independent national review of the CTS scheme (see background papers)
- 3.9 Devon County Council has already agreed to lead on the consultation, communication and equality impact assessments for all the Devon districts. This means that we can use one template design for all the authorities.

#### 4.0 Council Tax Support Scheme costs

- 4.1 CTS is calculated as part of the Council Tax Base which means that the cost of the scheme is met by the precepting authorities in proportion to their share of council tax. For East Devon that means about 8%.
- 4.2 For the first year of CTS, the major precepting authorities received a separate amount of funding from Department for Communities & Local Government to cover the cost but with 10% less funding. From 2014/15 onwards the funding forms part of the Council's financial settlement and there is no ring fenced amount. As you will be aware the level of Government funding has been the subject of cuts.
- 4.3 The following table sets out the annual expenditure and caseload:

	Total caseload	Working age caseload	Pension age caseload	Working age expenditure £	Pension age expenditure £	Total expenditure £
Sept 12	9,790	4,297	5,493	3,639,339	5,244,560	8,883,899
2013/14	8,931	3,812	5,119	2,630,582	5,009,593	7,640,175
2014/15	8,720	3,829	4,891	2,595,781	4,848,092	7,443,873
2015/16	8,380	3,819	4,561	2,656,249	4,597,690	7,253,939

- 4.4 There are a number of reasons for the reduction in expenditure and caseload:
- changes made to our CTS Scheme for working age from April 2013 has reduced potential entitlement;
  - improvements in the economic climate (less dependency on means tested benefits);
  - increase in the statutory pension age so people are remaining in work for longer;

- during the last 18 months we have undertaken 1,450 reviews of CTS to identify unreported changes in circumstances (fraud and error) which has identified approximately £330k in overpayments. This initiative has been jointly funded by the major precepting authorities and has been done alongside reviewing Housing Benefit claims.

4.5 Due to the level of increase in council tax for 2016/17 (the introduction of an additional 2% for adult social care) and the large number of houses being built then we are likely to see expenditure and caseload increase for this financial year. Also, any downturn in the local economy is likely to result in an increase in costs.

4.6 With further reductions in Government grants and the localisation of Business Rates then Council Tax is becoming one of the main sources of income. This is particularly relevant to Devon County Council.

## 5.0 Proposed changes to our working age scheme

5.1 Many of the changes being proposed are quite technical in nature as there are many different elements that are used to calculate HB and CTS. By making these changes to our schemes will keep them aligned, make it easier to administer and less confusing to customers. These changes will also deliver savings to our scheme costs.

5.2 The table below sets out the proposed changes, what the impact would be and the potential savings:

	<b>Proposed changes to working-age CTS scheme from 1 April 2017</b>	<b>Impact</b>	<b>Potential annual saving (based on 2015/16 data)</b>
<b>Changes to align with HB administration</b>			
1	Removal of family premium for all new claims or break in claims made after 1 April 2017 or where this premium would apply for the first time to existing claims.  Aligns with HB and Pensioner Age CTS Scheme	There could be up to a maximum weekly loss of £3.42 for customers where they are not in receipt of another income-related benefit.	Approximately £39,000
2	Remove the element of a work related activity component for new Employment and Support Allowance (ESA). This will only apply to new applicants for ESA after 1 April 2017.  Aligns with HB	No impact on existing claims.	No reduction in CTS but avoids additional cost to the scheme
3	Reducing the period for which a person absent from Great Britain can still receive CTS from 13 weeks to 4 weeks.  Aligns CTS with HB	Difficult to determine as we have no data on this.	Minimal savings
4	To limit the number of dependent children additions within the calculation for CTS to a maximum of two. This will only affect households who have a third or subsequent child born on or after 1 April 2017. Certain exceptions apply.  Aligns with HB (subject to legislation being passed)	No impact on existing claims.	No initial savings.

5	Reducing backdating from 6 months to 1 month.  Aligns with HB	In 2015/16 we had 49 claims that were backdated by more than 1 month.	£4,771
<b>Changes to align with UC</b>			
6	Remove the additional earnings disregard and apply the standard disregards to all applicants that are in remunerative work regardless of hours.  This will aid the administration of all cases who receive UC and who wish to claim CTS.	There are currently only 5 UC claims that would be affected by this change.	Minimal savings on existing caseload,
7	To remove entitlement to the Severe Disability premium where another person is paid UC (Carers Element) to look after them.  This will align the scheme with HB rules for customers on UC.	There is no impact as we currently do not have any UC claimants in receipt of the carers element.	No initial savings
8	Introduce a Minimum Income Floor (MIF) for Self-employed after a 12 month start up period. Linked to National Living wage (£7.20) or National Minimum wage (£6.70 or £5.30 depending on age).  This will align CTS with UC rules for self employed.	Currently we have 464 self employed customers in receipt of CTS. The majority of these would be affected as they are declaring earnings that are below these levels	Approx £306,235
<b>Total estimated savings per year</b>			Approx £350K

5.3 For more detailed explanation on these changes please go to background papers.

5.4 The equality impact assessment for the draft scheme is set out in appendix 1. If approved a more detailed equality impact assessment will be undertaken following the outcome of consultation so that Members can consider this when approving the final scheme.

## 6.0 CONCLUSION

6.1 At this stage we are seeking Members approval to agree to consult on our draft scheme which is our current scheme plus the changes outlined in the table above.

6.2 If the draft scheme is approved then the aim is to do a Devon wide consultation with all the other authorities at the same time. It is likely that consultation will take place between late June to September 2016.

6.3 Once the outcome of the consultation is known it is recommended that Members of the Finance Think Tank consider the results of this in order to formulate the recommendations to be presented to Cabinet before going to Full Council on 21 December 2016.



**Equality Analysis Form****Stage 1 Screening for relevance**

Name of service, policy or process	Draft Council Tax Support Scheme for 2017/18
Main purpose of service, policy or process	See summary below
Equality relevance	High
Owner	Strategic Lead for Finance and Service Lead for Revenues & Benefits
Date	May 2016

**Summary**

This Equality Analysis covers the equalities impact of the draft Council Tax Support scheme proposed from 1<sup>st</sup> April 2017.

Council Tax Support (CTS) was introduced in April 2013 by the Welfare Reform Act 2012 and the Local Government Finance Act 2012, and replaced the national Council Tax Benefit scheme.

The CTS scheme which was adopted included the main elements of Council Tax Benefit, but with the following changes:

- Capital limit of £8,000, (previously £16,000). This means that if a customer has savings above this limit they will not qualify for CTS.
- Liability limit of 80%. This means that everyone pays at least the 20% of their Council Tax.
- Limiting CTS to a Band D Council Tax charge. This means that customers living in a home with a Council Tax band greater than D must pay the additional charge.
- No second adult reduction.
- A vulnerability/hardship fund to provide additional financial help.

In localising support for Council Tax the Government considered the situation for low income pensioners (these are customers who have reached the age at which they can qualify for State Pension Credit). Unlike most other groups pensioners cannot be expected to seek paid employment to increase their income. The Government has therefore protected this group from any reduction in support.

This means that the scheme disproportionately affects Working Age customers because of the requirement to protect pensioners.

An Equality Impact Assessment of the changes in 2012/13 to local support for Council Tax at a national level was undertaken by the Department for Communities and Local Government, and is available at:

<http://www.communities.gov.uk/documents/localgovernment/pdf/2063707.pdf>

This Equality Impact Assessment looks at the 8 proposed changes to the working-age Council Tax Support scheme. It does not affect pension-age applicants, as their scheme is prescribed by legislation.

The draft scheme, which will be subject to stakeholder consultation, has the following changes to the current scheme for all working-age CTS customers:

## Appendix 1

1. Removal of the family premium for all new claims or break in claims made on or after 1 April 2017.
2. Removal of Employment and Support Allowance (ESA) Work Related Activity Component for all new ESA claims
3. Additional temporary absence rule for absence from Great Britain for 4 or more weeks.
4. Limit the number of dependant children additions for CTS to a maximum of 2.
5. Reduce backdating from 6 months to 1 month
6. Remove the additional earnings disregard and apply the standard disregards to all applicants that are in employment, regardless of hours for Universal Credit customers only.
7. Remove the entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them.
8. Introduce a Minimum Income Floor for self-employed.

When developing policy, procedures, practices or services we need to consider any potential impact on affected groups in relation to the responsibilities to, and awareness of, the most vulnerable groups and individuals.

These duties and responsibilities are included in:

- The Child Poverty Act 2010, which imposes a duty on local authorities to have regard to and address child poverty and their partners, to reduce and mitigate effects of child poverty in their local areas;
- The Disabled Persons (Services, Consultation and Representation) Act 1986 and Chronically Sick and Disabled Persons Act 1970, which include a range of duties relating to the welfare needs of disabled people;
- Armed Forces Covenant; and
- The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups.

This Equality Impact Assessment considers the impact of the draft Council Tax Support scheme on the relevant protected characteristics, as defined by the Equality Duty, which are:

- Age (including children and young people)
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)
- An additional East Devon District Council local factor of community considerations such as socio-economic factors, criminal convictions, rural living or Human Rights.

Appendix 1  
**Timescale**

This is the Equality Impact Assessment for the draft Council Tax Support scheme for 2017/18, which will be subject to public and stakeholder consultation.

As part of our consultation strategy we will carry out targeted consultation with group representatives from those that have been identified as being negatively impacted. This will include groups such as Children Centres, East Devon Volunteer Support Agency (EDVSA), Citizens Advice, Exeter & East Devon Learning Disability Parliament, etc.

Following this a more detailed Assessment will be undertaken to fully understand and consider the impact, so these can be considered when agreeing the final CTS Policy by Full Council.

**Stage 2 – Reviewing the evidence**

The Equality Analysis is based on existing data and modelling this data to understand the impact these proposals will have on these protected characteristics.

I have reviewed the evidence for all of the protected characteristics and provided a further analysis below for the protected characteristics which are either positively or negatively impacted by this scheme. For those characteristics where the impact is neutral evidence has not been included.

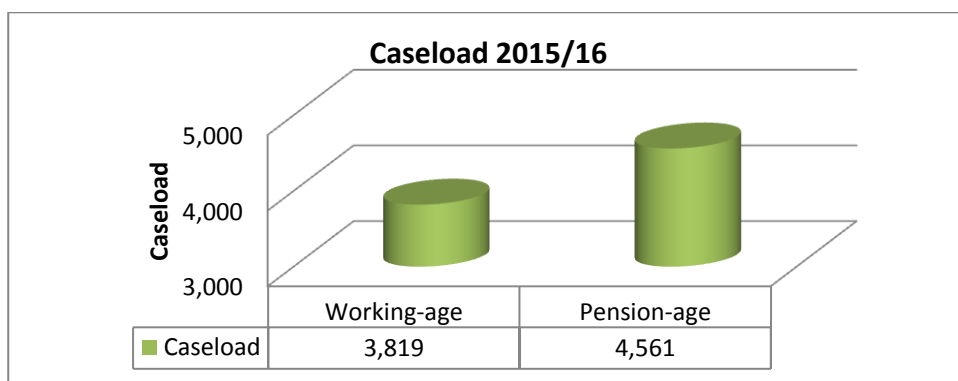
The draft working-age CTS scheme will by its definition disproportionately impact working-age applicants as only this customer group are affected by this scheme. However no specific group will be disproportionately impacted by these changes. Approximately 14% of existing claimants will be impacted and only new claims will be affected by some of the proposals.

**Age of our customers and their household**

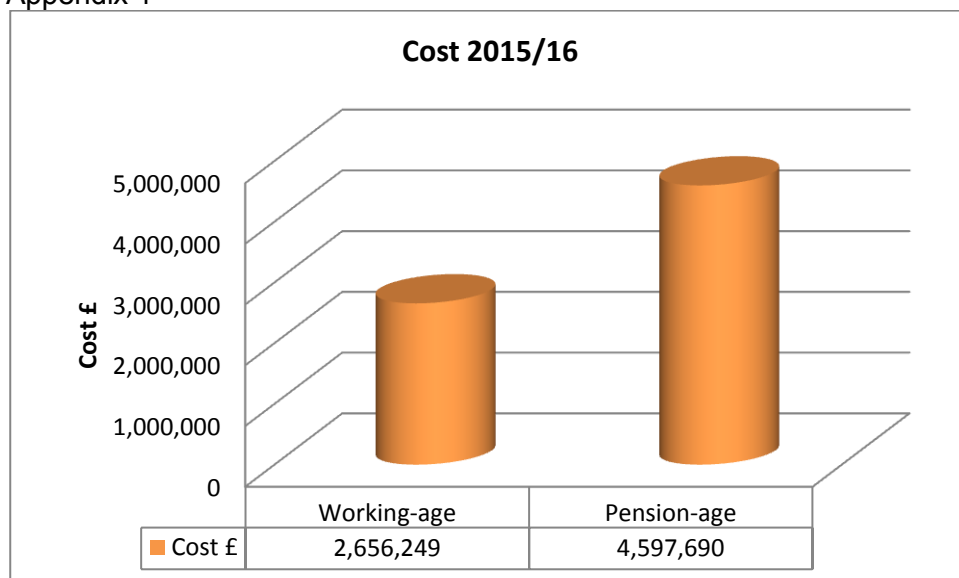
A customer is defined as pension-age if they have reached the age to claim Pension Credits, this age is increasing and is currently 65, increasing to 66.

Looking at our caseload split between working age and pension age, 54% have reached pension-age. The CTS scheme for pension-age customers is prescribed by central government legislation and so any cuts to the scheme must be passed onto the working-age customer base. Because of the national pension-age framework working-age applicants are disproportionately affected.

Looking at the split of our caseload and scheme costs between working-age and pension age, pension age customers account for 54% of the caseload, but 63% of expenditure.



## Appendix 1



Applicants with families with dependant children (who they receive Child Benefit for) will be impacted by the removal of the Family Premium and also the proposal to limit the number of dependant children which can be included in an assessment of CTS to 2. If the applicant or their partner is self-employed the introduction of the Minimum Income Floor may also affect them.

As the removal of the Family Premium will only affect new claims or new parents and limit on the number of dependant children additions for CTS to a maximum of 2 will not apply to current families with 3 or more children already receiving CTS. The number of claims where families will increase their family size to 3 or more children from 1<sup>st</sup> April 2017 is impossible to predict. Currently we have 597 claims with 2 or more children.

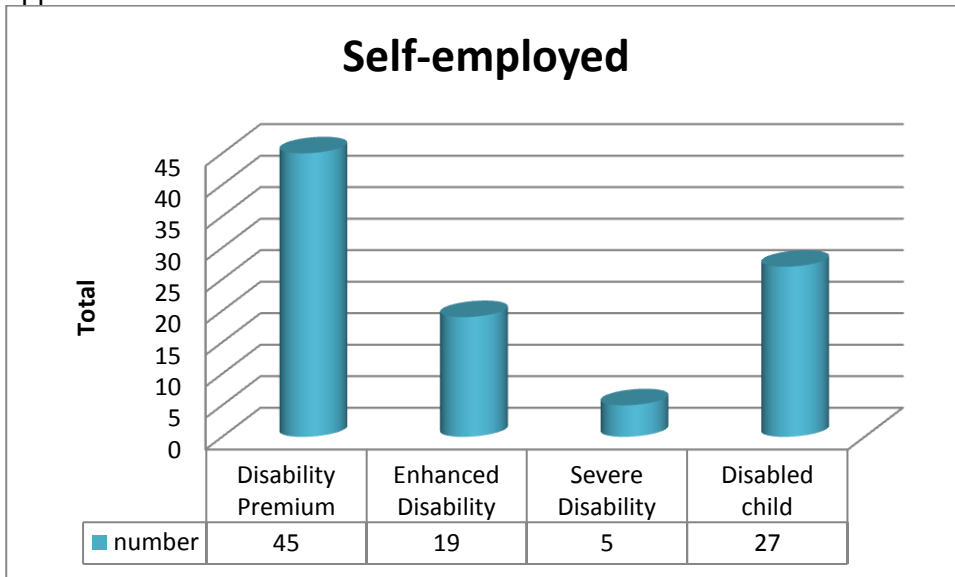
The introduction of the Minimum Income Floor for self-employed will affect all working-age self employed customers who do not currently have earnings at or above the income floor. Approximately 67% of our self employed claimants have dependant children.

To mitigate against these proposed changes we will continue to offer independent budgeting and money advice support and also signpost customers to our exceptional hardship fund to provide additional financial help. For those self employed customers who have been trading for less than 3 years we can also look to signpost them to the Business Boost program, being delivered by BIP.

### **Disability factors for our customers**

Our CTS scheme includes elements to increase entitlement to CTS for households where someone receives Disability Living Allowance (DLA), Personal Independence Payment (PIP) or Attendance Allowance.

The proposed changes may impact families and self employed applicants and partners who are receiving these benefits, although this is not disproportionate.



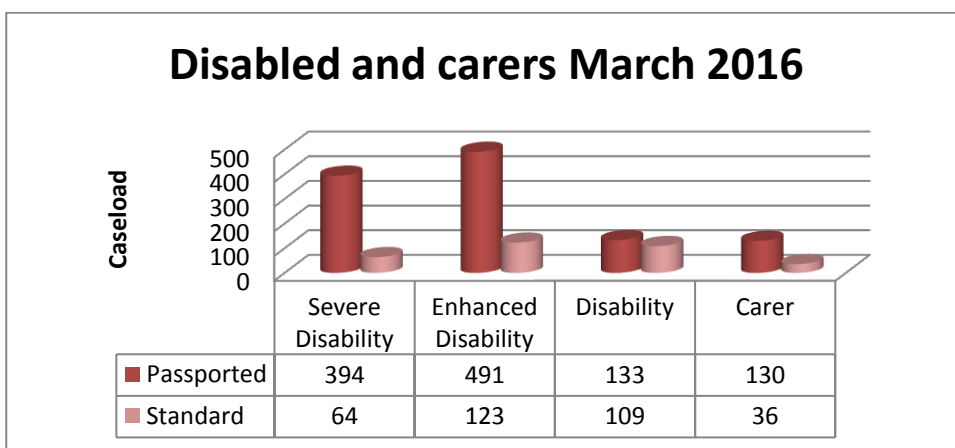
The scheme provides, amongst other things for the following additional protection for this customer group:

- ✓ A complete disregard of the DLA, PIP or AA from the calculation of income for CTS.
- ✓ Disability premiums for disabled children and applicants and partners which increase the entitlement to CTS.
- ✓ No non dependant deductions for applicants and partners in receipt of AA, DLA or PIP.
- ✓ A Carers Premium for applicants and partners who receive Carers Allowance.

Included in our scheme is a vulnerability and incentivising work statement which sets out this additional protection.

The proposed changes to the scheme do not change these protections.

The number of customers in these groups is:



Passported claims are ones where the applicant is also receiving an income related benefit from Jobcentre Plus. Income Based Jobseekers Allowance (JSA) or Income Support.

Standard claims are ones where the applicant does not receive these income related benefits and may be working or receiving the contributory amount of ESA or JSA,

## Community considerations such as socio-economic factors, criminal convictions, rural living or Human Rights

There have been a number of welfare reforms which have impacted our working age customers who are also in receipt of Housing Benefit. For example the loss of the spare room subsidy, Benefit Cap and the freezing of working age benefits for 4 years from 2016/17.

EDDC is a largely rural area and the impact of reductions in income may impact the local economy.

An analysis of working age customers in receipt of CTS as at July 2015 shows the following postcode distribution of claims:

Postcode Area	CTS Band Restriction	CTS 20% Liability Restriction
EX1	1	32
EX3	4	9
EX4	0	1
EX5	17	338
EX8	16	1335
EX9	11	154
EX10	14	383
EX11	4	156
EX12	8	253
EX13	15	355
EX14	16	544
EX15	1	18
EX24	5	90
DT7	0	28
TA20	0	0
<b>Totals</b>	<b>112</b>	<b>3696</b>

Since April 2013 our working age caseload has been static.

The scheme does not impact on criminal convictions or Human Rights.

We monitor the number of reminders, summons and cases passed to our Enforcement Agents.

**Stage 3 – Identifying the risks and benefits/opportunities**

The potential impact of our draft scheme for working age across the protected characteristics is as follows:

<b>Protected characteristic</b>	<b>Neutral</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative: What are the risks? Positive: What are the benefits/opportunities?</b>
Age		✓		<p>We will undertake targeted consultation with group representatives.</p> <p>Any savings to the CTS scheme must be made to working-age customers. For this reason the scheme has a negative impact on working-age customers. This is mitigated in part with providing budgeting and money advice support and having an Exceptional Hardship Fund to help our most vulnerable customers cope with the changes.</p>
Disability		✓		<p>We will undertake targeted consultation with group representatives.</p> <p>The draft scheme does impact some of our disabled customers, although not disproportionately. This is mitigated in part with providing budgeting and money advice support and having an Exceptional Hardship Fund to help our most vulnerable customers cope with the changes.</p>
Sex including issues relating to pregnancy	✓			There are no elements of the draft scheme which impact this protected

Appendix 1

and maternity				characteristic.
Sexual orientation	✓			There are no elements of the draft scheme which impact this protected characteristic.
Marriage or civil partnership status	✓			There are no elements of the draft scheme which impact this protected characteristic.
Race	✓			There are no elements of the draft scheme which impact this protected characteristic.
Religion or belief	✓			There are no elements of the draft scheme which impact this protected characteristic.
Transgender	✓			There are no elements of the draft scheme which impact this protected characteristic.
Community considerations such as socio-economic factors, criminal convictions, rural living or Human Rights		✓		<p>We will consult using various methods such as; online, face to face at our surgeries, Exmouth Town Hall, paper forms will also be sent with bills we send out during the consultation period. We will also consult with various welfare organisations across East Devon.</p> <p>The scheme impacts on our working-age community. The risks are that customers will fall into arrears with their Council Tax bills. We will also provide budgeting and money advice support and our vulnerability/hardship fund to provide additional financial help</p>



## Conclusion

It is our view that following this desktop Equality Analysis of our draft CTS scheme, based upon current evidence and the outcome of our consultation, that there is no disproportionate impact on groups within the protected characteristics, however as this scheme is just for working-age customers there will always be a disproportionate impact on this section of our community.

As part of our consultation we will ensure that we consult with the representative groups that are negatively impacted.

Once the outcome of the consultation is known this must be taken into account when deciding on any changes to the 2017/18 CTS scheme.

## Reference Material

The detail of the housing and council tax benefit scheme is prescribed in statutory instruments and regulations made under primary legislation including:-

- The Social Security Contributions and Benefits Act 1992
- The Child Support, Pensions and Social Security Act 2000
- The Welfare Reform Act 2007 and 2012

## Stage 4 – Outcome and identifying actions, where appropriate

The outcomes should be evaluated against the following framework from the Equality and Human Rights Commission's guidance on 'Making fair financial decisions'.

**Outcome 1:** No major change required. The assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

**Outcome 2:** Adjustments to remove barriers identified by the assessment or to better advance equality.

**Outcome 3:** Continue despite having identified some potential adverse impacts of missed opportunities to advance equality. In this case, the justification will be included in the assessment and will be in line with the duty to have 'due regard'. This will include sufficient details on how the impacts are being reduced and how this will be monitored.

**Outcome 4:** Stop and rethink. If you have concluded that there is an adverse impact and discrimination which could be illegal, speak to legal services. You must take action to remedy this immediately. Please outline the action that you will be taking and include it in your improvement plan.

If you have identified that the service/function is having or might have an adverse impact, is it justifiable or legitimate? Please give details of this

I would categorise these changes as falling within Outcome 2. Actions taken to remove barriers for customer groups have been identified and are shown below:

	<b>Justifiable/legitimate Yes/No</b>	<b>Comments</b>
As part of our consultation strategy we will carry out targeted consultation with group	Yes	To make sure that customer groups negatively impacted are

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<p>representatives from those that have been identified as being negatively impacted. This will include groups such as; Children Centres, East Devon Volunteer Support Agency (EDVSA), Citizens Advice, Exeter &amp; East Devon Learning Disability Parliament, etc.</p>		<p>not underrepresented in our consultation.</p>
<p>Money management and budgeting advice. This will include staff training and access to trained resources.</p>	<p>Yes</p>	<p>Additional funding for money management will be provided by Revenues and Benefits.</p>
<p>Robust monitoring programme</p>	<p>Yes</p>	<p>The impact of the scheme will be robustly monitored from different angles. We will take a holistic view of all of this information to shape future schemes and will bring information back to Members for their consideration.</p>

If you have concluded that the adverse impact of the discrimination is justifiable or legitimate, you will need to explain your action and reasons to people. This is because we have a statutory duty to promote equality of access, opportunity and treatment of people. You will need to think what action could be taken to mitigate the adverse impact on people and details this in the Action/Improvement Plan.

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Action/ Improvement Plan	Implementation Details	Owner	Review Date
As part of our consultation strategy we will carry out targeted consultation with group representatives from those that have been identified as being negatively impacted. This will includes groups such as Children Centres, East Devon Volunteer Support Agency (EDVSA), Citizens Advice, Exeter & East Devon Learning Disability Parliament, etc.	Approximately June to September 16	Libby Jarrett, Service Lead	October 2017
Publicity to customers in advance of scheme changes –advising them how they may be impacted and what they can do in advance of the changes.	Dec 2016	Libby Jarrett, Service Lead	April 2017
Action: monthly monitoring of CTS customers in arrears with Council Tax.	April 2017	Libby Jarrett, Service Lead	August 2017

Assessor	Libby Jarrett	Signature:	Line Manager	Simon Davey	Signature:
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**Report to:** Cabinet  
**Date of Meeting:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None



**Agenda item:** 11

**Subject:** Revenue and Capital Outturn Report 2015/16

**Purpose of report:** During 2015/16 monthly budget monitoring reports have informed members of budget variations and the anticipated year end financial position. This report contains the final position for the year and compares this outturn position against the budgets set.

The report outlines the implications of these results on the Council's reserves and makes recommendations on reserve transfers.

**Recommendation:**

1. The Cabinet agree the outturn position for 2015/16.
2. To agree with the level of Reserves detailed in the report and the transfers/use as recommended; namely
  - a) To use the General Fund to fund an additional grant payment to Exmouth Sea Cadets of up to £0.050m upon final negotiation and agreement by the Chief Executive in consultation with the Leader of the Council.
  - b) The transfer of £0.294m from the General Fund to the NNDR Volatility Fund together with any sum received as this Council's share of any gain in the Devon NNDR Pool for 2015/16.
  - c) The remaining General Fund Balance above the adopted maximum range, currently calculated at £0.101m, is transferred from the General Fund into the Capital Reserve.
  - d) The Transfer of £1m from the Housing Revenue Account into the HRA Business Plan Volatility Reserve.
  - e) The Transfers to other earmarked reserves for specific projects where funding contributions have been made in advance of spend and monies are held at year end to fund this work in future years. The Outturn Book contains full details of these transfers in 2015/16.

**Reason for recommendation:** To report the Outturn position for the Council's approved budgets for the General Fund, Housing Revenue Account and Capital Expenditure. This final position will flow through to the Council's Statement of Accounts.

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Members are asked to note the variations from the budgets identified within the report and consider the final position.

It is appropriate at this stage to reflect on the reserves and balances held by the Council and determine if these are the right reserves at the right levels going forward.

**Officer:**

Simon Davey, Strategic Lead Finance (CFO/S151)

[sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk) 01395 517490

**Financial implications:**

The financial details are outlined in the report

**Legal implications:**

There are no legal implications requiring comment.

**Equalities impact:**

Low Impact

No decisions are required which effect service/customer provision

**Risk:**

Low Risk

Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the Council's finances. No areas of concern were raised with the Council maintaining its net spending within overall approved budget levels. All predetermined Balance and Reserve levels were maintained comfortably above the adopted minimum levels. This position has now proven correct in the final outturn position presented in this report.

The report also looks at the monies the Council holds in balances and reserves and considers these in the light of the Council's future financial position and likely future Government funding cuts. Consideration is given to the Council's financial track record, internal and external audit reports on financial controls and is reflective of occurrences from external factors which affect the Council's finances.

**Links to background information:**

Outturn Booklet 2015/16 – link here:

<http://eastdevon.gov.uk/media/1731497/revenue-capital-outturns-2015-16.pdf>

**Link to Council Plan:**

A sound financial position allows the Council to deliver its priorities and outcomes set out in the Council Plan.

**1. Introduction**

1.1 This report compares the outturn position (actual amount spent or income received for the year) against budgets set for the financial year 2015/16 for the General Fund, Housing Revenue Account (HRA) and the Capital Programme.

1.2 A summary position is contained in this report for each of these areas with an accompanying 'Outturn Book' giving detailed information on actual spend against the budget set by members. The Book gives an explanation of any significant variations of spend or income against budget and highlights other matters to be drawn to Members' attention.

1.3 The report looks at the effect the outturn figures have on the Council's balances and reserves and considers future policy for holding these sums.

## 2. General Fund position

2.1 The 2015/16 budget was set with a £0.105m contribution being made from the General Fund Balance. Members agreed in year to add a further £0.059m expenditure to the budget thereby increasing the amount required from the General Fund Balance to £0.164m. The additions being an apprentice in the Human Resources team (£0.012m), East Devon Play Pitch Strategy (£0.020m), Exmouth Town Council Support (£0.012m) and a contribution for a Harbour Patrol Boat (£0.015m).

2.2 Instead of requiring £0.164m to be met from the General Fund Balance the final outturn position is a surplus of £0.363m to be paid into the General Fund Balance. Thereby giving a variation of £0.527m or 3% against the net budget of £15.604m.

2.3 A budget variation analysis by portfolio and service is contained in the Outturn Book, an indication of the main variations are given below.

<b>General Fund 2015/16 – main outturn variations against budget</b>	<b>Variation £000</b>
Additional business rate income received over assumed budget level	(294)
Home Safeguard income above budget	(201)
Savings from vacant posts and implication of staff turnover	(192)
Reduction in costs associated with national litigation and income received from government on new burden funding associated with the litigation.	(159)
Streetscene savings obtained across a number of areas relating to reduce need for contractors and equipment spend	(124)
Car Park income higher than projected – car park machine income £137k above budget, but other income areas below budget estimates	(73)
Reduction in recycling income of £0.522m, offset by savings within recycling and refuse service overall.	232
Building Control income below budget expectations, fewer applications than expected.	53
East Devon Business Centre income below budget expectations.	49

*Note: Amount in brackets ( ) are saving items or additional income.*

2.4 This gives the overall General Fund position at year end with a transfer into the Balance of £0.363m. The updated position for the General Fund Balance is given below.

<b>General Fund Balance Position</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance 1/4/2015</b>		<b>(4,646)</b>
Transfer to Capital Reserve – Agreed at Outturn Report 2014/15		941
Transfer to General Fund from service reserve no longer required (Thelma Hulbert Gallery)		(2)
Original Budget approval - Use of Balance in 2015/16	105	
Supplementary Estimates approved in 2015/16	59	
Outturn variation 2015/16	(527)	(363)
<b>Closing Balance 31/3/16</b>		<b>(4,070)</b>
Original Budget approval of Balance in 2016/17	0	
Supplementary Estimate approved in 2016/17 to date	25	25
<b>Estimated Closing Balance 31/3/17</b>		<b>(4,045)</b>

2.5 Taking the General Fund Balance at £4.045m this is £0.445m above the adopted range previously determined by Council, this being between £2.8m and £3.6m. This range is still considered the appropriate level as there has been no key change to the factors used in its determination. This represents approximately 10% of our net budget equivalent to a two year operational period giving £2.8m; to this is added £0.8m headroom to give £3.6m as a top of the range figure. This is the range we stipulate the General Fund Balance to be within before members need to take action; whether above or below the range.

2.6 Before a recommendation is made as to the proposed use of the £0.445m sum above the adopted General Fund limit it is asked that members consider the following:

- Included within the outturn surplus variation is £0.294m relating to business rates income over the sum budgeted. In line with previous practice it is proposed to transfer this sum to the NNDR (National Non Domestic Rates - business rates) Volatility Fund to smooth out income variation in future years. This practice has worked well with transfers in and out of this reserve to ensure the annual budgeting on business rates can be achieved with a level of certainty as this is a volatile income source.

At the time of preparing this report the outturn position for the Devon Business Rate Pool is unknown, it is assumed that the Pool will be in an overall positive position with EDDC to receive a payment at year end. As an indication in 2014/15 EDDC received a payment from the Pool of £0.101m. It is proposed that any sum received from the Pool is paid into the NNDR Volatility Fund.

- A request has been received from Exmouth Sea Cadets for additional funding of £0.050m to that already committed of £0.150m to assist the provision of their new building. A letter from Admiral Sir Mark Stanhope, National President Marine Society and Sea Cadets is attached making this request. The Chief Executive and key members have discussed this request and are in favour of supporting the additional funding but require further details to make a final decision. If Cabinet are minded to recommend this additional funding of up to £0.050m then it is suggested it is met from the 2015/16 budget surplus but with final confirmation of payment to be made by the Chief Executive in consultation with the Leader of the Council.

2.7 If members agree to the proposed transfer to the NNDR Volatility Fund and an in principle agreement to the additional grant to the Exmouth Sea Cadets then leaves the General Fund Balance above the adopted level by £0.101m. It is recommended that this sum is transferred into the Council's Capital Reserve which will be depleted in 2016/17 and the monies are used to help fund a capital programme going forward.

### **3. Housing Revenue Account (HRA)**

3.1 The 2015/16 budget was set to achieve a surplus of £0.151m, the Outturn position shows an underspend against the budget of £1.017m; the main variations are given below.

<b>HRA 2015/16 – Outturn variations against budget</b>	<b>Variation £000</b>
Revenue Contribution to Capital - underspend on capital works and additional capital receipts received available for funding	(401)
Rent income (including garage rents) higher due to collection rates being better than budgeted	(312)
Programmed maintenance – gas boiler servicing contract lower than budgeted and electrical inspections programme not yet in place	(232)
Underspend on Major Repairs resulting in reduced contribution to the Major Repairs Reserve	(232)
Supervision & Management Special – no spend on New Build Feasibility and Support Services Manager post vacant	(153)
Other Income including garden licences, individual garden maintenance, sold flats recovery of costs, rent of land and enhanced housing management support charges	(79)
Supervision & Management General – the Service Lead post has remained vacant	(58)
Day to day repairs – increase in demand and storm damage costs (net of £250k interim insurance claim received)	370
Repairs & Maintenance special works – additional spend on fire safety and asbestos compliance works and increasing requirement for social services adaptations offset by fuel efficiency measures underspend	89

- 3.2 This gives the overall position on the HRA with a transfer into the Balance of £1.168m; the updated position of the HRA Balance is given below.

<b>HRA Balance Position</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance 1/4/15</b>		<b>(4,966)</b>
Original Budget approval transfer to Balance in 2015/16	(151)	
Outturn variation 2015/16	(1,017)	(1,168)
<b>Closing Balance 31/3/16</b>		<b>(6,134)</b>
Approved surplus in 2016/17		(213)
<b>Estimated Closing Balance 31/3/17</b>		<b>(6,347)</b>

- 3.3 The HRA balance at the beginning of 2015/16 was £4.966m with the recommended adopted level being £2.069m, based on £490 per property and is considered as the minimum sum to hold. The surplus in 2015/16 of £1.168m has increased the balance at the end of 2015/16 to £6.134m; £4.065m above the minimum level.
- 3.4 An HRA Business Plan Volatility Reserve was created in 2012/13 to provide a cushion for repaying the self financing loans should adverse fluctuations in spending and/or rent income occur. The balance in the reserve is currently £3.4m. As the HRA surplus this year is greater than the budgeted surplus by approximately £1m, it is suggested that this sum is transferred into the Reserve from the HRA giving a total sum of £4.4m.



A £4.4m Reserve is considered prudent as this amount gives the HRA a cushion to restructure its budgets bearing in mind the 1% rent reduction, increased right to buy sales, the need to fund 70% of expenditure in acquiring new social homes and the possibility of having to repay right to buy receipts if unspent. In addition there are also the, as yet unknown, effects of sales of high value properties and 'Pay to Stay'.

In considering the appropriate level of balances/reserves to be held for the HRA there are two key factors; ensuring the balance held at any point over the 30 year business plan does not drop below the adopted minimum level of £2m and that there is a sufficient sum above this level to meet debt repayments when required as part of the Plan. Both of these criteria have been met.

## 4 Capital Budget

- 4.1 The revised Capital budget for 2015/16 was a net expenditure of £12.887m; the outturn position is lower at £10.510m, a variation of £2.377m. The majority of this underspend is from scheme slippage and a need to re-profile expenditure into 2016/17 or later years. The main variations against the revised budget are given below with further details contained in the Outturn Book.

<b>Capital 2015/16 – main outturn variations against Budget</b>	<b>Variation £000</b>
Knowle Relocation project – re-profiling of budget spend required, underspend carried forward	(384)
Seaton Workshop provision – this scheme is on hold waiting a new report. Circumstances have changed.	(519)
Seaton Jurassic Visitor Centre – re-profiling of budget spend and funding, net effect is an overspend in 2015/16 but this is made good in 2016/17	311
Loan to LED – less borrowing required in 2015/16, re-profiled to 2016/17	(401)
Housing Revenue Account; affordable Housing Schemes – scheme slippage to 2016/17	(204)
Housing Revenue Account; slippage on stock improvements works	(887)

- 4.2 The Capital Reserve at the end of 2015/16 is £2.381m; the use of the Reserve in 2015/16 was £0.473m and a contribution was received into the Reserve from New Homes Bonus monies of £1.031m.
- 4.3 The Capital Reserve is depleted in 2016/17 based on the planned expenditure. Scheme expenditure above the level of the Reserve will require funding through loans; in reality treasury management may afford projects from internal borrowing but scheme approvals going forward will have to continue to be well managed and implications on borrowing costs carefully considered. **This report recommends the one off savings from the General Fund of £0.101m in 2015/16 is transferred to the Capital Reserve to assist with future capital schemes**, particularly those that are mandatory and have no income generation to support their investment. The Capital Reserve position is given below **without** the recommended transfer from the General Fund having been made.

<b>Capital Reserve Position</b>	<b>2016/17 Budget £000</b>	<b>2017/18 Budget £000</b>	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>
Opening Balance	(2,381)	0	(602)	(3,596)
Net use/(contribution) to capital reserve	2,381	(602)	(2,994)	(4,117)
<b>Closing Balance</b>	<b>0</b>	<b>(602)</b>	<b>(3,596)</b>	<b>(7,713)</b>

The Capital Reserve position shown above needs caveating by two factors:

- Capital programme expenditure from 2017/18 onwards will become greater as we get closer to these years, this will increase the call on the Capital Reserve.
- The above assumes significant receipts from New Homes Bonus (NHB) based on the existing scheme conditions. The Government are to change these

conditions; it is extremely likely that this will reduce the level of receipts compared with that assumed above; this could be a reduction of half. We await further details before the implications can be factored into our future budgets but the degree of the risk can be seen by the level of NHB receipts assumed to help fund the capital programme: In 2016/17 £2.155m, 2017/18 £3.345m, 2018/19 £3.804m and 2019/20 £4.293m.

## **Other Main Reserves and Balances Available – year end position**

### **Transformation Reserve**

The uncommitted balance as at 31/3/16 is £0.529m. This sum is set aside to assist the Council's transformation programme by meeting upfront costs necessarily incurred in order to produce savings/efficiencies in future years.

### **Local Authority Business Growth Incentive Scheme Reserve**

The purpose of this reserve is to promote and deliver economic development. A programme of spend and authority for spend was recently reviewed and approved by Council. The balance on this reserve as at 31/3/16 is £0.173m.

### **Asset Maintenance Reserve**

This reserve is used to support the Council's General Fund Assets and planned maintenance backlog/essential work/asset failure (created from one off VAT refunds).

The year end balance is £1.035m. This Reserve is currently used at a rate of around £0.100m to 0.200m annually. Details of spend are agreed by SMT (Strategic Management Team) presented to the Asset Management Forum to ensure they do not conflict with asset strategy

### **Business Rates Volatility Fund**

The Balance of this Reserve as at 31/3/16 is £0.620m (excluding the transfer recommended in this report of £0.294m). The Reserve is used to mitigate the volatility of business rate income should income fall below the expected budget and allows the Council to set a level of budget with certainty that an element of the income is already in the "bank".

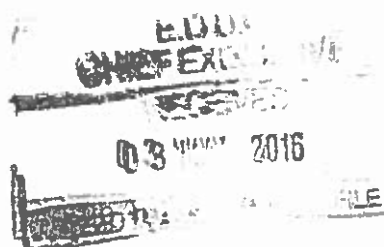
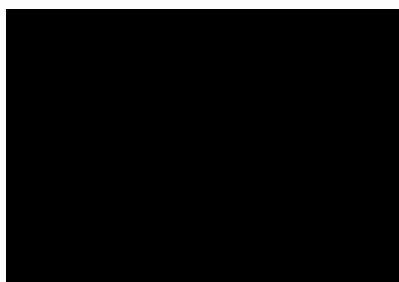
### **New Homes Bonus Volatility Fund**

It has been agreed that New Homes Bonus income should be utilised to support General Fund service expenditure in part, the risk of using such income was acknowledged and the principle of setting up a Fund to mitigate the risk and protect the Authority was agreed.

The balance of this reserve as at 31/3/2016 is £1.431m which is now at the agreed level inline with using £1.5m of NHB annually to support revenue. This reserve will need reviewing once the outcome of the NHB government consultation is known.

### **Other Earmarked Reserves**

There are other earmarked reserves for specific projects where funding or contributions have been made in advance of spend and monies are held at year end to fund this work in future years. The Outturn Book contains details of these transfers being made in 2015/16 at outturn stage with a complete list of all Reserves held.



Mark Williams Esq  
Chief Executive Officer  
East Devon District Council  
Knowle  
Sidmouth  
Devon EX10 8HL

29 April 2016

*Dear Mark*

**Exmouth Sea Cadet Corps – New Building**

I am writing to you in my capacity as the President of the Marine Society and Sea Cadets and as the Patron of the Exmouth Sea Cadet Corps New build project. My thanks for your time on Monday 18 April when we were able to discuss the escalating costs of this project.

As you are aware, your Council's commitment and support for the new building has been instrumental in giving the Exmouth Sea Cadets Unit the confidence to take forward this very worthy project.

When completed, the new building will benefit not only the thriving Exmouth Sea Cadets Unit but also the community as a whole. This is because it will not only allow the Sea Cadets to continue and grow but will enable other local organisations to use the facilities on a regular basis.

We especially want to be able to provide charities with a venue in which to meet, at little or no cost. To this end a Forces Veterans charity will be using the building for counselling on such matters as stress management and financial problems. Also, Active Devon wish to use the facilities for several organisations that they support. In addition, on a commercial basis, such organisations as the Exmouth Gig Club, Exmouth Harriers and Slimming World would like to use the building. This will generate income for the ongoing cost of running the Unit and ensuring that the building is an active community hub.

Since we first approached the Council for support with this venture, and subsequent to the Council agreeing to grant aid the project I have to report that the costs of the project have risen significantly, mainly for reasons that neither the Sea Cadets, nor the Council foresaw at the time.

These reasons include the cost of demolishing the old Sea Cadet building and Boat Shed; additional architects fees to ensure the building was fully fit for purpose; planning requirements; and the costs of dealing with exposed soil contamination during the initial construction phase. Our best estimate is that the total additional increase over the initial original project figure exceeds £150,000.

As I have already confirmed, we are extremely grateful for the support that the District Council has

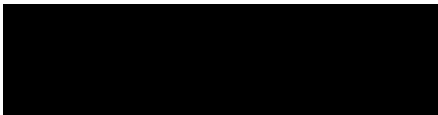
**already shown to enable this community project. We know that the increased costs are outside the control of both the Sea Cadets and the Council. Their impact however is to bring into question the ability to complete the project in the way that we all want to see.**

**As discussed, the Sea Cadets are re-doubling their efforts to secure third party contributions to ensure that the scheme can be completed. In the light of everything to date I am also writing on their behalf to request that the Council increase its grant by a third to £200,000. I am confident that if the Council is able to do this, it will ensure that this worthwhile project can be brought to a timely conclusion. Although this will still leave the Sea Cadet Unit with a significant challenge, the continuing support and partnership commitment of the Council to this project will be instrumental and highly influential.**

**As expressed at our meeting it is our hope that, at the opening of the new building, we can demonstrate to the people of Exmouth that we have jointly provided a facility, by mutual co-operation, for the benefit of the town as a whole.**

**If you require any further information please don't hesitate to let me know. I look forward to hearing from you as soon as possible and, once again, thank you for your support.**

**Yours sincerely**



**Admiral Sir Mark Stanhope GCB OBE DL  
National President  
Marine Society and Sea Cadets**

**Report to:** Cabinet  
**Date:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None



**Review date for release** None

**Agenda item** 12

**Subject:** **Annual Treasury Management Review 2015/16 – 1 April 2015 to 31 March 2016**

**Purpose of report:** This report details the overall position and performance of the Council's Treasury Management Strategy during 2015/16.

**Recommendation:**

**Cabinet is requested to:**

- 1. Review and note the investment values and performance for the year to 31 March 2016.**
- 2. Recommend that Council approves the amendment to the strategy narrative regarding the maturity of investments with building societies from '...less than 6 months...' to '...6 months or less...' as detailed in section 13 of the report.**

**Reason for recommendation:** The Council is required by regulations issued under the Local Government Act 2003 and the Code of Practice on Treasury Management in Public Services published by the Chartered Institute of Public Finance & Accounting (CIPFA) to produce an annual review of its treasury management activities and performance.

**Officer:** Claire Mitchell – Accountant  
[clmitchell@eastdevon.gov.uk](mailto:clmitchell@eastdevon.gov.uk) Extension 2033

**Financial implications:** Contained within the report.

**Legal implications:** It is understood that the Finance team carries out Treasury Management within the specific legislative framework applicable to local authorities. No further legal comment is required.

**Equalities impact:** Low Impact  
The report is for information only.

**Risk:** Low Risk  
Any depositing of surplus funds exposes the Council to a certain degree of risk relating to the security of deposits, investment return and interest rate risk. However, through the Council's Treasury Management Strategy, the level of risk is proactively managed to an acceptable level.

**Links to background information:** • None.

## 1. Introduction

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 25/02/2015)
- a mid-year (minimum) treasury update report (Council 16/12/2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council. Member training on treasury management issues was provided by Capita during October 2015.

## 2. The Economy and Interest Rates (*narrative provided by Capita Asset Services – EDDC's Treasury Management Advisors*)

*Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.*

*These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.*

*The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.*

*The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.*

*As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has*

been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

### 3. Overall Treasury Position as at 31 March 2016

At the beginning and the end of 2015/16 the Council's treasury (excluding borrowing by finance leases) position was as follows:

<b>Table 1</b>	<b>31 March 2015 Principal £000</b>	<b>31 March 2016 Principal £000</b>
GF debt	1,445	2,037
HRA debt	84,427	83,398
<b>Total debt</b>	<b>85,872</b>	<b>85,435</b>
GF CFR*	1,937	2,529
HRA CFR	84,427	83,398
<b>Total CFR</b>	<b>86,364</b>	<b>85,927</b>
<b>Over / (under/internal) borrowing</b>	<b>(492)</b>	<b>(492)</b>
Total investments	<b>38,219</b>	<b>35,769</b>
Net debt	<b>47,653</b>	<b>49,666</b>

\*CFR – Capital Financing Requirement

### 4. The Strategy for 2015/16

The expectation for interest rates within the strategy for 2015/16 anticipated a low but rising bank rate and gradual rises in medium and longer term fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

Due to this scenario, consideration continues to be given to postponing borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The strategy as adopted by Council in February 2015 has been applied throughout the year 2015/16 with no revisions or departures.



## 5. The Borrowing Requirement and Debt

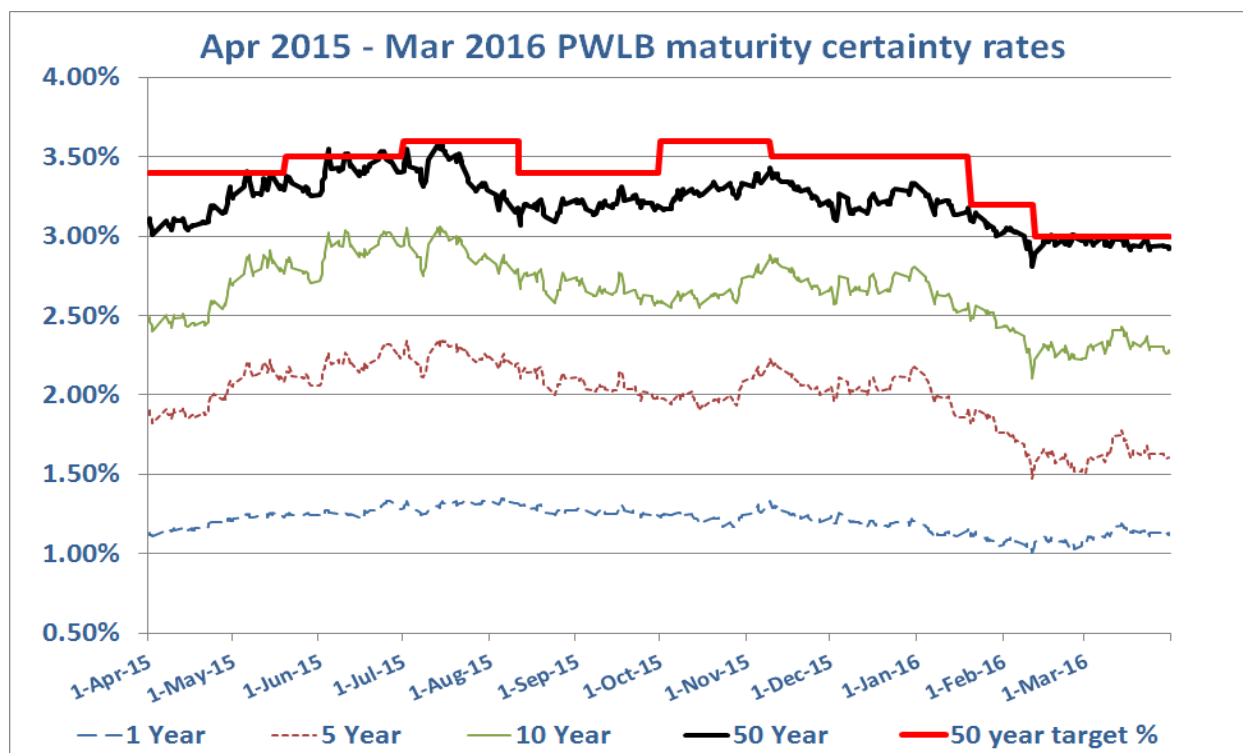
The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The table below shows the Council's capital financing requirement.

Table 2	31 March 2015 Actual £000	31 March 2016 Budget £000	31 March 2016 Actual £000
CFR General Fund (£000)	1,937	5,429	2,529
CFR HRA (£000)	84,427	83,398	83,398
<b>Total CFR</b>	<b>86,364</b>	<b>88,827</b>	<b>85,927</b>

The difference of £2,900,000 between 2015/16 budget and actual reflects the fact that the anticipated loan draw down from PWLB in relation to Exmouth Regeneration of (£1,259,000) was not required due to slippage in the scheme. The LED Leisure Management Ltd (LED) drawdown of (£400,000) has not yet been requested. Beer CLT loan was repaid early (£755,000). When the budget was set it was expected that (£508,000) of the £1,000,000 Science Park loan would be borrowed, which was unnecessary due to internal borrowing. Finally there is a capital repayment adjustment of £22,000 which EDDC expected to pay on the additional £400,000 LED loan, which was unnecessary because the loan has not been drawn.

## 6. Borrowing Rates in 2015/16

**PWLB borrowing rates** - the graph below shows how PWLB certainty rates are at historically very low levels during the year.



## 7. Borrowing Outturn for 2015/16

### 7.1 Temporary Borrowing

Due to the timing of payments and receipts the Council did not need to borrow for cash flow purposes over the year end.

### 7.2 Long Term Borrowing

Only two fixed interest loans were taken out during the year, both of which were issued to LED. These loans totalled £1,450,000 and are to be used to fund the leisure enhancement programme. Cabinet has also approved a further £400,000 to fund the same project and this will be available for draw down by LED until 26<sup>th</sup> February 2017 after which point the facility will automatically be cancelled.

The Council's borrowing is all at a fixed interest rate, via PWLB, and the borrowing position as at 31 March 2016 is as follows:

<b>Table 3</b>	<b>Original Principal</b>	<b>Outstanding at 31/03/2016</b>	<b>Interest Rate</b>	<b>Maturity</b>
Beer CLT One (GF)	£305,000	£305,000	1.74%	24 June 2016
Refuse Loan (GF)	£598,500	£326,455	3.68%	31 March 2021
LED One (GF)	£750,000	£719,702	2.49%	30 April 2034
LED Two (GF)	£700,000	£686,019	2.87%	30 April 2034
<b>Total General Fund Loans</b>	<b>£2,353,500</b>	<b>£2,037,176</b>		
Self Financing (HRA)	£82,778,909	£82,778,909	0.99% to 3.46%	27 March 2017 to 27 March 2038
Affordable Housing (HRA)	£646,000	£618,880	5.31%	31 March 2051
<b>Total HRA Loans</b>	<b>£83,424,909</b>	<b>£83,397,789</b>		

### 7.3 Future Borrowing

There are plans for the Council to borrow £13,262,782 to fund its capital programme in 2016/17. This borrowing may be from internal resources, PWLB, or from the market, the most cost effective method being selected at the time the funds are required. The 2016/17 borrowing requirement is made up as follows:

£400,000	LED (not drawn in 2015/16 as planned)
£750,000	Queen's Drive Exmouth
£5,990,000	Office Relocation
£4,900,557	Refuse Fleet (actual figure, £6,000,000 per budget)
£290,000	Refinancing of Beer CLT loan (agreed since budget set)
£932,225	Borrowing required to fund the balance on various smaller projects included within the Capital Programme. This requirement has increased since the budget was set due to slippage in the capital programme from prior years.
<b>£13,262,782</b>	<b>Total</b>

The borrowing requirement will be monitored throughout the year to ensure that the overarching Treasury Management Strategy is adhered to, or revised as necessary. Any update to the strategy will require Council approval. The requirement to borrow £13,262,782 is well within the operational boundary for external debt approved within the 2016/17 Treasury Management Strategy of £16,827,000 for the general fund.

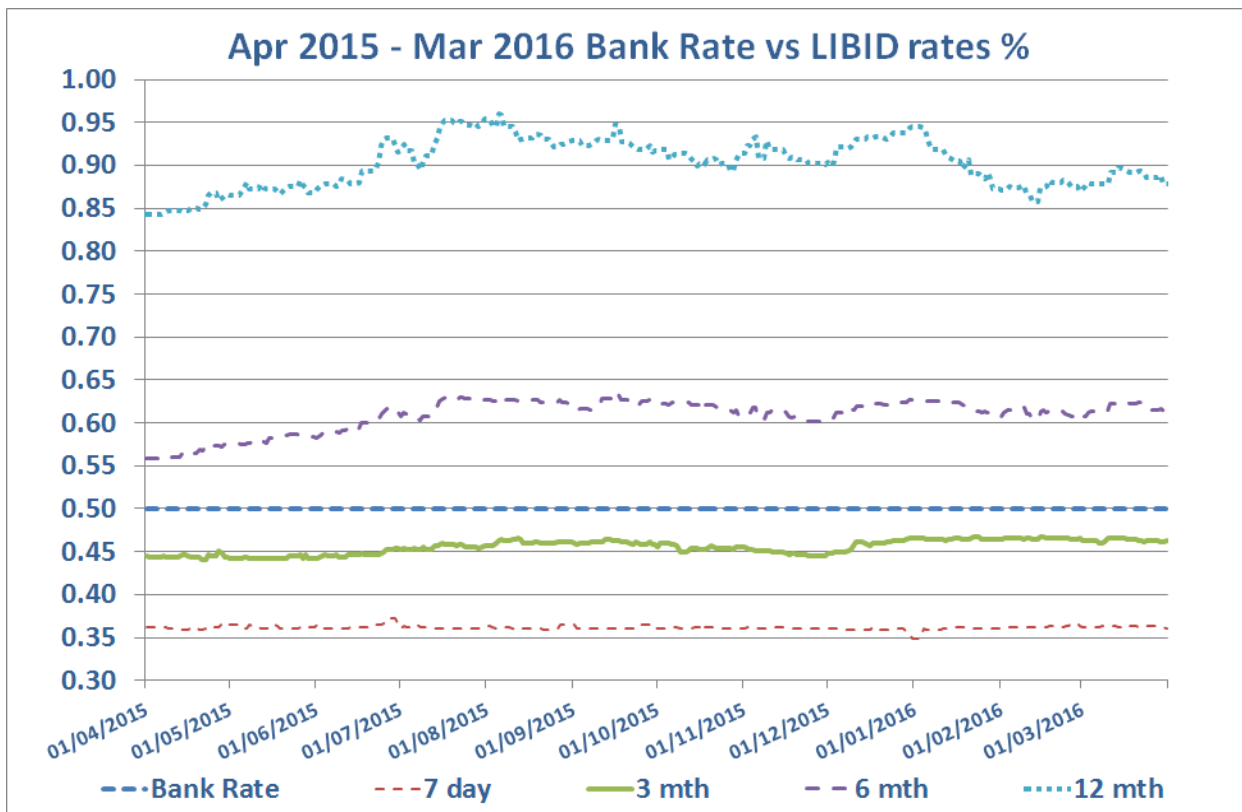
### 7.4 Rescheduling

No rescheduling was undertaken during the year for any treasury management items, i.e. those which relate directly to the Council. However, as referred to previously, Beer CLT repaid its loan of £755,000 just over one year early. This was due to necessity, as opposed to making savings, as the assets on which the loan was secured were sold. Indeed the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable during 2015/16.

### 8. Investment Rates in 2015/16

Bank rate was held at an historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Deposit rates continued to be depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when bank rate would start rising. The Funding for Lending Scheme is designed to incentivise banks and building societies to boost their lending to the UK real economy.

The graph below shows the performance of the LIBID throughout the year. The LIBID is the rate at which major London banks borrow from other banks, i.e. the rate at which banks bid to borrow. As banks can borrow so cheaply from one another, there is little incentive for them to offer higher interest rates to borrow from outside of the banking market.



## 9. Investment Outturn for 2015/16

### 9.1 Investment Policy

The Council's investment policy is governed by CLG guidance, which has been implemented in the Treasury Management Strategy approved by Council on 25 February 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

## 9.2 Overview

The 2015/16 budget estimated a net return on all General Fund (GF) treasury management investment and borrowing activities of £178,000. The actual return for 2015/16 was £223,000. This is summarised in the table below:

<b>Table 4 General Fund (GF)</b>	<b>Actual 2014/15 £000</b>	<b>Budget 2015/16 £000</b>	<b>Actual 2015/16 £000</b>	<b>Variance 2015/16 £000</b>
<b>Internal Investments</b>				
Interest on Market Investments	(55)	(54)	(74)	(20)
Other Investment interest*	40	31	36	5
<b>Return on Internal Investments</b>	<b>(15)</b>	<b>(23)</b>	<b>(38)</b>	<b>(15)</b>
<b>Externally Managed Funds</b>				
Interest Received net of fees	(264)	(229)	(258)	(29)
<b>Return on External Investments</b>	<b>(264)</b>	<b>(229)</b>	<b>(258)</b>	<b>(29)</b>
<b>Total Return on Investments</b>				
	<b>(279)</b>	<b>(252)</b>	<b>(296)</b>	<b>(44)</b>
<b>Borrowing</b>				
Temporary Borrowing	2	1	1	0
Long Term borrowing – PWLB	87	73	72	(1)
<b>Total Payable on Borrowings</b>	<b>89</b>	<b>74</b>	<b>73</b>	<b>(1)</b>
<b>Net Return on Treasury Activities</b>				
	<b>(190)</b>	<b>(178)</b>	<b>(223)</b>	<b>(45)</b>

\*Includes the net transfer of interest to the Housing Revenue Account (HRA)

The above figures do not include non-treasury management items with a budget value of (£21k), and an actual value of (£91k). These relate to income and expenditure associated with political decisions, for example interest and principal charged on the loans to Kennaway House, Beer CLT and LED. Also excluded from the above table is £44,760 related to unbudgeted guarantee, and deed of variation income.

The original estimates indicated a net position on all investments and loans of (£199k), this is made up of the (£178k) per Table 4 and the (£21k) in relation to non-treasury items, as excluded from Table 4.

More income was received on internal market investments than budgeted due to the change in approach to managing the short term cash flow. This was achieved by placing funds on fixed deposit for longer periods and by utilising money market funds as opposed to very short fixed deposits.

A conservative budget was set in relation to income from externally managed funds due to the expectation of a continually depressed market. The funds performed better than budget, but they actually returned marginally less than 2014/15.

The 2015/16 budget estimated a net expenditure on all Housing Revenue Account (HRA) investment and borrowing activities of £3,551,000. The actual expenditure for 2015/16 was £3,553,000. This is summarised in the table below:

<b>Table 5 Housing Revenue Account (HRA)</b>	<b>Actual for 2014/15 £000</b>	<b>Budget for 2015/16 £000</b>	<b>Actual for 2015/16 £000</b>	<b>Variance 2015/16 £000</b>
<b>Interest Receivable</b>				
Investment interest	(32)	(34)	(35)	(1)
<b>Return on Investments</b>	<b>(32)</b>	<b>(34)</b>	<b>(35)</b>	<b>(1)</b>
<b>Long Term Debt</b>				
PWLB - Capital	6	6	6	0
PWLB - Interest	33	33	33	0
PWLB Self Financing Loans - Capital	574	1,023	1,023	0
PWLB Self Financing Loans - Interest	2,530	2,523	2,526	3
<b>Payable on Borrowings</b>	<b>3,143</b>	<b>3,585</b>	<b>3,588</b>	<b>3</b>
<b>Net Return on Treasury Activities</b>				
	<b>3,111</b>	<b>3,551</b>	<b>3,553</b>	<b>2</b>

There were no significant variances on the HRA account in relation to treasury management activities for the year to 31 March 2016.

The table below summarises the Council's net rate of return (after fees and charges) for the key categories of investment expressed as a percentage:

<b>Table 6</b> <b>Net Rate of Return</b>	<b>2014/15</b> <b>%</b>	<b>2015/16</b> <b>%</b>	<b>7 Day LIBID</b> <b>%</b>
External Investment Funds	0.84*	0.82	0.36
Total Internal	0.38*	0.43	0.36
Market Investments – Fixed Deposits	0.41	0.45	0.36
Bank of Scotland	0.50	0.50	0.36
Money Market Funds			
CCLA	0.37*	0.42	0.36
Goldman Sachs	0	0.44	0.36
Average rate of return on all funds	0.39	0.44	0.36

It should be noted that all funds performed above the benchmark 7 day LIBID.

\*restated to net position if previously quoted gross.

### 9.3 Investments Held by the Council

A total of 115 investments were made during 2015/16 ranging from £0.05m to £3m. The repayment terms varied from call (instantly repayable) to fixed periods of up to 153 days. The internally managed funds earned an average rate of return of 0.43%. The comparable performance indicator is the average 7-day LIBID rate which was 0.36%, further detail on the average LIBID rates throughout the year for comparison are included at Appendix Two.

The benchmarking reports for each of the 4 quarters during the financial year, as provided by Capita, indicated that EDDC's funds were performing 'above expectations' when compared to the model benchmark. For example the expected range for the quarter to 31 March 2016 was 0.45% to 0.57%, and EDDC's return was 0.78%.

### 9.4 Investments Held by Fund Managers

The Council uses two external fund managers to invest part of its cash balances with, each managing 50% of the funds available. The performance of the managers against the benchmark return was:

<b>Table 7</b> <b>Fund Manager</b>	<b>Investments Held – Historic Cost</b>	<b>Investments Held – Market Value</b>	<b>Return</b>	<b>Benchmark – 7 Day LIBID</b>
Royal London Asset Management (RLAM)	£15,459,359	£15,444,047	0.76%	0.36 %
Payden & Rygel	£15,459,359	£15,427,927	0.87%	0.36 %
Total	£30,918,718	£30,871,974	0.82%	0.36 %

The market value is the amount that would have been received for the investments if they had been sold on 31 March 2016. This is based on the valuation of the assets held by each fund, a value which can vary on a daily basis.

During 2015/16 the Council earned interest of £296,595 (2014/15 £302,072) on its external investments before fees and charges of £43,395 (2014/15 £42,935).

The following performance summaries have been compiled using information from the fund managers' quarterly performance reviews for the quarter to 31 March 2016.

### **9.5 Royal London Asset Management – Cash Plus Fund**

As at 31 March 2016 approximately 51% of the portfolio was held in certificates of deposit, 30% in covered bonds, 14% in corporate bonds, 1.5% in supranational bonds, with the remainder being invested in ultra-short dated gilts.

The covered and corporate bonds were the main contributors to positive performance during the period, whereas certificates of deposit made only an incremental contribution to performance. This is consistent with the previous year.

In terms of investment outlook RLAM believes that loose monetary policy, low bond yields and a low oil price should support economic expansion through 2016. However they expect UK CPI inflation to remain below the Bank of England's 2% target over the next 12 months. They also assume there will be a very gradual rise in policy rates during 2016, but they do not expect a dramatic rise in yields during the next 12 months.

### **9.6 Payden and Rygel Global Ltd – Sterling Reserve Fund**

This fund is invested in a diversified range of sterling denominated, high credit quality and liquid government, agency, and corporate bonds with fixed and floating rate coupons. The duration of the fund was between 0.8 and 0.9 years throughout the period, peaking at 0.9 during January.

The fund is exposed to approximately one third corporate bonds, a quarter between covered bonds and asset backed securities. For the remainder Payden preferred government agency holdings to UK Gilts for their higher yield and greater diversity.

During the quarter to 31 March 2016 the increase in duration towards the start of the quarter, as well as the avoidance of lower quality corporate bonds, ensured the fund outperformed the 7 day LIBID.

### **9.7 Investment Periods**

No internal investments were held with a maturity date of more than one year, and although the Treasury Management Strategy does permit the external funds to be invested for more than one year the reality is that the Council can access this money with 3 days notice.

## **10. Prudential and Treasury Indicators**

An update on the key indicators has been included as Appendix One.

## **11. Recent Developments**

Since the year end a third money market fund has been opened and officers are in the process of opening a fourth one. Historically short term fixed deposits have been used to manage short term operating cash flows, however recently more favourable rates have been available through money market funds.

Officers have taken advantage of Capita's facility to act as a broker for certain deals which would otherwise be unavailable to the Authority. One example of a recent trade via this method is the purchase of a fixed deposit with Qatar National Bank.



In addition £1m has recently been placed on fixed deposit with Lloyds for one year at a net rate of 1.05%.

This diversification and restructure of EDDC's portfolio has been introduced to enhance yield without compromising security and liquidity. This also allows EDDC to react to the market more efficiently, and effectively, in particular with reference to the money markets.

All trades adhere to EDDC's approved Treasury Management Strategy.

## **12. Update on Refuse Fleet**

Since the budget was approved the cost to purchase the refuse fleet has now been confirmed at around £4.9m. It is likely that the whole of this purchase will be funded internally using EDDC's reserves. This will involve disinvestment from either one or both of the external fund managers.

The decision as to where to disinvest will be taken by officers at the time the cash is required based on the net asset value of capital held within each of the funds and the associated returns. In order to ensure the best value for money for EDDC's residents it is unlikely that the split of the external funds will remain at 50:50 between the two fund managers.

## **13. Other**

The 'Specified and Non-Specified Investments' section of the Treasury Management Strategy includes within the definition of 'high credit quality',

'...internal investments less than 6 months, up to agreed limits, in UK Building Societies...'.

It is proposed that the term is amended to,

'...6 months or less...'

The reason for this proposed change is that building societies often quote rates for 6 months, which technically, based on the current strategy, the Council cannot, and does not, invest in. This is a minor change of just one day, which will align the strategy with readily quoted fixed deposit periods.

It is requested that Cabinet recommends this change to Council.

## Appendix One: Prudential and Treasury Indicators

During 2015/16, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

<b>Table 8 Actual prudential and treasury indicators</b>	<b>2014/15 Actual £000</b>	<b>2015/16 Estimate £000</b>	<b>2015/16 Actual £000</b>
Capital expenditure			
• General Fund	13,046*	6,594*	5,064
• HRA ( <i>if applicable</i> )	<u>5,739</u>	<u>6,450</u>	<u>5,243</u>
• Total	<b>18,785</b>	<b>13,044</b>	<b>10,307</b>
Capital Financing Requirement:			
• General Fund	1,247	1,850	1,450
• HRA ( <i>if applicable</i> )	<u>0</u>	<u>0</u>	<u>0</u>
• Total	<b>1,247</b>	<b>1,850</b>	<b>1,450</b>
Gross borrowing	1,247	1,850	1,450
External debt	755	1,850	1,450

\*Restated to reflect actual at outturn, and revised estimates per the 2016/17 estimates – timing difference only

The key change between the 2015/16 estimate and the actual is as follows:

<b>£ 000</b>	
1,850	
<u>(400)</u>	Element of LED loan still to be drawn down
<b>1,450</b>	Gross borrowing shown above

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs, however the Council did not borrow in advance of need during 2015/16.

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. This is set and revised by full Council, the Council does not have the power to borrow above this level in advance of any revision. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

<b>Table 9</b>	<b>2015/16</b>	
	<b>GF £000</b>	<b>HRA £000</b>
Authorised limit	11,196	87,844
Maximum gross borrowing position	2,529	84,427
Operational boundary	8,196	84,427
Average gross borrowing position	2,233	83,913
Financing (income)/costs as a proportion of net revenue stream	(0.86%)	20.89%

Note the authorised limit and the operational boundary are per the 2015/16 Treasury Management Strategy which was based on 2015/16 estimates. The remainder of the figures are actuals based on 2015/16 outturn.

For the General Fund the headroom is set at £3.0m.

For the HRA a debt cap of £87.844m set by the Government as the authorised limit has been used.

Note the maximum gross borrowing position is the higher of the opening, closing or any intermediate position which would be applicable if a loan is taken for less than one year.

The General Fund ratio of 0.86% reflects the estimation that a higher level of investment income is received compared to interest paid out on borrowing.

The maturity structure of the actual debt portfolio was as follows:

<b>Table 10</b>		<b>General Fund</b>		<b>HRA</b>	
		<b>Projected Borrowing Amount Maturing £000</b>	<b>Total</b>	<b>Projected Borrowing Amount Maturing £000</b>	<b>Total</b>
Current Year	2015/16	858	<b>29.64%</b>	1,029	<b>1.22%</b>
Next yr	2016/17	425	<b>14.68%</b>	1,490	<b>1.76%</b>
Yr 2-5	2017/18 - 2020/21	521	<b>18.00%</b>	7,074	<b>8.39%</b>
Y6 -10	2021/22 - 2025/26	359	<b>12.40%</b>	16,694	<b>19.77%</b>
Y11-20	2026/27 - 2035/36	732	<b>25.28%</b>	48,640	<b>57.61%</b>
Y21-30	2036/37 - 2045/46	0	<b>0%</b>	9,330	<b>11.05%</b>
Yr31-40	2046/47 - 2055/56	0	<b>0%</b>	170	<b>0.20%</b>
		<b>2,895</b>	<b>100.00%</b>	<b>84,427</b>	<b>100.00%</b>

The maturity structure of borrowing is based on the actual loans in place during the financial year as distinct from the estimated position, the latter being included in the Treasury Management Strategy. Note from the above that £858,000 of principal has been repaid during the year. This includes the £755,000 early repayment of the loan taken to fund Beer CLT. The most significant payment included within next year's figure is the remaining Beer CLT loan of £305,000.

The HRA loan repayments have been structured around the HRA business plan, and a significant element of the general fund loan repayments are matched by income from third parties, for example Beer CLT and LED. As such the maturity structure does not highlight any liquidity concerns for the Council.

The upper limits for exposure to fixed and variable rates were as follows:

<b>Interest Rate Exposure</b>					
<b>Table 11</b>		<b>General Fund</b>		<b>HRA</b>	
		<b>Fixed</b>	<b>Variable</b>	<b>Fixed</b>	<b>Variable</b>
2015/16 Limits					
Borrowing		100 %	20%	100%	20%
Investments		60%	100%	60%	100%

With the exception of the bank overdraft, all borrowing the Council undertakes is at a fixed rate of interest.

Investments have a 100% variable upper limit, as currently the majority of returns are variable including the external investment funds, 'savings' account, and money market fund investments.

Policy based investment decisions are all on a fixed term basis, whereby any interest chargeable on a project is then recharged on to the project itself, the idea being that in cash terms there is a nil impact on the Council.

The upper limit on variable borrowing at 20% ensures a level of certainty for Council borrowing, and thus cash outflows. The upper limit on fixed investments helps to protect the council from interest rate risk. For example it is not in the best interests of the Council to have too much cash tied up in a fixed return investment in the event of an interest rate rise, which would mean better returns may be had elsewhere. Variable rate investments often track the base rate, thus removing the risk associated with interest rate changes.

## Appendix Two: Investment Information for the Financial Year 2015/16

Taken from Capita Asset Services CityWatch for March 2016

	Average for Month				
	7 Day LIBID	1 Month LIBID	3 Month LIBID	6 Month LIBID	12 Month LIBID
01/04/2015	0.36%	0.38%	0.44%	0.56%	0.84%
30/04/2015	0.36%	0.38%	0.44%	0.57%	0.85%
31/05/2015	0.36%	0.38%	0.44%	0.58%	0.87%
30/06/2015	0.36%	0.38%	0.45%	0.60%	0.89%
31/07/2015	0.36%	0.38%	0.46%	0.61%	0.92%
31/08/2015	0.36%	0.38%	0.46%	0.63%	0.94%
30/09/2015	0.36%	0.38%	0.46%	0.62%	0.93%
31/10/2015	0.36%	0.38%	0.45%	0.62%	0.91%
30/11/2015	0.36%	0.38%	0.45%	0.61%	0.91%
31/12/2015	0.36%	0.38%	0.46%	0.62%	0.93%
31/01/2016	0.36%	0.38%	0.46%	0.62%	0.91%
29/02/2016	0.36%	0.38%	0.47%	0.61%	0.87%
31/03/2016	0.36%	0.38%	0.46%	0.62%	0.89%

**Report to:** **Cabinet**

**Date of Meeting:** 8 June 2016

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 13

**Subject:** **To update the Discretionary Housing Payment (DHP) Policy**

**Purpose of report:** To review and update the DHP policy at Appendix 1, to take account of latest guidance issued by The Department for Work and Pensions (DWP).

**Recommendation:** **1. Members to approve the new DHP Policy at Appendix 1.**

**Reason for recommendation:** To ensure our policy reflects the latest DWP guidance

**Officer:** Libby Jarrett, Service Lead for Revenues & Benefits, [ljarrett@eastdevon.gov.uk](mailto:ljarrett@eastdevon.gov.uk), Direct Line 01395 517450

**Financial implications:** The financial implications are identified in the report.

**Legal implications:** 'Section 69 of the Child Support, Pensions and Social Security Act 2000 and regulations made thereunder give the Council power to make discretionary housing payments to persons who are entitled to housing benefit, council tax benefit or those on universal credit. The fundamental premise and procedure requirements in applying the policy have not altered since this matter was previously reported in April 2013. However since that policy was adopted there have been a number of changes that require our own policy to be revised or adapted. The reasons for amending the policy and the scope of the changes are identified in the report. The revised policy appears to be legally compliant.

It should be remember that the public sector equality duty in section 149 of the Equality Act 2010 requires the Council to have due regard to the need to (in relation to nine protected characteristics of age, race/ethnicity, religion/belief and sexual orientation, disability, gender re-assignment, pregnancy/maternity and marriage/civil partnership):

- Eliminate discrimination, victimisation and harassment,
- Advance equality of opportunity and
- Foster good relations between people.

In introducing a revised policy the finance team have carried out a detailed equality impact assessment which can be access through the link in the report; members should consider and take into account this updated assessment and officer conclusions before approving the revised policy.'

**Equalities impact:** Low Impact

Socio economic – this policy assists with providing additional support with housing rent costs, however there is a maximum limit on funding available within each financial year. See [equality impact assessment](#)

**Risk:** Medium Risk

There is a financial risk to the Council if expenditure exceeds the DWP funding limit, up to the maximum spend as this has to be paid from the general fund.

There is a risk that we could reach maximum expenditure before the end of the financial year and still have qualifying cases. This is a medium risk.

**Links to background information:**

[Discretionary housing payments guidance manual](#)

[England and Wales High Court \(Admin Court\) decisions](#)

**Link to Council Plan:** Encouraging communities to be outstanding

**Report in full**

**1.0 Background**

1.1 DHPs have been in operation since 2 July 2001 to provide additional help to tenants who have a shortfall in their housing costs who are facing exceptional hardship such as debt issues, additional short-term expenditure or other exceptional circumstances that requires short-term support.

1.2 DHPs can be used to:

- top up the shortfall in Housing Benefit
- top up the shortfall in the housing rent element of a Universal Credit award
- rent deposits\*
- rent in advance\*
- moving costs\*

\*must be in receipt of Housing Benefit or Universal Credit.

- 1.3 The aim of using DHP for rent deposits, rent in advance or moving costs is that it provides an opportunity to offer a long term solution to an immediate housing crisis. This means that we can help tenants to move to more affordable accommodation and therefore they are more likely to sustain their tenancy, which reduces the risk of homelessness.
- 1.4 In April 2013, the Council's DHP Policy was updated to take account of welfare reform changes such as; changes to the Local Housing Allowance rates, the introduction of Council Tax Support (which replaced Council Tax Benefit), the introduction of size restriction in the social sector and the benefit cap.
- 1.5 These reforms resulted in significant cuts to welfare spending and as a result the Government increased the level of funding allocated to local authorities for DHP's.
- 1.6 Since April 2013 there has been an accumulative impact of the benefit changes, with a significant response to the size restriction reform changes for those living in social housing. During 2014 there was a legal challenge to a local authority's DHP scheme (Hardy v Sandwell) which has set a strong precedent in the treatment of Disability Living Allowance (DLA) for DHP purposes. Although our previous DHP policy did not specifically refer to the treatment of DLA it is opportune to review our policy in light of this legal challenge.
- 1.7 Since November 2015, when East Devon went live with the roll out of Universal Credit (new single out of work claims), applications are now being made for DHP for people on Universal Credit.
- 1.8 In February 2016, DWP issued revised guidance to Local Authorities on administering DHP's - [Guidance Manual](#).



1.9 As a result of these changes it has been necessary to review our policy to ensure it is up-to-date and meets legislative requirement. The revised policy is set out at appendix 1. A summary of the changes are set out below under part 2.

## 2.0 Summary of the Main Changes

2.1 Within the new Policy at Appendix 1, we have:

2.1.1 Used the new Corporate Policy template and reorganised the layout, adding an index and giving “Headers” to the various sections of the Policy.

2.1.2 Following revised DWP Guidance and Good Practice we have made the following changes:

- The length of award - Councils have historically looked at DHP awards as being “short term” means of assistance. However, we have added into our Policy that on occasions, longer term assistance may be appropriate. (3.3) & (3.21).
- We added in two additional categories under section 3.4 in relation to foster carers and supporting disabled people remain in specifically adapted properties. These two criteria reflect the impact of the over accommodation rules in Social Housing introduced from April 2013. (3.4).
- We have explained in more detail the assistance that can be granted via “Rent Deposits”, “Rents in Advance”, and added into the Policy that costs associated with a housing need, such as removal costs can also be considered for an award. (3.5)
- A number of small changes that serve to add to, or emphasise previous Policy.
- Added further examples in relation to examples of temporary help. (3.4)
- Emphasised that applications are considered on an individual basis. (2.7)

2.1.3 Considered the Court case - *Hardy, R (on the application of) v Sandwell Metropolitan Borough Council* [2015] EWHC 890 (Admin) and updated the wording in our Policy to emphasise this is not the approach we follow. Sandwell Metropolitan Borough Council’s DHP Policy had a “blanket approach” to use the income from Disability Living Allowance (Care Component) when determining income and expenditure for the purpose of a DHP claim. East Devon’s policy does not specify any such blanket approach in relation to treatment of any income type and that each claim is considered on an individual basis when assessing eligibility to a DHP award. [Script of the court case](#).

2.1.4 Made further references within the Policy to Universal Credit and how DHPs will be administered.

## 3.0 Funding

3.1 The level of DHP funding East Devon has received from Central Government is as follow:

	DWP funding
2011/12	£70,921
2012/13	£138,478
2013/14	£176,239
2014/15	£170,366
2015/16	£101,211
2016/17	£143,932

In 2015/16 our actual spend was £109,901.38.

- 3.2 Expenditure for DHP has a cash limit of 2.5 times Government funding, but this additional cost must be met from East Devon's budgets. Any unspent Government funding must be returned at the end of the financial year.
- 3.3 DHP funding has increased again from 2016 following the Chancellor's Summer Budget in 2015 when a new set of reforms to the welfare system were announced. To help with the transition of these reforms the Chancellor committed to spend an additional £800 million over the next five years, specifically for DHP funding to local authorities. These reforms included the freezing of working-age benefits for a further 4 years, removal of family premium for Housing Benefit Claims, capping housing benefit in the social sector, reducing backdating to 1 month, reducing the benefit cap<sup>1</sup>.

<sup>1</sup> The 1 month backdating limit was introduced from 1 April 2016. The removal of the family premium was introduced for new claims or where this would apply for the first time to a claim from 1 May 2016. The benefit cap applies to households who are not employed for enough hours to qualify for Working Tax Credit, there are exclusions to this. This is being reduced in Autumn 2016 from £26,000 to £20,000 per year for couples or lone parents and from £18,200 to £13,400 for single customers. The backdating limit was reduced from 6 months to 1 month on 1 April 2016. The removal of the family premium applies to all new claims or claims where this premium would apply for the first time from 1 May 2016.

#### 4.0 Discretionary Housing Payment 2015/16

- 4.1 The following table provides a breakdown of the awards and spend for 2015/16:

Purpose of DHP	Number of awards 2015/16	Value of spend £
To help secure and move to alternative accommodation (e.g. rent deposit)	46	43,669.09
To help with short-term rental costs while the claimant secures and moves to alternative accommodation	43	13,493.72
To help with short-term rental costs while the claimant seeks employment	28	7,106.92
To help with ongoing rental costs for disabled person in adapted accommodation	1	684.00
To help with ongoing costs for Foster Carer	1	815.49
To help with ongoing rental costs for any other reasons	161	43,241.03
Universal Credit	3	891.13
<b>Total</b>	<b>283</b>	<b>109,901.38</b>

The pattern of spend for 2014/15 was similar to that of 2015/16

- 4.2 The approach and the close working relationship we have with our Housing colleagues and referring customers for budgeting/money advice has been invaluable in ensuring that we are targeting funding appropriately. With all the cuts in Housing Benefit that we have seen in the past 3 years DHPs have become a critical safety net in helping to prevent homelessness. When deciding an application we will consider whether the customer has already accessed money/budgeting advice and if not we may make this a condition of an award<sup>2</sup>.

- 4.3 When awarding DHPs for assistance with rent deposit/rent in advance we ensure that the new property is affordable for the tenant, there is valid reason to move and that their new rent is reasonable. Checks are also made to ensure any deposit or rent in advance in respect of the applicants existing tenancy is returned to them and that all other options in relation to assistance have been exhausted. In the past 2 years we have used DHPs to help 112 customers move to more affordable accommodation. This means that customers are then able to afford to pay their rent, which in turn reduces the risk of them becoming homeless.

<sup>2</sup> Since December 2012 Homemaker South West, a money advice charity have provided money advice and budgeting advice to customers. From our referrals in 2015/16 365 customers were helped and £1.3m of financial gains and £144,684.40 budgeting uplift was identified. Financial gains is the gain that could be achieved if the client takes the advice given and applies for benefits which are due (such as DLA) and succeeds in achieving debt write offs through DRO or similar. Budgeting uplift is the gain that would be obtained if the client takes the advice and limits their expenditure in given areas, such as switching fuel supplier or spending less on non-priority expenditure.

- 4.4 To establish if outcomes have matched our aspirations we undertook some sample checking of the long term impact of DHP awards. In March 2015 we sampled 30 DHP applications and subsequent award cases for either rent in advance/deposit/removal costs made during 2014/15. Out of these cases 28 had **NOT** needed to pursue further support from this fund, suggesting that the awards had in fact created an opportunity for sustainable living within the householder's means for 93.33% of those people who had claimed DHP. The remaining 2 customers received short-term awards during 2014/15 due to unforeseen circumstances. A further review of these cases in May 2016 showed that none of these people had claimed a DHP in 2015/16, indicating that the move to their new home has been affordable and sustainable for them.

## 5.0 CONCLUSION

- 5.1 The past few years has seen the DHP fund maximised as a result of everyday difficulties, the recession and the Welfare Reform changes. With new Welfare Reforms we predict an increase in demand. We will continue to monitor applications to this fund and subsequent expenditure.
- 5.2 It is reassuring that the intention of our DHP policy is being delivered to our customers and that in providing support for moving into affordable tenancies and providing a mix of short and longer term support we are achieving the policy intention. Working in partnership with Housing Needs has also had a positive impact in reducing homelessness and the threat of homelessness for our customers. In 2013/14 27 customers were accepted as homeless, this reduced to 7 in 2014/15 and 6 in 2015/16. We will continue to monitor the demand for DHP and the impact welfare changes are having on our customers, to ensure that the policy objectives continue to be met.

# East Devon District Council

## Discretionary Housing Payments (DHP) Policy

Issue details	
<b>Title:</b>	<b>Discretionary Housing Payments (DHP) Policy</b>
<b>Version number</b>	<b>Version 1.0</b>
<b>Officer responsible:</b>	<b>Libby Jarrett, Service Lead Revenues and Benefit</b>
<b>Authorisation by:</b>	<b>Full Council</b>
<b>Authorisation date:</b>	<b>27 July 2016</b>

### 1 Previous Policies/Strategies

- 1.1 This Policy updates and replaces the Discretionary Housing Payment (DHP) Policy which was adopted in April 2013.

### 2 Why has the council introduced this Policy?

- 2.1 The DHP scheme has been in operation since 2<sup>nd</sup> July 2001 to provide additional help to tenants facing a shortfall in their Housing Benefit (HB) and housing costs who are facing exceptional hardship such as debt issues and need some additional financial assistance for a period of time. The scheme also includes support for moving costs, including rent deposits and rent in advance. From November 2015 this scheme includes customers receiving Universal Credit (UC).
- 2.2 This Policy is intended to ensure that DHPs contribute to the Council's aims and objectives for the development of the East Devon area and to promote social and financial inclusion.
- 2.3 There have been a number of significant welfare reforms in recent years which have impacted our customer's ability to meet their rent payments in full. DHPs can be used to provide support to customers affected by these key welfare reforms. Examples of some of these reforms include:
- The introduction and subsequent reduction of the Benefit Cap.
  - Size restrictions for customers living in social rented sector accommodation.
  - The introduction of the shared accommodation rate for single customers under 35 years of age.
  - The change to up-rating Local Housing Allowance (LHA) in 2013/14 by the Consumer Price Index (CPI) and by 1% in 2014/15 and 2015/16. The freezing of LHA for 4 years from 2016/17.
  - The Localisation of Council Tax Support - There is a separate Exceptional Hardship Fund Policy which deals with additional help for Council Tax Support customers.

- The introduction of Universal Credit (UC) which replaces Housing Benefit, Jobseekers Allowance, Employment and Support Allowance, Income Support, Working Tax Credit and Child Tax Credit into one monthly payment.
- 2.4 We need to manage the expectations of customers and welfare agencies successfully as, for the majority of those affected by the welfare reforms, DHP's will not be able to meet the full shortfall.
- 2.5 Councils are given a grant each year from the Department for Work and Pensions (DWP) to use for DHP awards. The Council can however, spend up to a maximum of two and a half times the amount of the DWP's DHP grant. Any sum paid above the DWP grant level will be paid from EDDC's General Fund, any unspent grant at the end of the financial year must be returned to the DWP.
- 2.6 DHP's are discretionary and it is up to East Devon District Council to determine how to operate any such scheme. There is no statutory right to a payment of DHP and the Council must be satisfied that a customer is genuinely in need of further financial assistance with their housing costs to prevent exceptional hardship.
- 2.7 Each application will be considered on an individual basis with all customers being treated equally and fairly. All payments will be made in line with our Housing Benefit purpose statement, i.e. to pay the right person, the right amount at the right time.
- 2.8 DHP's cannot cover:
- Ineligible service charges. Service charges which are not eligible for HB or UC cannot be covered by DHP;
  - Increases in rent due to outstanding rent arrears;
  - Sanctions and reductions in benefit from Jobcentre Plus;
  - Benefit suspensions; and
  - Shortfalls caused by HB overpayment recovery.

### **3 What is the council's Policy?**

#### **3.1 DHP administration**

We will consider each application in line with the Council's corporate aims and objectives, and seek to:

- alleviate poverty;
- safeguard residents in their own homes;
- sustain tenancies and help prevent homelessness;
- help customers through personal crisis and difficult events over which they have no control;
- keep families together;
- support vulnerable or elderly customers in the local community;
- help those who are trying to help themselves;
- encourage customers to obtain and sustain employment;

- support vulnerable young people, such as those leaving care, in the transition to adult life;
  - help customers to move to affordable accommodation which they can maintain without the need for ongoing DHP awards;
  - signpost customers seeking advice and guidance about debt to the appropriate agencies;
  - support the work of foster carers; and
  - support disabled people to remain in adapted properties
- 3.2 The Revenues and Benefits service is committed to working with other Council services and the wider community, such as Housing Services, landlords and the voluntary sector, to provide an inclusive approach to addressing financial difficulties. We will deal with claims for DHP in a professional and fair manner that shows respect for customers, members of staff and anyone else involved in the process.
- 3.3 The spirit of the DHP scheme is:
- To offer short-term emergency assistance to enable tenants to take the appropriate actions to change their personal situation.
  - To offer longer-term support, for example, if a customer who has a disability and has had substantial adaptations to their home and where it may not be considered reasonable to expect them to move in the short-term.
  - To offer help with costs associated with moving to an affordable and sustainable tenancy, removing the dependence on future DHP awards.
- 3.4 Some examples of when we may give temporary help via the DHP Fund are:
- reductions in HB or UC where the benefit cap has been applied;
  - reductions in HB or UC for under-occupation in the social rented sector especially in the following cases:
    - a) where disabled people are living in significantly adapted accommodation (including any adaptations made for disabled children) ; and
    - b) Foster carers, whose Housing Benefit is reduced because of a bedroom being used by, or kept free for foster children.
  - reductions in HB or UC as a result of LHA restrictions;
  - rent shortfall to prevent a household becoming homeless whilst Housing Needs explore alternative options with the customer;
  - rent officer restrictions such as local reference rent or shared accommodation rate;
  - non-dependant deductions;
  - reductions due to income tapers;
  - a customer experiences unexpected changes in their income/expenditure which they have no control over but are still tied into the terms of their current tenancy;
  - when someone is treated as temporarily absent from their main home, for example because of domestic violence and they have a

liability to pay rent on two homes which is not being met in full by HB or UC;

- to help a customer to move into work after a period of unemployment;
- families where a disabled child who requires an additional bedroom but is not receiving the middle or highest rate of Disability Living Allowance;
- if benefit is less than the full rent because a customer's disability or vulnerability makes it hard for them to move to cheaper accommodation;
- a person has moved to cheaper accommodation and there is an unavoidable overlap in rent costs;
- people affected by domestic violence who remain in a property which has been adapted under a sanctuary scheme;
- families expecting a first child where housing allocation has been made on this basis;
- approved or prospective adoptive parents who are required to have a bedroom for an adopted child;
- people approaching pension age, where work is not a realistic option;
- parents needing an additional room under child access arrangements where alternative housing options, including options in the private sector, are not appropriate; and
- to help a customer move into more affordable accommodation by paying the deposit for the new property, rent in advance and other lump sum costs associated with a housing need such as removal costs.

The above list is not exhaustive.

### **3.5 Rent deposits, rent in advance and moving costs**

DHPs can be awarded for a rent deposit and/or rent in advance for a property that the customer is yet to move into as long as they are already entitled to HB or UC at their present home. The award will help a customer move into more affordable accommodation by paying the deposit for the new property, rent in advance and also other lump sum costs associated with a housing need, such as removal costs. These payments will be considered in conjunction with other funding available for example from rent deposit bonds and charitable payments which the customer may be eligible to receive.

3.6 When awarding DHP's for a rent deposit or rent in advance or assisting with removal costs we will ensure that:

- the new property is affordable for the tenant; and
- the tenant has a valid reason to move; and
- the deposit or rent in advance is reasonable.

3.7 We will also establish with the customer whether they:

- are due to have a deposit or rent in advance in respect of their existing tenancy returned to them; or

- have received assistance from another department within EDDC towards a rent deposit (such as a rent deposit guarantee scheme or similar)

### **3.8 Applying for a DHP**

Customers can apply for a DHP by:

- completing an application form on our website
- telephoning the Council
- emailing the Council
- writing to the Council
- visiting the Council offices, outreach surgeries or at a visit to the customer's home.

It is particularly important that the most vulnerable customers know how to apply.

3.9 The Revenues and Benefits Service may request evidence in support of the application and reserves the right to verify any information or evidence provided by the customer.

3.10 In deciding whether to award a DHP, we will take into account the following criteria:

- Whether the customer has already accessed or is engaging for assistance with budgeting and financial/debt management advice. A DHP award may not be made until the customer has accepted assistance either from the Council or a third party, such as Citizens Advice Bureau or similar organisations, to enable them to manage their finances more effectively, including the termination of non-essential expenditure;
- the shortfall between HB or UC and the actual housing costs;
- any steps taken by the customer to reduce their rental liability;
- household income, including type and amount and expenditure, and also including savings and capital;
- reasonable expenses, which will be considered on a case by case basis;
- income from disability-related benefits such as Disability Living Allowance and Personal Independence Payment are considered on a case by case basis, looking at the purpose of the benefits and whether the money from those benefits have been committed to other liabilities associated with disability;
- unavoidable costs such as fares to work for people who have had to move as a result of welfare reforms;
- regular debt repayments;
- exceptional circumstances (including ill health and disability);
- the possible impact on the Council of not making such an award, e.g. the pressure on priority homeless accommodation;
- the period that the customer anticipates the DHP will be needed for; and
- any other special circumstances brought to the attention of the Council.



- 3.11 Applications for DHP's will normally be subject to an income and expenditure review. DHP's will **not** normally be considered where:
- Suitable alternative and more affordable housing is an option. This will include accommodation in the private rented sector. The issue of whether the accommodation is suitable will take into account whether it is reasonable to expect the tenant to move, having regard to the impacts on health and schooling where children are present;
  - Alternative income sources are available. This will include unclaimed benefits and tax credits, income from other adults living in the household and savings over an agreed level;
- 3.12 We will work with the Housing Services Team in order to address wider support issues. For example, customers may need to apply under the Rent Deposit Scheme for help in moving to smaller and/or cheaper accommodation more appropriate to their circumstances and away from reliance on DHP's.
- In all cases we will look carefully at a customer's circumstances before coming to a decision.
- 3.13 A DHP award may be made based upon conditionality. This may include, amongst other things:
- a) engaging with money/debt advice assistance and following and implementing any suggested actions;
  - b) actively engaging in Devon Home Choice and accepting accommodation which the customer has been successful in bidding for; and
  - c) in the case of benefit cap cases engaging with Jobcentre Plus in order to secure employment of 24+ hours per week;
- 3.14 No award can be made past the end of the financial year in which the award starts. In general, short term awards may be appropriate if a customer needs time to sort out their financial circumstances; longer term awards may be appropriate, depending on the customer's circumstances and the likelihood of change.
- 3.15 The level of DHP award**
- In cases where a DHP is awarded due to a rent shortfall between housing benefit paid and rent due, the level of DHP awarded will not exceed the weekly or monthly eligible rent on the home. This includes the maximum amount of housing costs within UC towards a rental liability.
- 3.16 The UC award is made up of various elements such as personal, child and housing costs; however the final award consists of one monthly payment. If the customer is in receipt of a housing element within their UC, then the maximum DHP we can pay is the shortfall between the UC and the eligible rent.

3.17 For lump sum payments such as deposits or rent in advance the weekly limit does not apply.

### **3.19 Length of payments**

There is no limit to the length of time over which a DHP may be made. A time-limited award may be appropriate when an impending change of circumstances will result in an increase in HB or UC. The start and end dates of an award are decided on a case by case basis.

3.20 A short term award may give a customer time to sort out their financial or housing circumstances, particularly if they are trying to find alternative accommodation or gain employment.

3.21 A long term may be made until the customer's circumstances change. Examples may include a disabled customer living in significantly adapted accommodation in the social rented sector who is affected by the removal of the spare room subsidy or where a customer has a medical condition that makes it difficult to share a bedroom and for disabled children or non-dependants who need an additional bedroom for a non-resident overnight carer or team of carers.

3.22 Longer term awards may also be made where a disabled child who would normally be expected to share a bedroom under the size criteria rules requires a separate bedroom and provides evidence of this but does not meet the criterion of being in receipt of the Middle and Higher rates of DLA care.

3.23 In the case of long term awards these can only be awarded for a financial year at a time. At the start of the financial year, we will review the customer's circumstances at the same time as looking at renewing the award.

### **3.24 Backdating a DHP**

There are no restrictions on the length of backdating period (apart from any date prior to 2<sup>nd</sup> July 2001).

3.25 A backdated DHP award can only be made for a period where the linked HB or UC is payable.

3.26 Examples of where we may consider a backdated DHP award where:

- A customer is subject to a rent shortfall due to welfare reforms has accrued rent arrears during the transition period between a reduction in benefit and moving into employment.
- A customer has accrued rent arrears as a result of welfare reforms and the customer wants to move to more affordable accommodation, but the landlord is preventing this due to these arrears.

### **3.27 Notifying our decision**

We will aim to make a decision about awarding a DHP within 14 days of receiving all the information required.

- 3.28 We will tell all customers the outcome of their application for DHP, whether successful or not, and let them know:
- the reason for the decision;
  - that they can ask us to look at our decision again;
  - that they have the right to take the application to a judicial review.
- 3.29 For successful applications, our letters will include the following information;
- the amount of the award;
  - the period of the award;
  - the need to notify of any changes in circumstances;
  - advice that we cannot guarantee any future applications for help will be successful, even if circumstances have not changed because DHP is cash limited and the threshold set by Government cannot be exceeded.
- 3.30 The Revenues and Benefits Service will decide on the most appropriate person to pay DHP to depending on the circumstances of each case. Payments of DHP will be made in line with the frequency of Housing Benefit payments.
- 3.31 Appeals**  
Customers have no statutory right of appeal against DHP decisions because DHP's are not payments of benefit and therefore cannot be appealed to the HB tribunal.
- 3.32 If a customer (or their appointee or agent) disagrees with a DHP decision we will review it. The review will always be undertaken by someone other than the original officer to ensure a fair review and in order to mitigate the risk of legal challenge or allegation of maladministration.
- 3.33 If a customer's application has been reviewed and they are still not happy with the outcome they can:
- seek a Judicial Review;
  - make a complaint in accordance with the Council's complaint Policy, which explains how it can be escalated to the Ombudsman.
- 3.34 Change of circumstances and overpaid DHP**  
The Revenues and Benefits Service may revise an award of DHP where the customer's circumstances have changed, which either increases or reduces their HB or UC entitlement. Awards of DHP may also be revised when there is no change to the amount of HB or UC.
- 3.35 We cannot recover overpaid DHPs from ongoing Housing Benefit because they are not benefit awards. We can recover DHP overpayments by issuing an invoice to the person to whom the DHP payment was made.

3.36 Overpayments will be recovered in-line with the Council's Corporate Debt Policy.

3.37 East Devon District Council is committed to fighting fraud and therefore we will always aim to investigate any DHP applications which are suspected of being fraudulent. Submitting a fraudulent claim for DHP is a criminal offence and offenders may be prosecuted.

### **3.38 Publicity**

We will raise awareness of DHPs in a wide variety of ways including:

- using the Council's website;
- leaflets;
- in letters advising customers about their Housing Benefit awards;
- when customers come to us to discuss a claim;
- by working closely with our Housing Services Team;
- by making landlords and Social Services aware of the scheme;
- by involving key voluntary sector organisations such as CAB, Homemaker etc.

3.39 This will promote the overall aim of linking the scheme to the council's vision.

### **3.40 Responsibility for administration of DHPs**

The Revenues and Benefits Service are responsible for administering, determining and awarding DHPs.

3.41 The Service Lead for Revenues and Benefits will monitor the overall budget expenditure.

3.41 In order to monitor and manage the DHP budget effectively and fulfil its duty to act fairly, reasonably and consistently we will record the following:

- amounts awarded;
- reason for the award;
- duration of the award;
- customers' characteristics.

**4 Equality impact considerations – the Policy is high relevance to equality if it has a big impact on residents and users of the service**  
**Low**

**5 Appendices and other relevant information**  
Equality Impact Assessment

**6 Who authorised the Policy/strategy and date of authorisation.**  
Full Council 27 July 2016

**7 Related Policies/Strategies, Procedures and Legislation**

7.1 Related Policies:

- Corporate Strategy

- Homeless Strategy 2013-2018
- Homes and Communities Plan 2012-2016
- Corporate Debt Recovery Policy

7.2 Legislation:

- Section 69-70 of The Child Support, Pensions and Social Security Act 2000.
- The Discretionary Financial Assistance Regulations 2001
- Article 7 of The Discretionary Housing Payment (Grants) Order 2001
- Schedule 1 to the Housing Benefit Regulations 2006 and Schedule 1 to the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006
- Regulation 11(3) of the Housing Benefit Regulations 2006 and Regulation 11(2) of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006
- The Human Rights Act 1998
- Data Protection Act 1998

**8 Policy date for review and responsible officer**

Revenues and Benefits Service Lead is the responsible officer for this Policy. It will be reviewed by 2019, or earlier if required due to changes in legislation or guidance.

**Report to:** Cabinet

**Date of Meeting:** 8 June 2016

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 14

**Subject:** Monthly Performance Report April 2016

**Purpose of report:** Performance information for the 2016/17 financial year for April 2016 is supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement is necessary.

**Recommendation:** 1. That the Cabinet considers the progress and proposed improvement action for performance measures for the 2016/17 financial year for April 2016.

**Reason for recommendation:** This performance report highlights progress using a monthly snapshot report; SPAR report on monthly performance indicators and system thinking measures in key service areas including Development Management, Housing and Revenues and Benefits.

**Officer:** Karen Jenkins, Strategic Lead – Organisational Development and Transformation

[kjenkins@eastdevon.gov.uk](mailto:kjenkins@eastdevon.gov.uk)

ext 2762

**Financial implications:** There are no direct financial implications

**Legal implications:** There are none arising from the recommendations in this report

**Equalities impact:** Low Impact

**Risk:** Low Risk

A failure to monitor performance may result in customer complaints, poor service delivery and may compromise the Council's reputation.

**Links to background information:**

- [Appendix A – Monthly Performance Snapshot for April 2016](#)
- [Appendix B - The Performance Indicator Monitoring Report for the 2016/17 financial year up to April 2016](#)
- [Appendix C – System Thinking Reports for Housing, Development Management and Revenues and Benefits for April 2016](#)

**Link to Council Plan:** Continuously improving to be an outstanding Council

## Report in full

1. Performance information is provided on a monthly basis. In summary most of the measures are showing acceptable performance.
2. There are three indicators that are showing excellent performance:
  - Days taken to process Housing Benefit/Council Tax Benefit new claims and change events
  - Creditor Days - % of invoices paid in 10 working days
  - Working days lost due to sickness absence
3. There is one performance indicators showing as concern.
  - **Percentage of planning appeal decisions allowed against the authority's decision to refuse** - The Council received six appeal decisions during the month of April which are subject of the performance indicator. Three appeals were dismissed and three were allowed. This does not reflect any particular trend at this stage, as the figures are cumulative over a twelve month period. It is anticipated that our performance figure will stabilise over the next few months.
4. Monthly Performance Snapshot for March is attached for information in [Appendix A](#).  
Additional headline for information:  
East Devon District Council is open 24/7 as it continues to increase the number of transactions residents and businesses can carry out online. More than 570,000 people have visited the council's eastdevon.gov.uk website and in the first four months of this year, the council had recorded 240,000 visitors so far.
5. A full report showing more detail for all the performance indicators mentioned above appears in [Appendix B](#).
6. Rolling reports/charts for Housing, Development Management and Revenues and Benefits appear in [Appendix C](#).

# Monthly Performance Snapshot – April 2016



This monthly performance snapshot shows our performance over the last month:

- **4 days** to process your Housing or Council Tax Benefit claims
- **95%** of invoices received by us are paid within 10 days
- We dealt with 208 reactive building maintenance cases at our public buildings during March, this compares to 235 in March of this year, and 183 in April of last year. Examples of the cases from April include repairs to Knowle, installation of a new community electricity supply on the Green in Budleigh Salterton, dealing with a major power cut at Exmouth Leisure Centre and attempted arson at public toilets in Exmouth.

Latest headlines:

- In the last year EDDC won 78.2% of appeals against its planning decisions and won 9 out of 11 appeals against major developments. This is well in excess of the national picture where around 66% of appeals are won by the Local Authority.
- 1047 new homes were completed in East Devon in the last 12 month period. This is in excess of the average of 950 homes per year that is required by the recently adopted Local Plan.
- East Devon now has 38 Neighbourhood Plans currently in production putting us in top position as the district authority with the highest number of designated Neighbourhood Planning Areas in the country.
- In the last year there have been no awards of costs made against the Council for acting unreasonably in relation to any planning appeals.
- The latest housing monitoring data shows that we have a supply of 5.54 years of land for housing including a 20% buffer that is currently required due to past under provision. As a result the authority is in a secure position with regard to its 5 year housing land supply.
- The Council has agreed to adopt the Community Infrastructure Levy with effect from 1<sup>st</sup> September 2016. After this date developers will be required to pay for infrastructure that is not to be provided on-site such as highway improvements, school places etc through the levy which is charged per square metre of floor area created. Different charging rates apply



according to where in the district the development is located with the different rates reflecting the viability of developments in those locations. Section 106 agreements will continue to be used to secure infrastructure such as affordable housing and open space where it is to be delivered on the development site itself.

- The culmination of discussions with council tenants over 3 years led by Cllr Thomas with the support of Property & Estates Services, the Town Hall, worth some £125,000, has been transferred into the ownership of Seaton Town Council. It is believed that by placing the building in the hands of the local community, this will provide the best chances of success in achieving the required modernisation and continued community support to enable the enterprise to flourish.
- Thelma Hulbert Gallery (THG) events in April included an illustrated talk by the curator, Angela Blackwell to the Blackdown Hills Golden Age Group in Churchinford, runner bean planting in the THG garden with Honiton Childrens Centre, writing and photography workshops with Honiton Community College, family and schools workshops making bug boxes and bird feeders with Countryside Ranger Penny Evans and art activities with Honiton's home school network.
- As part of the Heritage Lottery project young people from THG's youth group 'Masterpieces' have worked with artists to create artworks and installations inspired by the history of the gallery building, Elmfield House. These artworks can be seen at THG and at Honiton Museum.
- 4 ponies were introduced to graze the healthland at Trinity Hill
- We received over 150 entries to the Countryside photography competition.

**Report to:** Cabinet  
**Date of Meeting:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None



**Agenda item:** 15

**Subject:** Cranbrook Town Centre Facilities

**Purpose of report:** To seek delegated approval to negotiate the terms of a financial contribution towards the accelerated delivery of town centre facilities at Cranbrook.

**Recommendation:**

- 1. Cabinet endorse the Chief Executive in consultation with the Leader, Deputy Chief Executive – Development, Regeneration and Partnership, Strategic Lead – Finance and Strategic Lead – Legal, Licensing and Democratic Services negotiating terms with the New Community Partners, Homes and Communities Agency and Devon County Council regarding management and repayment arrangements of funding associated with a loan from the HCA’s Local Infrastructure Fund.**
- 2. Cabinet require a further report detailing the terms of the proposed financial contribution for approval.**

**Reason for recommendation:** To support the accelerated delivery of key facilities in the town centre of Cranbrook.

**Officer:** Richard Cohen, Deputy Chief Executive [rcohen@eastdevon.gov.uk](mailto:rcohen@eastdevon.gov.uk)  
Tel: 01395 571552

**Financial implications:** The report sets out the proposal for this Council to help finance the early delivery of key assets to Cranbrook ahead of the expected delivery dates envisaged under planning obligation.

The Council has agreed previously to such a request with a £0.350m contribution to facilitate high street delivery at Cranbrook, again ahead of the normal planning obligation timescale. This is currently being met by the Council based on housing delivery numbers linked to £148.94 contribution for each house delivered between 1,150 and 3,500. This is being met by the Council using New Homes Bonus (NHB) grant.

Under this new proposal the initial calculation indicates EDDC will be requested to make a contribution in the order of a £2.4m, to be met in annual contributions with the maximum payment in a year of £0.267m. The idea that this is met from EDDC allocating NHB generated from housing growth at Cranbrook. By far the largest element to this calculation is the requested contribution to the provision of a Leisure Centre and Health and Well Being Centre with an annual contribution of £0.182m for 11 years.

The report highlights two key risks associated with this principle; the

Government is going to change the NHB methodology so there is uncertainty of this funding level going forward and on this occasion the interest rate attached to loan is variable rather fixed as previously. A 1% interest rise for example would increase our contribution from £2.4m to £3.6m.

These factors with any mitigation will need to be considered in the negotiation stage.

**Legal implications:** At this stage it is difficult to give clear advice on this matter given that the substantive aspects of the deal are yet to be negotiated between the parties. Clearly there are issues of State Aid and EU procurement to consider along with other appropriate contractual mechanisms to secure any deal and performance of the agreed terms. These aspects will be addressed in the follow on report which is to be brought back before Cabinet where the approval of the Committee is to be sought on the terms which have been agreed. Notwithstanding the above, and assuming that full consideration is given to ensuring that the agreed terms do not fall foul of other legal requirements, the principle of the Council agreeing to pay the interest aspect of the loan is legally acceptable. Legal advice should be sought on the terms of the deal throughout the negotiation process.

**Equalities impact:** Low Impact  
The town centre facilities will be accessible to all.

**Risk:** High Risk  
The successful delivery of the Cranbrook new community is fundamental to the strategy of the Local Plan. This paper puts forward a financial proposition that will support the accelerated delivery of key town centre facilities. This is not without risk, not least because a large part of the rationale for making a financial contribution is related to potential future New Homes Bonus revenues. The Government has yet to formally announce its response to consultation on reforms to this incentive earlier in the year. Further risks in terms of state aid, procurement and the underwriting of facilities associated with the expansion of Cranbrook beyond 3,500 homes also need to be fully understood and mitigated.

**Links to background information:**

**Link to Council Plan:** Living in this outstanding place

## **1 Introduction**

Cranbrook is key to the delivery of the adopted Local Plan and will accommodate the majority of the remaining new homes to be delivered in the District over the course of the Local Plan period. More generally Cranbrook has a vital role to play in providing a place for a vibrant new community to develop, helping to enable economic growth, improve productivity and achieve a more balanced demography in the District.

A major determinant of the role, function, character and success of Cranbrook will be its town centre. Delivering a centre that is fit for the 21<sup>st</sup> century in the face of trends such as internet retailing is the greatest challenge facing the town. The town centre of the future will serve a much wider function than just the traditional role of a shopping centre.

As Mary Portas stated:

*'High Streets are a really important part of building communities and pulling people together in a way that a supermarket and shopping mall, however convenient and however slick, just never can ... those who see high streets purely as a commercial retail mix need to think again'*

Portas Review, Dec 2011

This paper puts forward a financial proposition in the form of a contribution to the interest payments on a loan to be secured by the New Community Partners from the Homes and Communities Agency (HCA). This will support the accelerated delivery of key town centre facilities and also help to underpin current housing delivery rates.

## **2 Background**

The first 3,500 homes at Cranbrook have the benefit of outline planning permission. The delivery of supporting community infrastructure, from schools to play areas, is governed by the accompanying Section 106 agreement. This establishes trigger points for the provision of particular facilities which set a balance between the needs of the community and the challenge of affordability.

The delivery of phase 1 of Cranbrook was supported by £12m of forward funding from the (HCA). Essentially this is a cash flow tool which helped to bring forward key facilities such as St Martin's Primary School. This opened in September 2012 when there were less than 50 occupied homes in Cranbrook. The trigger point in the S106 agreement was 500 homes.

The forward funding turned what was potentially a barrier to delivery, in terms of the school being a substantial cost, in to a positive asset for the town. This is generally acknowledged as being the single greatest factor that has helped to drive house sales in phase 1 and promote a younger demographic than the East Devon norm. The forward funding is now being repaid by the Consortium on a roof tax basis as houses are sold.

This experience was repeated in phase 2 of Cranbrook. A £20m loan was secured by the Consortium from the Government's Locally Led Large Scale Development Initiative. This was the first such investment in the country and was intended to bring forward the Education Campus and to extend the main spine road, effectively to create the High Street. The Education Campus opened in September 2015.

A major difference from the first batch of forward funding was that the loan was now interest bearing. The Consortium negotiated a sub 2% rate which was fixed for the duration of the loan. The County Council made a capital contribution towards the school and Cabinet approved a contribution of £350,000 to the interest payments on the loan. This was on the basis that the accelerated delivery of the school and accompanying infrastructure would in turn accelerate housing delivery rates and lead to enhanced New Homes Bonus receipts.

The delivery of community infrastructure in Cranbrook was considered by DCC's Place Scrutiny Committee in 2015. The subsequent report published in September of that year included the following;

15. There is no standard model for planning community infrastructure and negotiating with developers, service commissioners and providers, but what is critical in creating a new town is upfront funding to support delivery the development of roads, community infrastructure and affordable housing from the public purse. Some of those facilities, e.g. the primary and secondary schools, Clyst Honiton bypass and Younghayes Community Centre, have been finalised ahead of schedule in Cranbrook. For others, notably the train station, there is a strong public perception that facilities are substantially behind schedule. Building and operating facilities without residents to use them is not viable but equally, residents expect facilities as soon as they move in. Participants repeatedly called for a multi-disciplinary team to plan and shape the future provision of services in Cranbrook.

### 3 Current Proposal

The current proposal centres around a further tranche of forward funding being secured from the HCA's Local Infrastructure Fund. This is to bring forward a range of facilities that will predominantly be located in the town centre and delivered over the course of the next two years. The table below lists these facilities together with the expected cost, the service area responsibility, expected delivery date without forward funding and the degree of acceleration. It is expected that the early availability of these facilities will help to underpin housing delivery rates at the current level of 350 – 400 year.

Of particular significance is the leisure centre and swimming pool proposal. The availability of such a facility in Cranbrook would be brought forward by at least 10 years. As well as helping to generate activity in the town centre, it would also help to secure wider objectives not least in relation to health and wellbeing outcomes.

Facility	Cost (£k)	Service area responsibility	Expected delivery without forward funding (Occupations/years)	Degree of acceleration (years)
Changing rooms	500	EDDC	1,700/2017	1
Country Park Resource Centre	500	EDDC	1,500/2016	1
Town Centre Retail units	800	Consortium	2,000/2018	2
Employment and Access Infrastructure	1,000	Consortium	2,000/2018	2
Public Open Space/Play Areas	1,200	EDDC	2,000/2018	2
Children's Centre	400	DCC	2,500/2018	3
Youth Facilities	800	DCC	3,450/2022	5
Town Council Offices	1,200	EDDC/CTC	3,450/2022	5
Library	1,200	DCC	3,450/2022	5
Enhanced Town Council Facilities (auditorium/incubator space)	1,000	EDDC/CTC	5,500/2028	11
Leisure Centre/Health and Wellbeing Centre	9,500	EDDC	5,500/2028	11

The total cost of these facilities is in the region of £18.1m of which circa £2.4m relates to DCC areas of responsibility and £1.8m to commercial facilities to be delivered by the Consortium. Discussions are ongoing with DCC to see what financial contribution they can make to the overall financial package.

Part of the challenge in delivering these facilities is that the requirements were originally negotiated over 5 years ago in different financial circumstances. A work stream led by the County Council and including engagement with Town Council has been looking at how to deliver these facilities cost effectively by aligning/combining requirements within the same facility. For example it is now anticipated that the library will be accommodated within the Town Council offices whereas

originally it was anticipated that this would be stand alone. The potential to accommodate the youth service provision within the leisure centre is also being explored.

It can be seen that the degree of acceleration varies significantly between the different facilities. The main capital project is the leisure centre which is anticipated to incorporate a six lane swimming pool. The most recent Cranbrook residents' survey revealed that a leisure centre and swimming pool are two of the most keenly anticipated facilities in Cranbrook and their availability could be brought forward by over a decade through these proposals. Consultation on the proposed plans is ongoing with the main sports bodies which will help to refine the proposals. Due to the scale of the project the procurement of an operator will need to be undertaken in such a manner as to be compliant with the European procurement regulations, depending on who procures.

The proposed auditorium and employment space provision would also be brought forward by over 10 years. It is proposed to incorporate this as part of an extended Town Council building, providing enhanced facilities from the outset. The justification for seeking the auditorium space relates to the progression of the Cultural Development Strategy for Cranbrook.

#### **4 Financial and legal risk**

It is anticipated that a funding agreement will need to be concluded with the HCA in the Autumn. The terms of this loan have been negotiated over the course of the last 12 months. The agreed interest rate is 1.92% which, in order to be State Aid compliant, has been set against the European reference rates and the degree of security offered by the Consortium. Ensuring that any financial contribution from the Council to meeting these interest payments is also State Aid compliant is an area that will need to be confirmed.

There are two critical differences from the previous round of forward funding;

- 1) The interest rate for the loan is not fixed – this could mean that the interest burden could increase if the Bank of England raises interest rates.
- 2) A significant proportion of the capital projects have yet to be enshrined as formal planning obligations as they relate to the expansion areas for Cranbrook for which there is no set timetable for determining the accompanying planning applications – this raises the challenge of underwriting the provision of these facilities in the interim period.

Understanding these risks, and how to mitigate them, will be an important part of the work to finalise a financial package.

A further risk relates to the New Homes Bonus regime. The Medium Term Financial Plan assumes that the ongoing development of Cranbrook will deliver 368 band D equivalent homes per annum which in turn will generate £437k of NHB receipts to the Council under current arrangements. Clearly if development rates were to exceed the assumed rates there would be an additional financial dividend.

The Government consulted on proposed changes to the NHB regime in February under the title of 'Sharpening the Incentive'. A response was submitted to this consultation in March and as yet there has been no formal response from Government. An update on progress has been sought from DCLG officials which elicited the following response;

*I've asked around and afraid I can't say much until the policy team respond to the consultation in early Summer (and I genuinely get the sense things haven't been decided yet). However, I think it is clear from the tone of the consultation that the LAs that have a local Plan and are building houses above and beyond what would happen anyway will continue to be rewarded. Housing growth is one of the most important priorities of this Government, so the way to guarantee that funding stream is to build lots of them!*

## **5 Town Centre Design Code**

There is a requirement on the Consortium to produce a Design Code to guide the determination of planning applications for individual facilities. The Council ran three workshops in 2013 to help develop this Code but a final version has not yet been agreed. In order to help conclude this a further workshop facilitate by Design Council/Cabe was held during April 2016. The write up of this workshop is contained at Appendix A and it highlighted a number of outstanding issues that still needed to be resolved including the size and composition of the main square in the town. It is vital that a 2016 Design Code is concluded in order to guide the determination of planning applications for the facilities listed above.

Importantly the workshop also considered the delivery model for the town centre. It was concluded that;

*‘Creating a successful town centre is a complicated process that cannot be delivered by one party alone. We recommend the Consortium and Council work together to agree a delivery strategy, design guidelines and how to draw on innovative thinking and practice from elsewhere, particularly regarding creating employment (in all its forms, including working from home) as an economic driver. The strategy should aim to meet both local community needs and the wider needs of the district’*

There is an outstanding question as to how the type of flexible employment space anticipated by the Economic Development Strategy for Cranbrook can be delivered and what role the Council should play in this.

## **6 Relationship with other initiatives**

Cranbrook town centre is included with the proposed Enterprise Zone. The incentives associated with this designation could help to further accelerate of new commercial space within the town centre. Cranbrook has also recently gained Healthy New Town status, one of ten such places in England. Accelerating the provision of the leisure centre has the potential to support enhanced activity rates and new forms of health service delivery. This would help to secure better health and wellbeing outcomes for the residents of Cranbrook.

## **7 Conclusion**

The growth of Cranbrook continues apace and the Local Plan sets a clear framework for continued expansion of the town to circa 20,000 population. This paper sets out a framework for a financial contribution to be made towards the accelerated delivery of facilities in the town centre alongside securing further forward funding from the HCA. The recommendation seeks delegation to the Chief Executive to progress the terms of the financial package. This would be alongside addressing the main financial and legal risks identified in the paper and concluding a Town Centre Design Code.

**Report to:** Cabinet  
**Date of Meeting:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None



**Agenda item:** 16

**Subject:** Cranbrook Team Resources

**Purpose of report:** This paper sets out the issues facing the future development of Cranbrook and the associated implications in terms of resources and team structure. It recommends the creation of a Team Leader post to manage the team and provide additional planning officer capacity to deal with the high levels of workload that the new community is generating.

**Recommendation:** 1. To endorse the recruitment of a Team Manager post for the Cranbrook Team

**Reason for recommendation:** To ensure that sufficient resource is in place to ensure the good planning of the Cranbrook new community.

**Officer:** Ed Freeman, Service Lead – Planning Strategy and Development Management  
[efreeman@eastdevon.gov.uk](mailto:efreeman@eastdevon.gov.uk); Tel: ext 2719

**Financial implications:** Staffing proposals are contained in the report which have financial implications for the 2016/17 financial year and then ongoing. In 2016/17 the implications of the proposals total £124,000, this increases to £176,000 a year from then on as external funding ceases and the implications of staff being in post for a full year. The report does outline the reasoning behind these proposals and in terms of income generation there is a clear evidence with Cranbrook and the Growth Point area relating to business rates, New Homes Bonus and planning fees. If approved this does increase the Council's medium term financial plan deficit which will have to be recovered from increased income or reduced costs within the Council's budget.

**Legal implications:** There are no legal implications arising from this report

**Equalities impact:** Low Impact  
The recruitment process will be equalities compliant

**Risk:** Medium Risk  
The successful delivery of the Cranbrook new community is fundamental to the strategy of the Local Plan. This paper puts forward a proposed team structure and level of resource that is required to manage the planning aspects of this. The main risks are associated with not being able to recruit to the proposed Team Leader post and the loss of experience staff.



**Links to background information:** -.

**Link to Council Plan:** Living in this outstanding place

## **1 Introduction**

- 1.1 Cranbrook is key to the delivery of the adopted Local Plan and will accommodate the majority of the remaining new homes to be delivered in the District over the course of the Local Plan period.
- 1.2 More generally Cranbrook has a vital role in providing a place for a vibrant new community to develop, helping to enable economic growth, improve productivity and achieve a more balanced demography in the District.
- 1.3 It is important that we are able to effectively manage the delivery of the detailed planning and strategic processes that enable the continued delivery of current development and the future expansion of the town.
- 1.4 The Cranbrook Team was formed as a tactical response to some immediate issues. As such the arrangements that were put in place were intended to last for a 12 to 18 month period. We are now reaching the end of that period and the structure of the team needs to be reviewed to put it on to a more permanent footing.

## **2 Background**

- 2.1 The Cranbrook Team was formed in April 2015. This was as a response to;
  - Increasing workloads including a peak in major planning applications and the progression of the Cranbrook masterplan
  - The need for an effective working relationship with the New Community Partners
  - New stakeholders coming in to being, not least the forthcoming creation of the Cranbrook Town Council
- 2.1 The Team is comprised of the following posts;
  - Projects Director (0.5 FTE)
  - New Community Officer (1.0 FTE)
  - Senior Planning Officer (1.0 FTE)
  - Planning Officer (1.0 FTE)
  - Urban Designer (1.0 FTE)
  - New Community Projects Officer (1.0 FTE)
- 2.2 The Urban Designer and Projects Officer posts have been funded for the past two years by capacity funding from DCLG. This funding has now ended and it is unlikely that there will be further equivalent support over the term of the current Government. The New Community Officer post is funded through s.106 contributions.
- 2.3 Two of the posts (Planning Officer and Senior Planning Officer) are secondments from within the Development Management Team which are due to end in November 2016. The posts in Development Management have been backfilled with temporary posts but need to be filled on a permanent basis. This is particularly the case since one of these was also a secondment thereby leaving a vacant Technical Officer post in one of the Development Management Teams which has not been backfilled.

- 2.4 Three further posts (New Community Officer, New Community Projects Officer and Urban Designer) are on temporary contracts, two of which are due to end in 9 months time. The contract for the New Community Officer post has longer to run and does not need to be reviewed at the present time. In any event this post has historically been funded through the Section 106 agreement with the developer consortium and the future of this arrangement needs to be resolved first. The Projects Director's role is shared with the Growth Point team which in itself is subject to the progression of the Greater Exeter, Greater Devon partnership.

### **3 Resources**

- 3.1 The Local Plan anticipates that Cranbrook will deliver over 60% of the outstanding housing requirement in the District. The level of workload for the team is unlikely to diminish over the course of the next 2 years.
- 3.2 Key workstreams will include;
- The progression of the Cranbrook masterplan as a Development Plan Document through to examination and adoption
  - Determination of the current expansion applications to take Cranbrook to circa 8,000 homes including accompanying s.106 agreements.
  - Applications for the main community facilities in the town centre including a leisure centre and Town Council offices
  - Transfer of assets both to the District Council and from the Council to the Town Council e.g. the Younghayes Centre
  - Additional reserved matters applications for further phases of development
  - Ongoing monitoring of progress and enforcement of obligations
  - Engaging with partners and stakeholders to address specific issues, manage expectations and ensure the efficient delivery of services
- 3.3 There are also other initiatives progressing that could also impact on future workloads. This includes the recent award of Healthy New Town status.

### **4 Proposed Team Structure**

- 4.1 The Project Director is employed as part of the Growth Point team which is funded by both EDDC and Exeter City Council. When he stepped into overseeing the work of the Cranbrook Team it was envisaged that this would be on the basis of leading the team in terms of their strategic approach to delivery of Cranbrook and acting as a liaison between the Council and the Developer Consortium.
- 4.2 It has however become clear that the team require more hands on line management than was envisaged and this has led to the Project Director and the Service Lead – Planning Strategy and Development Management being pulled into more detailed issues than was originally envisaged. This has diverted attention away from more strategic level work.
- 4.3 The Team are already working to full capacity and the above listed work streams suggest that workloads are likely to further increase. In order to manage this it is proposed to create a Team Leader post that would provide extra capacity for dealing with the major planning applications as well as the day to day management support that is required. The Service Lead would then provide the more strategic oversight and liaison with the consortium of developers.

4.4 It is proposed to;

- Create a new post to manage the team
- Make the Planning Officer and Senior Planning Officer posts permanent positions as opposed to the current secondments arrangements
- Make the Urban Designer contract permanent.
- Move the New Community Projects Officer post back to the Growth Point Team

A proposed structure diagram is provided at Appendix 1.

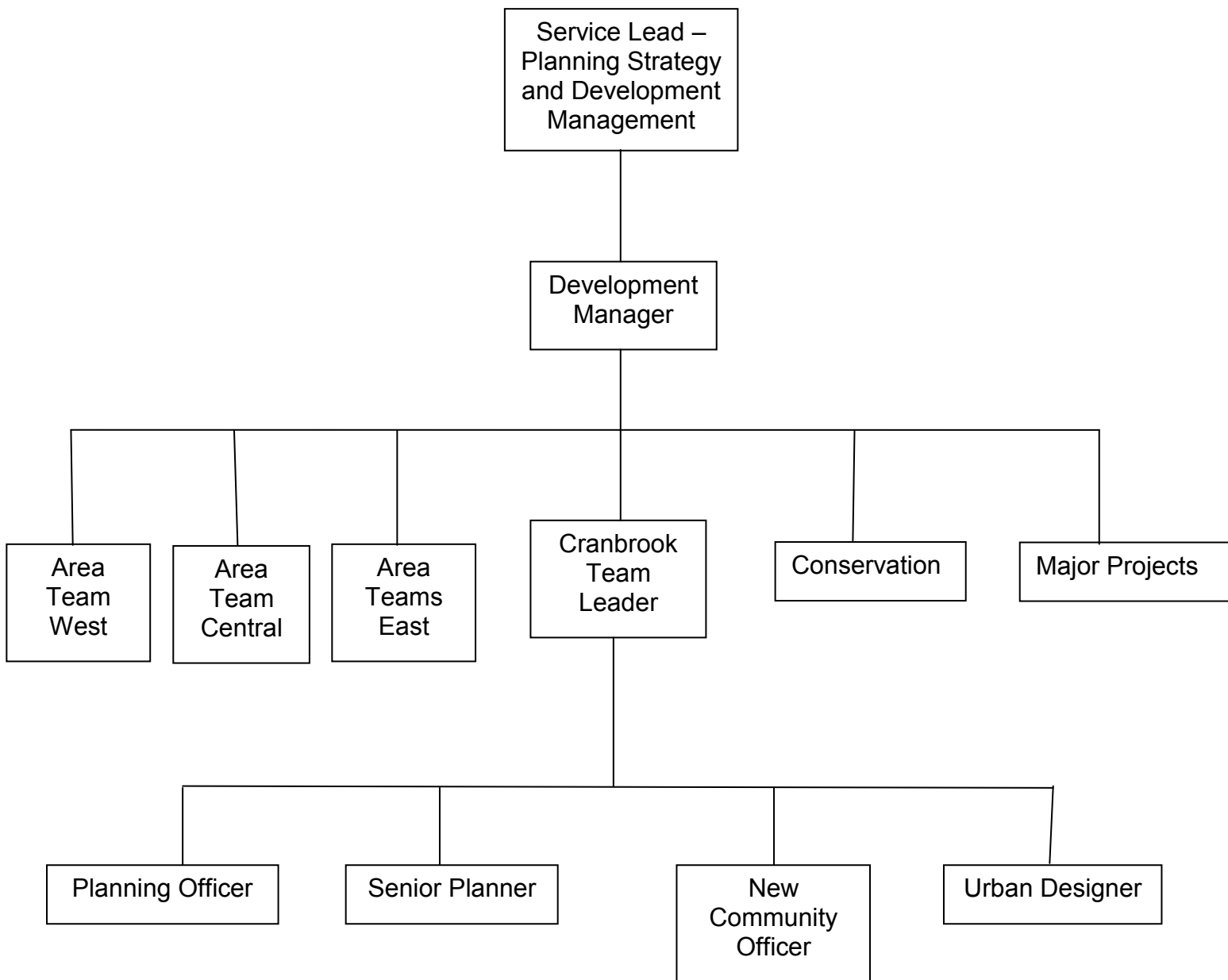
## **5 Alternative Options and Financial Implications**

- 5.1 A range of alternative options have been explored including whether the New Community Officer role, which is a Grade 9 post, could take on line management responsibilities. However this would not address the need to need to strengthen management capacity.
- 5.2 Urban design support could be commissioned on a consultancy basis as an alternative to an in house resource. This is likely to be a more expensive option over time and also would not provide the continuity and wider input in to the team that is currently available.
- 5.3 The expected additional cost of recruiting the manager post will be £50k-£60k p.a. including on costs. There will be savings in terms of the Projects Director's time, which can be re-focused elsewhere as part of the development of the Greater Exeter partnership, and that of the Service Lead.
- 5.4 Other costs will include backfilling for the two planning posts which are currently seconded. The Urban Designer will need to be added to the permanent staff role. The alternative would be start redeployment/redundancy proceedings during the course of the next year as this contract reaches its end. The future of the New Community Projects Officer role will need to be considered alongside the wider review of the Growth Point team.

## **6 Conclusion**

- 6.1 The growth of Cranbrook continues apace and the Local Plan sets a clear framework for continued expansion of the town to circa 20,000 population.
- 6.2 This paper sets out a proposal for how team resources can be structured and put on to a permanent footing to meet future demand and ensure that specific challenges are met and quality services are delivered alongside key partners.

## Appendix 1 Proposed Structure



**Report to:** Cabinet  
**Date of Meeting:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None



**Review date for release** None

**Agenda item:** 17

**Subject:** **Appointment of Inspector to examine the Stockland Neighbourhood Plan**

**Purpose of report:** This report is written to advise Cabinet that exemption to standing orders has been applied in order to appoint an independent examiner to examine the Stockland Neighbourhood Plan. In order to secure a speedy examination and to accord with the wishes of the plan producers it was seen as desirable to secure the services of Nigel McGurk who has established a track record in Neighbourhood Plan examination work and has undertaken a previous Neighbourhood Plan examination for East Devon District Council at Lympstone. Early adoption of the Neighbourhood Plan will help with establish a positive planning policy framework for the parish to inform determination of planning applications in Stockland.

**Recommendation:** **To note the exemption to Contract Standing Order to enable the appointment of Nigel McGurk to undertake the Examination of the Stockland Neighbourhood Plan.**

**Reason for recommendation:** To ensure that an independent examiner is in place and appointed.

**Officer:** Tim Spurway, Neighbourhood Planning Officer,  
[tspurway@eastdevon.gov.uk](mailto:tspurway@eastdevon.gov.uk) Tel: 01395 571745

**Financial implications:** Government funding of £20,000 is available to cover the cost of the examination

**Legal implications:** The contract value falls below the threshold set out in the Public Contracts Regulations 2015 and therefore the EU procurement procedure does not apply and an exemption can be validly given pursuant to the Council's Contract Standing Orders Rule 3.1.

**Equalities impact:**

**Risk:** Low Risk: A low impact is identified from the appointment.

**Links to background information:** No background Documents are linked to this report

**Link to Council Plan:** Living in this Outstanding Place.

**Report to:** Cabinet

**Date of Meeting:** 8 June 2016

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 18

**Subject:** Access to information 2015/16

**Purpose of report:** This report provides information about requests received under the Freedom of Information Act (and Environmental Information Regulations) between 1 April 2015 and 31 March 2016. The report also looks at steps taken during the last 12 months to improve the accessibility of information.

**Recommendation:** That Cabinet considers the number and type of requests received under the Freedom of Information Act and the steps being taken to improve access to information.

**Reason for recommendation:** To continue to improve the way we deal with requests for information

**Officer:** Henry Gordon Lennox, Monitoring Officer  
[HGordonLennox@eastdevon.gov.uk](mailto:HGordonLennox@eastdevon.gov.uk)

Tel: ext 2601

**Financial implications:** There are no direct financial implications relating to this report.

**Legal implications:** There are no direct legal implications arising from the report. It is a legal requirement to provide the information within the 20 working day time period but it is acknowledged that this is not always possible due to a variety of reasons.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

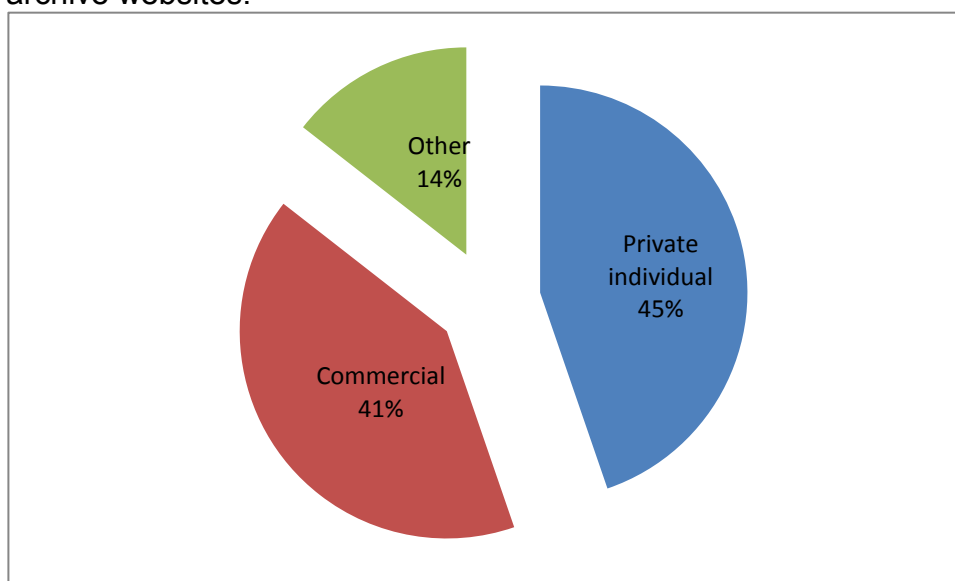
- <http://eastdevon.gov.uk/access-to-information/>
- <http://search.ico.org.uk/ico/search/decisionnotice>

**Link to Council Plan:** Continuously improving to be an outstanding council

## Report in full

### 1 Summary of requests received

- 1.1 588 requests have been dealt with under the Freedom of Information Act (Environmental Information Regulations) during the year 2015/16.
- 1.2 This figure has risen from 486 in 2014/15.
- 1.3 There continues to be a trend for requests originating from commercial organisations asking questions relating to council contracts; information pertaining to businesses and their payment of business rates; and topics of general news interest like the impact of changing legislation.
- 1.4 The council's major projects, such as the office re-location and the regeneration of Exmouth seafront are also continuing to generate interest amongst a small number of local residents and campaign groups. Although these requests form a relatively small proportion of the overall number received, due to the complexity of some of the questions asked, they do take up proportionally more time compared with other requests.
- 1.5 The service areas receiving the highest number of requests are Council Tax/Benefits/Business Rates; Planning; Support Services (including HR/ICT/Legal); and Housing.
- 1.6 The pie chart below shows the origin of requests received during the year. The "other" category includes MPs, academic institutions and requests received through public archive websites.



### 2 Request handling

- 2.1 From January 2016, additional resource has been directed to the processing of information requests and to assisting with our aim to improve transparency and access to information. This has helped us to deal with the volume of requests continuing to be received and to improve response times, amongst other steps which are set out further below.
- 2.2 From April - December 2015, our average response time to requests for information was 17 working days and, since January 2016 this figure has fallen to 13 working days – well within the statutory deadline of 20 working days. It should be noted that the team are reliant on other services to provide information and so the response times are, to a degree, beholden

to the response times from the services.

- 2.3 During 2016/17 we will continue to actively monitor response times to ensure continuous improvement.

### **3 Customer satisfaction**

- 3.1 If a customer feels dissatisfied with the way we have responded to their request for information, they have the right to refer the matter to the Information Commissioner (ICO). 8 decision notices were issued by the ICO during the year.
- 3.2 The 2 most recent notices from May 2016 were not upheld. Amongst the remaining 6 notices, 5 identified a technical breach in terms of exceeding response times and the remaining 1, from May 2015, identified further breaches which are outlined below.
- 3.2 It should be noted that all of the decision notices relate to requests received before January 2016. With regard to those cases, the sheer volume of information requested and the complex nature of some requests meant that we were unable to provide all requested information within 20 working days.
- 3.3 It is clearly beyond our control whether or not a complaint is referred to the Information Commissioner but reassuring to note that 8 decision notices equates to around 1% of all requests dealt with during the year and that these resulted from complaints from only three individuals. The Commissioner did not require the council to take any steps in respect of these decisions.
- 3.4 We cannot preclude referrals being made to the ICO and it is the referer's prerogative to insist upon a formal decision notice even in cases where matters may have been resolved informally first.
- 3.5 A brief summary of decision notices issued throughout the year is provided below:

#### **March 2016**

The complainant requested information regarding the council's gas and electricity consumption at The Knowle. The Commissioner concluded that the council had correctly applied the exception for manifestly unreasonable requests. The Commissioner also found that the council had not breached the provision to provide advice and assistance, nor the requirements in relation to the refusal to disclose information.

#### **March 2016**

The complainant requested evidence showing that a planning report had been critically examined by the planning authority. The Commissioner was satisfied that the council did not hold the requested information and that the council had complied with its obligation to provide advice and assistance.

#### **January 2016**

The complainant had requested copies of the agendas and minutes of all council, cabinet and other meetings, including background papers, for the past 4 years. The Commissioner was satisfied that the council had complied with the request but found it to be in breach of the duty to do so within 20 working days. It is worth pointing out that this was a massive undertaking and it was unreasonable to expect compliance to have happened within the 20 day period. This is a good example of how we were found to have ultimately complied with the request but still found to have breached the requirements on a technicality.

#### **January 2016**



The complainant requested information relating to the office re-location. During its internal review process, the council noted that some reports had been over-looked and did not provide all information up to the date of the request. The council corrected this and provided all documentation at internal review but the complainant felt it appropriate to refer the matter to the ICO who were duty-bound to point out that we did not provide all requested detail within 20 working days.

### **September 2015**

The complainant requested information about who the officers and members were who were involved in responding to a previous request. The Commissioner confirmed the council's position that no further information was held but noted that a response had not been provided within the statutory timescale.

### **July 2015**

The complainant requested a list of key decisions considered by the council. Following internal review, all information held had been provided but the complainant was not satisfied with the time taken to provide it and referred the matter to the Commissioner who concluded that all information had been provided, but not within the statutory timescale.

### **July 2015**

The complainant requested information with regard to a policy investigation in relation to alleged corruption concerning a former councillor. The Commissioner concluded that the council had provided all relevant information but not within the statutory timescale.

### **May 2015**

The complainant requested various items relating to the council's re-location project. The council initially provided links to information which was already publicly available. The complainant pointed out to the Commissioner that he no longer wanted the requested information because of the passage of time since the initial request but that he wanted the Commissioner to look into the council's refusal to provide it at the time. The Commissioner felt that the council should have engaged more proactively with the complainant to try to clarify the exact nature of the information being sought; that some information was withheld which should have been provided; and that the response had exceeded statutory timescales.

## **4 Access to information**

- 4.1 We are continuing to be proactive in making information available to the public in a timely way and to only hold documents as confidential in exceptional circumstances. We have made changes to our website to include a dedicated "access to information" page which includes an archive of re-location documents; previously confidential reports; and links to our Freedom of Information and Data Protection pages.
- 4.2 Reports which were previously considered under Part B at our committee meetings (in closed session) are now being published, where it is appropriate to do so. This is an ongoing process and has commenced with Cabinet where the vast majority of Part B reports occur.
- 4.3 We have seen a significant reduction in the number of reports being presented to Cabinet under Part B as report writing officers are working to the council's stated transparency aims. We have introduced measures to ensure that Part B reports have to be approved by the Monitoring Officer (or Deputy MO) and, where possible, only sensitive information will be withheld, with the remainder of a report being in the public domain.

- 4.4 An example of this approach in action is the Waste Contract report which was submitted to Cabinet in February 2016. Information about the bidding process, including the scoring criteria for each bidder has been published with only a minimal amount of information being redacted on the grounds of commercial confidentiality.

## Agenda Item: 19

### Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations

Under Regulation 19, there is a requirement to submit an annual report containing details of each executive decision which was agreed as urgent under Regulation 11 (Cases of special urgency) where less than 5 days' notice could be given.

7 October 2015	Asset Management – Tenanted Non-Residential Property Review: Beach Huts and Chalets	An urgent decision was required so that the proposals in respect of EDDC's beach huts and chalets could be progressed. The report included feedback from public consultation and the Scrutiny Committee.  <b>Reason for urgency:</b> In order for further consideration to be given to the issues surrounding beach huts, the report needed to go through Cabinet at the earliest opportunity.
Decision Minute *94	(1)	that the report on the beach huts service consultation be noted;
	(2)	that market rents be achieved by means other than auction or sealed bids as a mechanism to establish open market charges on existing beach huts;
	(3)	that the standard hire charges be increased for 2016/17 with the aim of achieving open market rates in the future;
	(4)	that the relevant Town and Parish Councils be invited to a series of consultation meetings, to establish how the service can best be managed for the benefit of all local communities;
	(5)	that the Searchlight Enplacement structure at Seaton be offered for sale on a freehold only basis;
	(6)	that the previous resolutions (2 & 3 to replace the existing huts at Sidmouth Jacobs Ladder and assess an additional site) made by Cabinet on 7 January 2015 in relation to the service provided at Sidmouth be reversed (so that the existing huts are maintained as part of the Council's on-going maintenance programme with no assessment being made in respect of a potential additional site between the Esplanade and Chit Rocks);
	(7)	that the necessary arrangements be made to publish the Beach Huts Service waiting lists and list of current licensees;
	(8)	that sites only be offered at Budleigh Salterton and Seaton from 1 April 2016 on a year-to-year licence, but should EDDC retain the individual management of these beach huts and chalets in 2016, they would be offered to leasees on a 5-year lease;

	(9)	that the Council communicate with all beach hut holders as soon as the position going forward has been agreed.
Reason for decision:	<p>To respond to feedback following public consultation whilst aiming to maximise the value of Council assets through commercial thinking, best value for money and community benefit.</p> <p>The earlier proposal to go down an open market route to establish market charges on the existing sites had generated public dissatisfaction. There had been interest from some local councils in taking over the running of the beach hut service and therefore providing an opportunity to open discussions in this respect was useful.</p>	
Decision made by Council	21 October 2015, Minute 94	
6 April 2016	Minutes of the Overview Committee	<p>Included as a matter of urgency in order for Cabinet to be informed about the Committee's consideration of local flood management, business engagement and the Local Government Boundary Committee for England Electoral Review programme.</p> <p><b>Reasons for urgency</b> – officer recommendation is to present the minutes of the Overview Committee meeting held on 22 March 2016 due to the next Cabinet meeting being put back until 11 May 2016.</p>
Minute *206	The decisions of the Overview Committee Meeting were noted and supported.	
Decision made by Council	20 April 2015, Minute 77	

**Report to:** Cabinet  
**Date of Meeting:** 8 June 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 20

**Subject:** Fixed penalty notice for fly tipping

**Purpose of report:**

To advise that on 9 May 2016 The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 inserted a new Section 33ZA of the Environmental Protection Act 1990. Authorised Council Officers may now serve a fixed penalty notice on a person who they have reason to believe has committed a waste deposit offence.

The report asks Members to approve the use of this new power and recommends an appropriate level of fixed penalty. The power will typically be used by Officers to deal with small, medium and large fly-tipping offences that are being committed by householders or small scale “man and a van” operations. The investigation of very large scale commercial fly tips will remain the responsibility of the Environment Agency.

**Recommendation:**

To approve the use of fixed penalty notice enforcement for fly tipping offences.

To determine the amount of the fixed penalty payable in respect of offences committed in East Devon (within the range £150 to £400) and to consider whether the Council should accept a reduced amount (being not less than £120) if payment is received within 10 days of service of the notice.

**Reason for recommendation:**

To enable Officers from both the Environmental Health and Streetscene teams to issue a fixed penalty notice to a person who has committed a fly tipping offence.

**Officer:**

Andrew Ennis and Andrew Hancock – Tel: 01395 517452

[aennis@eastdevon.gov.uk](mailto:aennis@eastdevon.gov.uk) [ahancock@eastdevon.gov.uk](mailto:ahancock@eastdevon.gov.uk)

**Financial implications:**

The financial implications are included within the report.

**Legal implications:**

The legal position is set out within the report. Officers already have the necessary authority to issue these fixed penalty notices, however Cabinet need to set the level of the fines. The proposed levels are within the limits set by the legislation and so it is up to Members to decide whether they agree with them. Alternative levels could be set provided they remain within the limits identified.

**Equalities impact:**

Low Impact

**Risk:**

Low Risk

**Links to background information:**

- None

**Link to Council Plan:**

Encouraging our communities to be outstanding; delivering and promoting our outstanding environment.

## Report

1. The purpose of this report is to advise members that there is a new provision in the legislation that will improve our response to fly tipping.
2. Officers from the Environmental Protection and Streetscene teams already have delegated authority to serve fixed penalty notices for littering offences.
3. Commercial carriers of waste must hold a licence and Officers will serve fixed penalty notices where waste has not been carried or disposed of in accordance with a licence. These fixed penalties have been set at £300.
4. Over the last 6 months, 8 fixed penalty notices have been served for both littering and fly tipping.
5. Prior to 9 May 2016 there was no fixed penalty option to deal directly with fly tipping carried out by house holders. Where an offender could be identified the only enforcement option was prosecution proceedings in Court.
6. Our officers and many others contributed to a consultation process in 2015 seeking views on improving the enforcement options. There was strong representation for a new fixed penalty for fly tipping.
7. On 9 May the Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 inserted a new Section 33ZA of the Environmental Protection Act 1990. Authorised officers may now serve a fixed penalty notice on a person who they have reason to believe has committed a waste deposit offence.
8. We can now use the new fixed penalty provision to deal with small (defined as more than one black bag), medium and large scale fly tips. These are offences committed by householders or “man and a van” type operations. Very large scale commercial fly tips will still be pursued by the Environment Agency.
9. As part of the enforcement process, Streetscene operatives will remove the fly tip and will separately charge offenders for the cost of the clear up and disposal which will obviously be in proportion to the nature and volume of the waste that was cleared.
10. We envisage that a fixed penalty notice would be used only in response to a first offence committed by an individual or company. Prosecution proceedings in a court of law are likely to be in the public interest in response to a repeat offence.
11. Where a fixed penalty notice has been served and is not paid in accordance with the charging regime agreed today, again prosecution proceedings are likely to be appropriate.
12. These offences are punishable following conviction by up to five years imprisonment and/or a fine of up to £50,000.

## The fixed penalty amount

13. The legislation provides for us to set our fixed penalty within the range £150 to £400. If we do not specify an amount, this defaults to £200. There is also an opportunity to specify a reduced amount (of not less than £120) if payment is received in full within ten days.
14. A fixed penalty of £400 would be proportionate in the case of a large fly tip. However, we need to consider alongside this the fact that the offence of failing to produce waste transfer documents attracts a £300 penalty for a commercial operator carrying other people’s waste without a licence.
15. At £400 there is a risk that some of the householder offenders may simply not be willing or able to pay and this will effectively compel us to begin an expensive court case where the penalty (although potentially imprisonment and up to £50,000) is at the Magistrates discretion. Whatever the outcome then, the Council doesn't receive any of that fine and although we would make a claim for our costs, our experience is that often we don't get all (or even any) of our costs back.
16. We know from our experience in dealing with parking penalty charge notices that people argue and challenge penalties. However this is quickly curtailed and the case closed as we approach the time

limit for paying the reduced amount. In fact around 90% of people pay the reduced amount rather than continue to challenge so this is efficient in terms of management time.

17. Our other fixed penalty notices (dog control and litter) are set at £80 (the maximum allowed and no reduction is offered for early payment). These notices invariably attract some long, drawn out discussions and requests to pay by instalment.

## **Conclusion**

We feel that a reduced penalty (of at least £120) is still going to be painful for most offenders. In addition since the actual cost of clean-up (an hourly rate) and disposal costs are added, it will always be a more expensive option to fly tip than to pay legitimate disposal costs in the first place so it clearly works as a deterrent. Making use of this incentive (that is specifically provided for in the legislation) for early settlement (of a first offence) is a legitimate means of efficiently reducing end-to-end times and resolving problems. However, there is clearly a risk that allowing the case to be resolved by making a reduced payment (to a minimum of £120) would send a signal that the offence is being trivialized. Officers have discussed the pros and cons and would welcome Members views on whether on balance the promise of early resolution is likely to outweigh any extra “punishment” that might be achieved by imposing the full-price fixed penalty.