



Public Document Pack

North Devon Council
Brynsworthy Environment Centre
Barnstaple
North Devon EX31 3NP

K. Miles
Chief Executive.

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held as a Virtual – Online meeting on **MONDAY, 2ND NOVEMBER, 2020 at 10.00 am.**

Members of the Strategy and Resources Councillor Worden (Chair)
Committee

Councillors Barker, Knight, Lofthouse, Patrinos, Pearson, Prowse, L. Spear, Wilkinson and Yabsley

AGENDA

1. Virtual meeting procedure - briefing and etiquette
Chair to report.
2. Apologies for absence
3. To approve as a correct record the minutes of the meeting held on 5 October 2020 (attached). (Pages 5 - 12)
4. Items brought forward which in the opinion of the Chair should be considered by the meeting as a matter of urgency.
5. Declarations of Interests.
(Please telephone the Corporate and Community Services team to prepare a form for your signature before the meeting. Interests must be re-declared when the item is called, and Councillors must leave the room if necessary).
6. To agree the agenda between Part 'A' and Part 'B' (Confidential Restricted Information).

PART 'A'

7. **Review of North Devon and Torridge Local Plan 2011-2031** (Pages 13 - 22)
Report by Head of Place (attached).
8. **Batsworthy Cross Windfarm** (Pages 23 - 26)
Report by Service Lead – Environmental Protection (attached).

9. **Performance and Financial Management Quarter 2 of 2020/21** (Pages 27 - 56)
Report by Head of Resources (attached).
10. **Treasury Management Strategy Statement and Annual Investment Strategy: Mid Year Review Report 2020/21** (Pages 57 - 74)
Report by Chief Financial Officer (attached).
11. **Test and Trace Payment Schemes** (Pages 75 - 118)
Report by Revenues and Benefits Manager (attached)
12. **Commercialisation Strategy** (Pages 119 - 128)
Report by Head of Resources (attached).
13. **Lynton Agency Performance Review** (Pages 129 - 134)
Report by Head of Resources (attached).
14. **North Devon Destination Management Organisation** (Pages 135 - 140)
Report by Chief Executive (attached).
15. **Joint Local Plan Working Group - appointment of Members**
In pursuance to minute 7 of the meeting of the Committee on 3 June 2019, it is recommended that Councillors Prowse, D. Spear and Yabsley appointments to the Joint Local Plan Working Group be confirmed and that a Councillor be appointed to replace Councillor Leaver to the Group for the life of the Council.

PART 'B' (CONFIDENTIAL RESTRICTED INFORMATION)

Nil.

If you have any enquiries about this agenda, please contact Corporate and Community Services, telephone 01271 388253

23.10.20



North Devon Council protocol on recording/filming at Council meetings

The Council is committed to openness and transparency in its decision-making. Recording is permitted at Council meetings that are open to the public. The Council understands that some members of the public attending its meetings may not wish to be recorded. The Chairman of the meeting will make sure any request not to be recorded is respected.

The rules that the Council will apply are:

1. The recording must be overt (clearly visible to anyone at the meeting) and must not disrupt proceedings. The Council will put signs up at any meeting where we know recording is taking place and a reminder will be issued at the commencement of virtual meetings.
2. The Chairman of the meeting has absolute discretion to stop or suspend recording if, in their opinion, continuing to do so would prejudice proceedings at the meeting or if the person recording is in breach of these rules.
3. We will ask for recording to stop if the meeting goes into 'part B' where the public is excluded for confidentiality reasons. In such a case, the person filming should leave the room ensuring all recording equipment is switched off. In a virtual meeting the public will be excluded from the meeting while in Part B.
4. Any member of the public has the right not to be recorded. We ensure that agendas for, and signage at, Council meetings make it clear that recording can take place – anyone not wishing to be recorded must advise the Chairman at the earliest opportunity. Public contributions to virtual meetings will be recorded, unless, at the Chair's discretion, recording is deemed inappropriate in accordance with point 2 above.
5. The recording should not be edited in a way that could lead to misinterpretation or misrepresentation of the proceedings or in a way that ridicules or shows a lack of respect for those in the recording. The Council would expect any recording in breach of these rules to be removed from public view.

Notes for guidance:

Please contact either our Corporate and Community Services team or our Communications team in advance of the meeting you wish to record at so we can make all the necessary arrangements for you on the day.

For more information contact the Corporate and Community Services team on **01271 388253** or email **memberservices@northdevon.gov.uk** or the Communications Team on **01271 388278**, email **communications@northdevon.gov.uk**.

NORTH DEVON COUNCIL

Minutes of a meeting of Strategy and Resources Committee held at Virtual - Online meeting on Monday, 5th October, 2020 at 10.00 am

PRESENT: Members:

Councillor Worden (Chair)

Councillors Barker, Leaver, Lofthouse, Patrinos, Pearson, Prowse, L. Spear and Yabsley

Officers:

Chief Executive, Head of Resources, Lead Officer - Planning Policy, Senior Solicitor/Monitoring Officer, Service Lead - Environmental Protection, Customer and Corporate Services Manager, Contracts Delivery Manager, Head of Environmental Health and Housing, Public Protection Manager and Head of Place

Also Present:

Councillors Knight, Luggar, Roome, D. Spear, Tucker and York

181. VIRTUAL MEETING PROCEDURE - BRIEFING AND ETIQUETTE

The Chair outlined the virtual meet procedure and etiquette to the Committee and attendees.

The Senior Corporate and Community Services Officers confirmed the Members of the Committee, Members, Officers and external attendees who were present.

182. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Wilkinson.

183. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 1 SEPTEMBER 2020 (ATTACHED) SUBJECT TO THE FOLLOWING CORRECTION BEING INCLUDED IN MINUTE 173 (B):

RESOLVED that the minutes of the meeting held on 1 September 2020 (circulated previously) be approved as a correct record and signed by the Chair subject to the typographical error in minute 179 being amended from "RECOMMENDED" to "RESOLVED" and the following correction being included in minute 173 (b):

"The Emergency Planning Officer had previously informed the Committee that there was no weather warning in force prior to the

flooding. She had since realised that this was incorrect and the record should read that there was a Met Office yellow weather warning for thunderstorms issued on Monday 17th August 2020 but this covered many parts of England. There was no weather warning that specifically identified Barnstaple/North Devon as high risk and due to the uncertainty in the forecast it was not possible to predict what areas would be impacted, so this would not have changed our response to the flooding.”

184. ITEMS BROUGHT FORWARD WHICH IN THE OPINION OF THE CHAIR SHOULD BE CONSIDERED BY THE MEETING AS A MATTER OF URGENCY.

(a) Affordable Housing

Councillor Prowse advised that there was currently no supplementary planning document in place regarding securing section 106 contributions from developers in relation to the provision of affordable housing. A Supplementary Planning Document was in place in 2005/06, however it had not been included as part of the new Joint Local Plan. Due to the current affordable housing crisis, there was a need for both Councils to consider as a priority producing either a Supplementary Planning Document or Code of Practice in relation to securing section 106 contributions from developers for the provision of affordable housing. This issue could then be considered at a future meeting of the Joint Local Plan Working Group.

185. DECLARATIONS OF INTERESTS.

There were no declarations of interest announced.

186. BATSWORTHY CROSS WINDFARM

The Committee considered a report by the Service Lead Environmental Protection (circulated previously) regarding Batsworthy Cross Windfarm.

The Service Lead Environmental Protection highlighted the following:

- Noise compliance monitoring at six locations close to Batsworthy Cross Windfarm had confirmed compliance with the noise related planning conditions at five of these six locations.
- The Operator had since made further representations to Officers’ concerning certain aspects of the meteorological data used in the noise assessments to date. Having reviewed the representation received, the Council’s acoustic consultant had concluded that the wording of the planning condition does not allow The Operator to utilise an alternative wind speed location at this time. Internal legal opinion also agreed with the view of the Council’s acoustic consultant.
- The Operator was advised of this position on 16 September 2020 asking them again to submit the information identified in paragraph 4.3 of the report within 30 days of the request having been made. The 30 days expired on 16 October 2020.

- A report would be brought to the next meeting of the Committee on 2 November 2020.

The Committee noted the current position.

187. FUNDING FOR VICTIMS OF BARNSTAPLE FLOODING

The Committee considered a report by the Public Protection Manager (circulated previously) regarding funding for victims of Barnstaple floods which occurred on 17 August 2020.

The Public Protection Manager highlighted the following:

- The flash flooding which occurred in Barnstaple on 17 August 2020 affected 117 residential and commercial properties.
- A number of agencies including North Devon Council responded to the incident and a Recovery Co-ordinating group was set up.
- The Committee was asked to consider whether to utilise part of the Covid 19 Hardship fund to support householders who were flooded in Barnstaple on 17 August 2020. The suggested funding structure was detailed in paragraph 4.2 of the report. The views of the Recovery Co-ordinating Group had been sought.
- The Council had promoted the use of the Devon County Council Flood Online Reporting Tool (FORT) as part of the recovery stage. One property in Bishops Tawton was shown to be flooded on the FORT map
- The Council had been advised that properties in Landkey and North Molton had been flooded, but these had not been reported through the online reporting tool. Any future flooding needed to be reported using the online tool and guidance would be provided on how to report incidents.
- If the Committee approved the funding, then applicants would be requested to provide evidence of the flooding that had occurred.

Councillor Roome addressed the Committee.

In response to questions, the Chief Executive advised the following:

- The NDC Covid 19 Hardship fund was for private individuals and not businesses and had been awarded to the Council by Devon County Council. Devon County Council (DCC) had confirmed that the Council's own policy could determine eligibility in order to respond to local circumstances and there was discretion to use some for hardship caused by flooding and that DCC would support use of the funds for this purpose.
- Since the flooding had occurred, the impact of Covid 19 on North Devon's economy had been firmed up and 7 out of 10 worst affected wards in Devon were within North Devon. Nationally the full impact of Covid 19 was unknown. One third of UK employers were planning on making redundancies and the major impacts on individuals and families was still to be felt.
- If the Covid 19 Hardship fund was used to support householders who were flooded, this fund would not be replaced by DCC and potentially one third of the total fund would be used for this purpose.

- The flash flood was not a one off event and was likely to occur again and there was concern that this would set a precedent and pressure on North Devon Council to provide funding.
- The Covid 19 Hardship Fund was there to provide funding to those experiencing hardship and could be used to purchase such items as school uniforms, face masks, travel to medical appointments.
- The additional flooding that had occurred over the weekend of the 3rd and 4th October had not been reported to the Council.
- The Committee had discretion to make a decision regarding the use of the Covid 19 hardship fund. The Council was prioritising helping people experiencing hardship. He referred to a recent email that had been sent to all Councillors thanking the Council for helping an individual who was experiencing financial hardship to buy school uniform.

In response to a question, Councillor Prowse advised that the Environment Agency's flood protection schemes were dependent upon developer contributions. The Economic Development team was currently working with landowners regarding cells 3 and 4. However, this would not have an impact on this type of flooding as it was fluvial.

Councillors Luggar and York addressed the Committee.

In response to questions, the Head of Resources advised the following:

- The Council had not previously awarded grants to householders who had been flooded.
- The impact of Covid 19 on individuals was likely to worsen due to furlough scheme ending in October. The Covid 19 fund was for individuals experiencing hardship.
- The Contingency Reserve fund could be used to provide grants to householders, although this would affect future availability of this fund if it was used for this purpose. There was currently approximately £75,000 within the fund.
- Contributions from Councillors as part of the Community Councillor fund could be considered.
- The Council had awarded individuals in receipt of Council Tax support a further £150 reduction as part of a Government scheme.
- It would be difficult for the Council to administer interest free loans, as the Council was not a bank and was suffering financially.
- An update would be reported to Members regarding the current position on the Mill Road flood defence scheme.
- Devon County Council was in the process of undertaking a review to identify specific problems, which would be reported to Members in the future.

Marc Rostock, North Devon Homes addressed the Committee.

Councillor Yabsley declared a personal interest as a Member of Devon County Council. He advised that Devon County Council was responsible for drainage and a report would be presented to Barnstaple County Councillors shortly. Many drains

were combined with sewerage. In urban areas, drains were cleaned on a three yearly cycle and on a one yearly cycle in rural areas.

RESOLVED:

- (a) That funding be provided to the victims of the flash floods which occurred on 17 August 2020 in accordance with the funding structure outlined in the report and that the financing of the scheme be delegated to the Chief Executive to find alternative sources of funding;
- (b) That reassurance be sought from Devon County Council that the drains would be cleaned and kept clear and that representations be made to the Environment Agency requesting an update on the flood defence schemes.

188. ADJOURNMENT OF MEETING

RESOLVED that the meeting be adjourned for five minutes to enable a comfort break and be reconvened at 11.45 a.m.

189. AMENDED AIR QUALITY SUPPLEMENTARY PLANNING DOCUMENT

The Committee considered a report by the Head of Place (circulated previously) regarding an amended Air Quality Supplementary Planning Document.

The Lead Officer Planning Officer highlighted the following:

- Subsequent to the adoption of the Air Quality Supplementary Planning Document (SPD) by the Committee on 1st June 2020, Natural England had provided the Council with positive feedback. However Natural England had also identified a minor inconsistency with the advice being provided and the need for clarification, despite the original wording being what they had requested. They had recommended minor changes to paragraph 7.5 as detailed in the report. The proposed wording changes to paragraph 7.5 were set out in Appendix A.
- The revised version of the SPD was being recommended for adoption by Torridge District Council at a meeting tonight.

RESOLVED:

- (a) That the Air Quality SPD be readopted to include the proposed wording changes set out in Appendix A;
- (b) That the amended SPD be treated as a material consideration in determining relevant planning applications.

190. EXTEND ROYAL MAIL CONTRACT

The Committee considered a report by the Customer and Corporate Communications Manager (circulated previously) regarding the extension of the Royal Mail contract.

The Customer and Corporate Communications Manager highlighted the following:

- The Council currently had a contract with Royal Mail for the delivery and collection of mail and the contract was due for renewal in December 2020.
- An extension was requested to that contract to allow for a pilot of “hybrid mail” to take place, whereby all mail was sent to their headquarters, printed and sent out the same day. Vigorous checks were carried out.
- It was requested that the recommendation be amended to also request approval to extend the contract with CFH who manage the mailing out of annual council tax and business rates bills. This was because it was likely that any new hybrid mail project would include the annual billing mailings and the Council did not want to be tied into a separate contract for annual billing when it was likely one contract would cover that as well as the day to day mailing. The contract was due to expire in November.

RESOLVED:

- (a) That a six month extension of the Royal Mail contract to allow for a pilot of hybrid mail to take place before the contract expires be approved;
- (b) That the contract with CFH who manage the mailing out of our annual council tax and business rates bills be extended for six months.

191. LEISURE CONTRACT PAYMENTS

The Committee considered a report by the Contracts Delivery Manager (circulated previously) regarding Leisure Centre payments.

The Contracts Delivery Manager highlighted the following:

- Parkwood Leisure have issued claims to the Council for further payments for the months of June and July and have indicated that further financial assistance was likely to be required for August, September and beyond in order to keep North Devon’s leisure facilities viable and open to the public as the Covid 19 crisis continued.
- Parkwood’s recent claims showed a loss of just under £38,000 in June and £54,000 in July, totalling £92,000. However, the Head of Resources had scrutinised the claim and was agreeable to a payment of £80,000 to Parkwood for June and July losses incurred.
- The position of Parkwood nationally as outlined in paragraph 4.5 of the report.

- At the time of writing the report, since the pools reopened at the start of September 2,000, public swimming lane sessions have been booked and attended and 681 children have returned to their weekly out of school swimming lessons. If the pools close again, then 400 local, schoolchildren will miss their weekly swimming sessions. If the pools were to close there would be an immediate impact on nine swimming clubs as detailed in paragraph 4.9 of the report.
- Parkwood had not received a public subsidy for the past two years.
- The Council would have no maintenance and subsidy costs as part of the new leisure centre contract.
- There was real threat that if Parkwood was no longer able to continue, then there was uncertainty regarding whether the current leisure provision, Tarka Tennis centre and all weather pitch would be re-opened.
- The Government was due to make an announcement regarding financial assistance for leisure providers.
- It was anticipated that Parkwood would request further financial assistance up until October 2020 due to the furlough scheme coming to an end and the re-opening of the swimming pool and may be further requests depending on future lockdown restrictions.

The Chief Executive highlighted the following:

- The Council had a good working relationship with Parkwood and therefore was in a good position compared to other local authorities whereby other leisure providers were in a dire financial situation.
- The Council was campaigning for funding through the South West Region and nationally.
- Many other Local Authorities had not re-opened their leisure facilities such as Torridge District Council and Cornwall Council.
- If Parkwood walked away from the contract, it would be very unlikely that another leisure provider would be found and it may also have an impact on the new Leisure Centre.
-

The Head of Resources advised that:

- Monthly accounts submitted by Parkwood were thoroughly scrutinised.
- The new Leisure Centre contract would provide the Council with a revenue stream for a 20 year period.
- If Parkwood walked away from the contract, the Council would become responsible for the building, overhead and rates bill.

RESOLVED:

- (a) That the Council makes a grant payment of £80,000 to Parkwood Leisure to cover losses experienced in the month of June and July due to Covid 19;
- (b) That the Council considers extending the COVID Relief period as defined in the interim leisure contract to maintain the provision of

leisure services throughout the COVID crisis.

192. URGENT DECISIONS TAKEN BY THE CHIEF EXECUTIVE

The Committee noted the urgent decisions that had been made by the Chief Executive in accordance with paragraph 3.48, Annex 2, Part 3 of the Constitution (circulated previously), regarding the dangerous structure at Rustic Cottage, Gunn.

Councillor Prowse provided the Committee with an update regarding the owners of the cottage

The Head of Place provided an update to the Committee regarding the history and condition of the building and advised that the only option available was to demolish the building. Work would commence on the adjoining property to ensure that was adequately protected. The Council would be undertaking the appropriate actions to recover the costs from the owner.

Councillor Worden advised the Committee that following the meeting Councillor Leaver would be standing down from the Committee and on behalf of the Committee thanked her for her contribution.

Chair

The meeting ended at 12.29 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.



Open/Not for publication

REPORT TO: STRATEGY AND RESOURCES COMMITTEE
Date: 2nd November 2020
TOPIC: Review of North Devon and Torrridge Local Plan 2011 – 2031
REPORT BY: HEAD OF PLACE

1 INTRODUCTION

- 1.1 The North Devon and Torrridge Local Plan 2011 – 2031 (the “Local Plan”) was adopted by both District Councils on 29th October 2018.
- 1.2 Although the Local Plan was adopted only two years ago, the local context for it has changed substantially, across a number of key policy areas, since the Councils first started to prepare this document approximately ten years ago. These differences include changing patterns for use of town centres, increasing priority for carbon saving, increasing house prices relative to incomes and consequently their unaffordability for many local households along with potential structural shifts due to Covid-19. There have also been significant changes in national planning policy including affordable housing thresholds, national design guidance and a new National Planning Policy Framework (2018 & 2019). It is worth noting that the Local Plan was examined against the requirement of the 2012 National Planning Policy Framework.
- 1.3 Also, since the adoption of the Local Plan in 2018, there have been some significant changes in the policy context for a Local Plan including:
- Local declarations of Climate and Biodiversity emergencies;
 - Impacts of Covid-19;
 - Funding for improvements to the North Devon Link Road (A361);
 - The Environment Bill and 25 year Environment Plan;
 - Reforms to the Use Classes Order and expansion of simplified routes to consent (prior approvals);
 - Proposed changes to the standard housing methodology and affordable housing thresholds; and
 - Proposed significant reforms the planning system and the content of Local Plans.
- 1.4 National planning policy (Paragraph 33, National Planning Policy Framework) requires a review of a Local Plan to be completed within 5 years of its adoption in order to assess whether it needs updating. However, local planning authorities are entitled to undertake an earlier review should they wish to do so. National policy

goes on to set out that a review should take into account any changing circumstances affecting an area, along with any relevant changes to national policy.

- 1.5 In its consultation on proposed changes to the planning system in early 2020, the Government set out a deadline of December 2023 for all local planning authorities to have an up-to-date local plan (Planning for the Future; March 2020). By virtue of the date of adoption of the existing Local Plan, along with the changes that have taken place and are likely to take place in the intervening years, it is unlikely that it will be possible to consider the Local Plan to be up-to-date at that point in time.
- 1.6 In August 2020, the joint Local Plan Working Group endorsed the move towards a formal review and comprehensive update of the Local Plan. It was agreed that associated reports be prepared, in parallel and in a consistent manner, for consideration by both Councils in order to agree the scope and arrangements for the Local Plan review. The review of the Local Plan has also been identified as an action in the recently adopted Strategic Plan 2020-2023 for Torridge.

2 RECOMMENDATIONS

To recommend for Council to:

- 2.1 Commit to working in partnership with Torridge District Council to carry out a comprehensive review and update of the North Devon and Torridge Local Plan on a joint basis.
- 2.2 Review the governance arrangements for the preparation of the Local Plan to ensure inclusive, effective and efficient oversight and engagement.
- 2.3 Review the Local Development Scheme in partnership with Torridge District Council.
- 2.4 Arrange Member workshops to enable early involvement in identifying key issues and potential options to be addressed through a new Local Plan.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To agree the principles for the local plan review.
- 3.2 To formalise future arrangements for working in partnership with Torridge District Council for the purposes of plan making.
- 3.3 To agree and publicise the proposed timetable for the Local Plan review and update.

4 REPORT

- 4.1 The first stage in reviewing the Local Plan requires a formal decision by each Council to agree the two following fundamental principles:

A – To continue to work in partnership and to commit to the review and update of the North Devon and Torridge Local Plan on a joint basis

- 4.2 Working jointly on a joint Local Plan brings many potential advantages. Financial benefits would include:
- a) facilitating budget efficiency by providing opportunities for financial savings, such as through the shared appointment of consultants for specialist advice;
 - b) sharing the cost of a future Local Plan examination;
 - c) optimising use of existing staff resources within two small teams and reducing the need for significant additional capacity by making best use of expertise within both authorities and reducing duplication of effort.
- 4.3 Wider strategic benefits would include:
- a) enabling delivery of a holistic strategy across the whole of northern Devon, offering the opportunity to plan strategically, whilst maintaining the ability to recognise local distinctiveness and plan for locally specific approaches tailored to individual places;
 - b) facilitating common and integrated approaches by both districts to shared issues, such as issues around the Taw-Torridge estuary;
 - c) assisting partner organisations, agencies and service providers by enabling them to respond to a joint plan, rather than having to respond separately to differing plans and approaches from each Council;
 - d) assisting local businesses, developers and investors by providing common policies and approaches across the two districts; and
 - e) providing a stronger voice for northern Devon when seeking to influence or take advantage of opportunities.

The benefits would appear to be clear cut, with any disadvantages hard to identify.

B – To establish and agree the scope of the Local Plan update

- 4.4 It is proposed to update the whole Local Plan. It is anticipated that a fundamental review and update will be required in order to address the significant changes in the local and national context that have occurred since the preparation of the existing local plan; including changes to local ambitions, the climate emergency, changes to our town centres and retailing and national planning reforms. It may also be necessary to take account of more fundamental planning reforms, as proposed by the Government's White Paper during the lifetime of the review. It is possible that the new Local Plan will be significantly different from the existing one in terms of its form, scope and content.
- 4.5 One alternative would be to review a particular section of the existing Local Plan, such as an update to the Development Management policies (Part 3). However, Officers are of the opinion, a view endorsed by the Local Plan Working Group, that a partial review would not be able to address adequately the new strategic issues identified. Additionally, such an approach would prevent the introduction of new policies that may affect viability of development (such as stronger design standards) until the other policies (such as the percentage of affordable housing required) were also reviewed.

- 4.6 A further alternative would be a separate Development Plan Document to provide additional 'climate change' policies alongside those in the adopted Local Plan and carrying equivalent weight to them. Whilst this approach may be able to contribute to addressing the climate and biodiversity emergencies, it would not address wider issues. Equally, the scope for potential change or additions to policy to address these matters is again likely to be extremely limited due to the need to not adversely affect the viability of development (i.e. it would be unlikely to be possible to require solar panels on new dwellings). It would also not allow the Councils to position itself effectively to take account of the proposed planning reforms. As such Officers do not recommend this course of action.
- 4.7 The 2016 Local Development Scheme indicated the preparation of a separate Traveller Site Allocations DPD. Should a comprehensive plan update be undertaken, the provisions for the future needs of travellers would likely be required to be incorporated into the scope of a new Local Plan, as an effective alternative to continuing with the preparation of a separate DPD.
- 4.8 Consequently, an update of the whole Local Plan is considered to be necessary and preferable to a partial review, or single issue revision.

The Way Forward

- 4.9 Once the key principles underpinning a Local Plan review have been agreed by both Councils, a range of actions will be required as part of the early stages of plan preparation.

Project Planning

- 4.10 It will be necessary to develop a detailed work programme and consider resource requirements including staffing, equipment and revenue budgets necessary to fulfil commitments and delivery ambitions. A range of evidence base documents will be required to inform policy making, some of which will need to be commissioned from consultants – recognising the need for specialist expertise. Procurement will be in accordance with normal procurement rules and procedures, albeit most of it will need to be commissioned and funded jointly by the two Councils. An indicative list of evidence documents is set out in Appendix A of this report, however the full range of reports required will depend on the outcomes of detailed project planning, local ambitions and future planning reforms.

Timetable

- 4.11 Following the detailed project planning, a new version of the Councils' joint Local Development Scheme (LDS) will need to be prepared and brought back to a future meeting of both Councils for formal adoption. The LDS sets out the development plan documents that the Councils propose to prepare over the next 3 years with an indicative timetable for key stages in their preparation. The LDS (adopted 2016) requires updating as it is currently out of date. Progress against the LDS timetable will need to be reported in future joint Authority Monitoring Reports (AMR).

Plan Period

- 4.12 National planning policy (paragraph 22; National Planning Policy Framework) requires that strategic policies in a local plan should look ahead over a minimum of 15 year period from date of adoption. On the basis of seeking to adopt a new local plan by the end of 2023 in order to meet the Government's deadline, this would result in an end date for the plan period of 2038. This would however not provide for any flexibility or delay and comes with associated risks.
- 4.13 A later end date and a longer plan period can be adopted; however, such an approach, would likely result in the need to plan for higher housing and employment land requirements, which would need to be identified and allocated. Conversely, the proposed planning reforms advocate a shorter 10 year plan period, although there is no certainty that this proposal will remain unchanged. Regardless of plan period, the Local Plan would currently need to be reviewed again within 5 years of its adoption.
- 4.14 At this stage there is significant uncertainty as to when the Government are likely to introduce the planning reforms arising from the recent White Paper or what proposals may be taken forward. It is anticipated that the reforms will take a number of years to be worked up, evolve into revised national policy, primary and secondary legislation and be brought into force. Whilst the Government is clear that plan-making activity should not stop or slow in response to the proposed reforms, the Councils need to plan the programme of work carefully to respond to the direction of travel and to avoid unnecessary or abortive work.
- 4.15 The White Paper proposes to speed up plan preparation however many parties currently have significant reservations about the achievability of what is proposed.
- 4.16 Given the above, the plan period will only be able to be fully established when more detailed project planning has been completed and there is more certainty on the direction of travel on future housing numbers and wider planning reforms.

Governance

- 4.17 It is important that the local plan review is subject to robust governance arrangements to ensure appropriate oversight, scrutiny and engagement whilst balancing that requirement with a need for an efficient and effective process. The preparation of the current Local Plan was steered by the joint Local Plan Working Group, which discussed the draft policy options, policy wording, and evidence documents informally prior to being agreed formally and separately by each Council. This approach steered towards a draft document that was likely to be acceptable to both Councils, was broadly consistent in terms of its approach for different settlements whilst enabling each district to recognise local distinctiveness and include specific approaches tailored to individual places.
- 4.18 This approach has worked effectively minimising the number of reports to be taken to formal committees, however it has the effect of restricting active ongoing engagement to a limited number of members (currently a total of eight – four from each Council). In order to enable all members to become more engaged in the

process, amended terms of reference for the joint Local Plan Working Group were agreed by both Councils in Spring 2019. This enables all members to attend the Working Group on an informal basis and to participate in discussions (but not vote) at the Chairman's discretion.

- 4.19 Whilst the working group has clearly provided an effective tool during the preparation of the adopted North Devon and Torridge Local Plan, it is considered appropriate to review comprehensively the options for the governance of future plan making activity to ensure that it provides the best possible approach. Officers recommend that, should a commitment to joint plan making be forthcoming from the consideration of this report, then a review of governance options is completed, with recommendations brought back to members at a future date. This could, for example, include consideration of: project champions - member and senior officer(s); a formal joint committee with appropriate delegated authority from both Councils (as enabled through the Planning and Compulsory Purchase Act 2004); single or multiple working groups.

Early Engagement

- 4.20 Active engagement with all elected Members from both Councils will need to commence at an early stage to enable them to identify key issues and options to be addressed within a new Local Plan, whilst identifying any particular approaches, policies or policy gaps they wish to be considered. Members may also need to identify a draft joint spatial vision – what the plan seeks to achieve both across northern Devon and more locally over the plan period. The vision will need to consider how it can help to deliver wider corporate visions and strategic objectives.

Sustainability Appraisal

- 4.21 The Sustainability Appraisal Framework will need to be updated, setting out the list of objectives and indicators against which the relative sustainability of draft policies and policy options will be assessed through the Sustainability Appraisal. A draft framework needs to be agreed with the Environment Agency, Natural England and Historic England. It will need to consider changes necessary to recognise declaration of climate and biodiversity emergencies, the Devon Carbon Plan and any changes to national and local context such as consideration of natural capital as a result of the 25 Year Environment Plan and the Government's proposed direction of travel on environmental assessments.

5 RESOURCE IMPLICATIONS

- 5.1 The preparation of a new Local Plan will form a principal part of the work programmes for both Councils' planning policy teams over the next few years. However, both teams are relatively small with no excess capacity – recognising their other work commitments such as the extensive monitoring commitments, assisting with neighbourhood plans and providing strategic planning input on corporate projects and planning applications. Additional capacity will likely be required to deliver the Local Plan review within required timeframes although the specific extent, nature

and associated cost cannot be quantified at this stage. Local Plan preparation will need to be identified within service plans when they are next reviewed.

- 5.2 The technical evidence required to inform a local plan will require additional budget in order to allow for the commissioning of necessary reports from consultants. Most reports will be procured and funded jointly, with costs split between the two Councils. It is not possible to currently quantify the likely cost of this work.
- 5.3 Once the Local Plan is submitted for examination (in a few years' time) there will be costs arising from the Planning Inspectorate and the appointment of a temporary Programme Officer.

6 SUSTAINABILITY IMPLICATIONS

- 6.1 Section 39 of the Planning and Compulsory Purchase Act 2004 (as amended) requires local planning authorities to exercise their functions in relation to plan making with the objective of contributing to the achievement of sustainable development. The preparation of a new Local Plan provides the Council with the opportunity to guide how northern Devon should develop in a sustainable manner.
- 6.2 A Sustainability Appraisal report will need to be produced alongside the Local Plan to demonstrate how the sustainability of alternative sites and policy options have been considered and assessed as part of policy development.

7 EQUALITY AND HUMAN RIGHTS

- 7.1 A full Equality and Diversity Impact Assessment will need to be prepared at each stage of Local Plan preparation.

8 CONSTITUTIONAL CONTEXT

Article and paragraph	Appendix and paragraph	Referred or delegated power?	A key decision?	In the Forward Plan?
Part 2, Article 4, 4.5.2		Referred	Yes	Yes

9 STATEMENT OF CONFIDENTIALITY

- 9.1 This report contains no confidential information.

10 BACKGROUND PAPERS

- 10.1 The following background papers have been used in the preparation of this report:
- Town and Country Planning Act (1990) as amended
 - Planning and Compulsory Purchase Act (2004) as amended
 - Planning Act (2008) as amended

- National Planning Policy Framework (2018)
- Planning Practice Guidance (updated online)
- Town & Country Planning (Local Planning) (England) Regulations 2012
- North Devon and Torridge Local Plan 2011 – 2031 (adopted October 2018)
- North Devon and Torridge District Council's Local Development Scheme (2016)
- Planning for the Future – White Paper (MHCLG, August 2020)

10.2 Background papers will be available for inspection and will be kept by the author of the report.

11 STATEMENT OF INTERNAL ADVICE

11.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

Executive Member: Councillor Malcolm Prowse
Author: Andrew Austen
Reference: S&R 2 November 20 (Local Plan review)

Date: 6 October 2020

APPENDIX A – INDICATIVE EVIDENCE BASE REQUIREMENTS

This is an indicative list of the types of technical evidence reports that will be needed to inform local plan preparation, although the list may change as a result of the white paper. Most of these documents will need to be commissioned from consultants, with the remainder being prepared by officers.

Evidence / Assessment	Purpose
Housing and Economic Development needs assessment	To ensure the proposed level of economic growth balances the level of housing growth
Strategic Housing and Employment Land Availability Assessment	To identify where land is potentially available, suitable and achievable for future housing and economic development
Retail and Leisure assessment	To identify the future needs for types, quantities and distribution of retail and leisure activities
CACI Paycheck data	To obtain updated data on the levels and distribution of household incomes
Disability assessment (??)	To identify the number and proportion of new homes that need to accommodate particular needs
Viability assessment	To assess the overall viability of development as a result of local plan policy requirements as a whole. It will also identify the level of affordable housing which it is viable for development to support
Settlement Hierarchy assessment	To update the range of services and facilities in all settlements and to identify how these settlement fit within a wider hierarchy of settlements
Landscape Character assessment	To update the key characteristics of different landscape character areas and manage and conserve them
Nature Recovery Network	To identify the strategic network for nature improvement across Devon
Heritage assessment	To identify the different heritage assets and how they will be enhanced or safeguarded through policies
Level 1 Strategic flood risk assessment	To update the distribution of areas across the plan area that at risk of coastal, fluvial and surface water flooding
Coastal Change Management Areas	To identify the areas along the coastline and around the estuary that are at risk of future flooding and/or erosion based on the latest climate change projections

This page is intentionally left blank



NORTH DEVON COUNCIL

Open

REPORT TO: STRATEGY & RESOURCES COMMITTEE

Date: 2nd November 2020

TOPIC: BATSWORTHY CROSS WINDFARM

REPORT BY: ANDY COLE

SERVICE LEAD - ENVIRONMENTAL PROTECTION

1. INTRODUCTION

- 1.1 This paper seeks to update the Strategy and Resources Committee on the current status of the Council's regulation of the noise related planning conditions associated with Batsworthy Cross Windfarm.

This is a follow up report to a paper which was considered by this Committee on the 5th October 2020.

2. RECOMMENDATIONS

- 2.1 It is RECOMMENDED that the Strategy and Resources Committee notes the current position.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide the Committee with confidence that the process of regulating Batsworthy Cross Windfarm is transparent and happening as efficiently as possible.

4. REPORT

- 4.1 Noise compliance monitoring at six locations close to Batsworthy Cross Windfarm has confirmed compliance with the noise related planning conditions at five of these six locations.
- 4.2 Exceedance of the noise limits in the sixth location has previously been confirmed.
- 4.3 The Council has previously advised the operator of this situation.
- 4.4 On Wednesday 16th September 2020, the Council re-issued a request to the Operator – asking them to provide details of a proposed further

Agenda Item 8

mitigation strategy for properties in the vicinity of Birchwood House - within 30 days.

- 4.5 The Community were advised of this latest position on the same date.
- 4.6 A response from the Operator was received on 8th October 2020 – detailing a proposed strategy and approach to verify the outcome of this strategy.
- 4.7 This response is currently being reviewed by Officers’ and the Council’s acoustic consultant.
- 4.8 A meeting with the Community is in the process of being arranged.
- 4.9 Officers’ will provide a further update to Committee when their review of the Operator’s response is complete.

5. RESOURCE IMPLICATIONS

- 5.1 This development will necessitate further investment in the regulation of this consent which cannot be quantified at this time.

6. CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3	Delegated
Annexe 1	

7. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of the 1972 Local Government Act.

8. BACKGROUND PAPERS

- 8.1 The following background papers were used in the preparation of this report:

Batsworthy Cross Windfarm. Report to Strategy & Resources Committee
6th January 2020.

Batsworthy Cross Windfarm. Report to Strategy & Resources Committee
5th October 2020.

The background papers are available for inspection and kept by the author of the report.

9. STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Andy Cole; Service Lead Environmental Protection
Date: 14th October 2020
Reference: Strategy & Resources Committee 2nd November 2020 Batsworthy Cross Windfarm

This page is intentionally left blank



Open

NORTH DEVON COUNCIL

REPORT TO: STRATEGY AND RESOURCES
Date: 2nd November 2020
TOPIC: PERFORMANCE and FINANCIAL MANAGEMENT
QUARTER 2 of 2020/20
REPORT BY: HEAD OF RESOURCES

1 INTRODUCTION

- 1.1 This is one of the series of regular quarterly reports on the council's overall operational and financial performance. The report covers financial as well as operational performance. It mainly covers the quarter from July to September 2020.
- 1.2 Section 4 deals with headline financial performance. More detailed performance information is available in Appendix E.

2 RECOMMENDATIONS

- 2.1 That the actions being taken to ensure that performance is at the desired level be noted.
- 2.2 That the contributions to/from earmarked reserves be approved (section 4.2)
- 2.3 That the movements on the Strategic Contingency Reserve (section 4.3) be noted.
- 2.4 That council approve the variations to the Capital Programme 2020/21 to 2022/23 (sections 4.4.4)
- 2.5 That funds are released for the capital schemes listed in section 4.4.11
- 2.6 That the sections dealing with Treasury Management (section 4.5), and Debt Management (sections 4.6 and 4.7) be noted.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that appropriate action is taken to allow the council to meet its objectives.
- 3.2 To inform Members of actual results compared to the approved Corporate Plan, as well as progress in delivering service within the revenue budget and Capital Programme

4 PRIORITY – RESOURCES

4.1 Revenue

- 4.1.1 The revenue budget for 2020/21 was approved at Council on 26th February 2020 at £13,380,000.

- 4.1.2 As at 30 September 2020, the latest forecast net budget is £13,516,000, which produces a **forecast budget deficit of £136,000**. (Q1 deficit was £385,000). Details of all variances are shown in “Appendix A – Variations in the Revenue Budget”.
- 4.1.3 The original budget for 2020/21 included a forecast to achieve £200,000 worth of salary vacancy savings. The current position forecasts this will be exceeded this year; we are currently predicting to achieve £245,000.
- 4.1.4 There is much pressure on the 2020/21 budget due to the Covid-19 pandemic and the Council’s income streams have been greatly affected in the first two quarters of 2020/21 and this is expected to continue through the financial year. Also additional costs have been incurred by the council in provision of temporary accommodation, additional agency staff for waste and recycling and in supporting the local community.
- 4.1.5 Central government have announced and paid local authorities 3 tranches of support funding totalling £1,189,000 for North Devon. We have also claimed £160,000 in respect of the job retention scheme and received £170,000 New Burdens grant for SBG and RHLG. Central government have announced they will help support local authorities for lost income by paying 75% of any lost income after Councils incur the first 5% variance. The expected lost income and additional costs have been factored into the figures in Appendix A along with the anticipated government support.
- 4.1.6 The figures shown in Appendix A include a projection for the rest of 20/21 based on the current environment and continuing Covid-19 impact on our income streams. Any further worsening of the predicted situation or increased restrictions imposed by government would need to be taken into account and built into the figures and members updated accordingly.
- 4.1.7 It is anticipated that there will be a reduction in both Council Tax and Business Rates income during 2020/21 as a result of the pandemic. However, no reduction for income is being reported for 2020/21 year as the financial effect of any deficit on the Collection Fund income will not have an impact on NDC finances until later years as the Government also announced that deficits on this taxation income can be spread over the next 3 financial years.
- 4.1.8 It is difficult to quantify the full impact of Covid-19 at this stage with any certainty, however the financial pressure on the Council will be substantial through 2020-21 and beyond – even after taking into account the above mentioned emergency Covid-19 funding announced by the Government. The Council does have both general fund and earmarked reserve balances which it could call upon in 2020-21 to mitigate the economic impact being experienced but clearly this would have much longer term solvency implications for the authority.
- 4.1.9 Moving forwards, the Council will reset its Medium Term Financial Strategy in recognition of the impact of the pandemic and the refresh of the Council’s strategic objectives. The changing environment and ‘new normal’ in which we are likely to find ourselves will require the Council to review the services it provides, how these are delivered and the outcomes that are of the highest priority.

4.1.10 The recommended level of general fund balance is 5%-10% of the council's net revenue budget (£669,000 to £1,338,000). The forecast general fund reserve at 31 March 2021 is £1,161,000 which is a level of 8.7%.

4.1.11 At the 30th September 2020 total external borrowing was £500,000. The timing of any future borrowing is dependent on how the authority manages its treasury activity and due to current low interest rates and reduced returns on investments it is prudent for the Council to 'internally borrow' and use these monies to fund the Capital Programme.

4.2 Earmarked Reserves 2020/21

4.2.1 "Appendix B – Movement in reserves and Balances" details the movements to and from earmarked reserves in 2020/21.

4.3 Strategic Contingency Reserve

4.3.1 Full details of the Strategic Contingency Reserve movements and commitments are attached as "Appendix C – Strategic Contingency Reserve"

4.4 Capital

4.4.1 The 2020/21 to 2022/23 Capital Programme is attached as "Appendix D – Capital Programme"

4.4.2 The Budget and Financial Framework report to Full Council 26th February 2020 outlined the Capital Programme for the 2020/21 financial year of £12,622,028. Project under spends of £2,673,332 were brought forward from 2019/20 year and further variations of (£2,356,424) were approved as part of the performance and financial management report to Strategy and Resources to produce a revised 2020/21 Capital Programme of £12,938,936.

4.4.3 Two capital funding bids for a further £166,000 were submitted to the Project Appraisal Group (PAG) in relation to new Trade Waste software £36,000 and Repairs to the Queens Theatre's flat roof £130,000. The projects are to be funded from the Improvement reserve and repairs fund respectively. The projects have been scored and have been put forward by the Project Appraisal Group.

4.4.4 Overall variations of (£2,526,908) are proposed to the 2020/21 Capital Programme as follows:

▪ **Other variations (+ and -) to 2020/21 Capital Programme £185,002**

Scheme	Amount (£)	Notes
S106 South Molton Rugby Club, Drainage works	9,002	Strategy and Resources Committee 1 st September 20
S106 Combe Martin Parish Council – Clubhouse refurbishment	10,000	Strategy and Resources Committee 1 st September 20
Trade Waste software	36,000	Quarter 2 PAG business case
Queens Theatre – Flat roof repairs	130,000	Quarter 2 PAG business case

▪ **Project movements (to) / from future years**

Scheme	Amount (£)	Notes
Land Release Fund	(1,500,000)	Move from 2020/21 to 2021/22
Material Recovery Facility	(760,000)	Move from 2020/21 to 2021/22
Leisure Provision at Seven Brethren	(500,000)	Move from 2020/21 to 2021/22
Vehicle replacement reserve	48,090	Move from 2022/23 to 2020/21
Vehicle replacement reserve	468,892	Move from 2022/23 to 21/22

4.4.5 The revised Capital Programme for 2020/21 taking into account the budget variations above is £10,412,028.

4.4.6 Actual spend on the 2020/21 Capital Programme, as at 30 September 2020 is £1,630,714.

4.4.7 The overall Capital Programme for 2020/21 to 2022/23 is £29,729,999 and is broken down as follows:

- 2020/21 £10,412,028
- 2021/22 £17,033,383
- 2022/23 £2,284,588

4.4.8 The Programme of £29,729,999 is funded by Capital Receipts / Borrowing (£14,844,331), External Grants and Contributions (£12,147,339) and Reserves (£2,738,329).

4.4.9 The timing and realisation of capital receipts can be impacted by events beyond the control of the Council and we have been able to manage cash flows for projects through internal borrowing.

4.4.10 We also have authority to borrow from the Public Works Loan Board (PWLB) as outlined in the Treasury Management Annual Investment Strategy and the Council currently has external borrowing of £500,000.

4.4.11 Release of Funds – 2020/21 Capital Programme

4.4.12 Once funds have been included in the Capital Programme the Constitution requires a separate decision to release those funds. Accordingly the schemes below need the funds to be released so that spending can start within the following three months:

- | | |
|-----------------------------------|----------|
| • Trade Waste Software | £36,000 |
| • Queens Theatre flat roof repair | £130,000 |

4.5 Treasury Management

4.5.1 Bank Rate remained at 0.10% during the quarter.

4.5.2 The average 7 day LIBID (inter-bank bid rate), the Council's benchmark rate at 30th September 2020, was -0.06% (previous year 0.57%).

4.5.3 The return earned on the Council's investments was 0.24% (previous year 0.70%).

4.5.4 £40,689 investment interest was earned during the half year period. (The 2020/21 interest receivable budget is £50,000)

4.5.5 As at 30th September 2020, the Council had total external borrowing of £500,000.

4.5.6 £5,340 interest was paid at an average rate of 1.66% on the PWLB loans during the half year period. (2020/21 interest payable budget is £74,000)

4.6 Debt Management

4.6.1 The three major areas of credit income are Council Tax, Business Rates and General Debtors.

4.6.2 As billing authority, the Council annually raises the bills for Council Tax (£69,000,000) and Business Rates (£32,000,000).

4.6.3 Collection rates are controlled through monitoring:

- the level of write offs
- levels of previous years' outstanding debt

- the level of income collection in the year against the annual sums due to be collected.

4.6.4 The council's budget is based on the assumption that eventually 97.5% of sums due will be collected. To ensure this level is achieved, year on year levels of write offs approved are controlled against a ceiling of 2.5% of annual debt.

4.6.5 The outstanding amounts at 30th September 2020 are as set out below:

Age in Years	Council Tax		Business Rates	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
1 – 2	1,229	1,599	110	670
2 – 3	679	789	60	224
3 – 4	377	477	43	92
4 – 5	245	281	17	50
5 – 6	151	190	31	25
Over 6	213	275	43	69

4.6.6 Irrecoverable debts from previous years not exceeding £1,500 can be written off with the authorisation of the Chief Financial Officer. Decisions on whether to write off debts over £1,500 rest with the Chief Financial Officer, in consultation with the Leader of the Council. As at 30th September 2020 the amount of accounts written off was as follows:

Less than £1,500			More than £1,500	
No. of accounts	Amount		No. of accounts	Amount
215	£15,797.69	Council Tax	20	£26,530.55*
19	£3,617.22	Business Rates	5	£20,792.85**
83	£16,398.95	Housing Benefits	5	£11,986.28

* £23,459.45 due to bankruptcy (see section 4.6.8)

** £20,383.67 due to bankruptcy and company insolvency (see section 4.6.8)

4.6.7 The monitoring of in year collection is carried out against national performance indicators targets of sums collected in year as a percentage of the Net Sums Due for that year.

4.6.8 The majority of the write offs are individual bankruptcy and company insolvency and in a number of cases include liabilities for previous years. In these cases we are unable to recover the debt. However, if at a later date a dividend is paid, the money is allocated to the account and the relevant amount written back on.

4.6.9 The other main reason for write offs is where the person has gone away (no trace). However, write offs are reviewed and where we find the persons contact address the write off is reversed and recovery action continues.

4.6.10 The levels of collection are:

	Achieved 2019/20	Achieved 2020/21
Council tax	55.63%	54.63%
Business rates	57.45%	57.23%

4.6.11 The Authority has received funding from major preceptors to help support the billing and collection of Council Tax and Business Rates which we hope will see an increase in the above collection levels.

4.7 General Debtors

4.7.1 The level of general invoices raised was £3,300,000 at 30th September 2020 (previous year £5,880,000).

4.7.2 A summary of outstanding debt, by age, is set out below with comparison to the previous year.

Age of debt	30 Sept 2019	30 Sept 2020
	£'000	£'000
3 weeks to 6 months	675	283
6 months to 1 year	172	226
1 to 2 years	136	394
2 to 6 years	300	367
Over 6 years	24	57
TOTAL	1,307	1,327

4.7.3 In accordance with the Constitution, irrecoverable debts not exceeding £1,500 can be written off with the authorisation of the Head of Financial Services. The Chief Financial Officer, in consultation with the Leader of the Council, must authorise write off of debts over £1,500.

4.7.4 As at 30th September 2020, the amounts written off were as follows:

Number of Invoices	Written offs - £1,500 & under	Number of Invoices	Written offs - over £1,500
0	£0	0	£0

5 Equalities Assessment

5.1 There are no equality implications anticipated as a result of this report.

6 Constitutional context

Article and paragraph	Appendix and paragraph	Referred or delegated power?	A key decision?	In the Forward Plan?
7.12	13, para 4.7	Delegated power	No	No

7 Statement of Internal Advice

7.1 The authors (below) confirm that advice has been taken from all appropriate Councillors and officers.

8 Background Papers

None

Author: Jon Triggs, Head of Resources

Date: 16th Oct 2020

Lead Member: Councillor Ian Roome

Ref: I:\Projects\Single Report\2020-21 Q2\Q2 Perf & FM - Exec.doc

APPENDIX A - VARIATIONS IN THE REVENUE BUDGET

Service and Cost Area	Qtr 1 £	Qtr 2 £	Movement £
Temporary Accommodation	254,000	234,000	(20,000)
Other	(10,000)	(10,000)	0
Environmental Health & Housing	244,000	224,000	(20,000)
BEC Utilities	(4,000)	0	4,000
Rental income	74,000	59,000	(15,000)
Rates	21,000	21,000	0
Housing Benefits Subsidy	135,000	135,000	0
Covid-19 Initial Response - Work environment Re-configuration	45,000	45,000	0
Resources	271,000	260,000	(11,000)
Museum income	25,000	25,000	0
Covid-19 Support - Leisure	200,000	200,000	0
Legal income	(6,000)	(6,000)	0
Democratic Representation & Management	(13,000)	(13,000)	0
Corporate & Community Services	206,000	206,000	0
Works & Recycling Employees Agency Covid-19	286,000	300,000	14,000
Works & Recycling Employees Other	(50,000)	26,000	76,000
Works & Recycling Vehicle costs (Fuel)	(43,000)	(28,000)	15,000
Works & Recycling Trade Waste Tipping Charges	0	(81,000)	(81,000)
Works & Recycling Supplies & Services	0	34,000	34,000
Works & Recycling Trade Waste income	200,000	200,000	0
Works & Recycling Recycling Credits	0	6,000	6,000
Works & Recycling Shared Savings Scheme Covid-19	72,000	72,000	0
Works & Recycling Shared Savings Scheme	0	(66,000)	(66,000)
Works & Recycling Recycling Sales	236,000	238,000	2,000
Works & Recycling Other	6,000	(4,000)	(10,000)
Car Parks Pay & Display income	1,736,000	1,318,000	(418,000)
Car Parks Other income (Ringo, Season Tickets, PCN)	330,000	268,000	(62,000)
Operational Services	2,773,000	2,283,000	(490,000)
Harbour reduced income	22,000	22,000	0
HR Professional Fees, Further Education, Management Development	(28,000)	(60,000)	(32,000)
Land Charges fees & Supplies	11,000	11,000	0
Other	(5,000)	(6,000)	(1,000)
Corporate Services	0	(33,000)	(33,000)
Place Employees	(10,000)	12,000	22,000
Planning fee income	80,000	80,000	0
Building Control income	65,000	60,000	(5,000)
Pannier Market income	108,000	98,000	(10,000)
Place	243,000	250,000	7,000
Covid-19 Initial Response - PPE, ICT hardware	95,000	95,000	0
National pay award 0.75% higher than budgeted	0	97,000	97,000
Additional Vacancy saving	0	(45,000)	(45,000)
Borrowing costs	0	(132,000)	(132,000)
Job Retention Scheme	(160,000)	(160,000)	0
New Burdens SBG RHLG	(170,000)	(170,000)	0
Estimated 75% Government Reimbursement for lost income	(1,928,000)	(1,550,000)	378,000
Additional Government Funding Covid-19	(1,189,000)	(1,189,000)	0
Other	(3,352,000)	(3,054,000)	298,000
Total	385,000	136,000	(249,000)

This page is intentionally left blank

Agenda Item 9

Appendix B

Appendix B - Movement in Reserves & Balances

Earmarked Reserves	Opening Balance 1st April 2020	Transfer to Reserves	Transfer from Reserves (to Capital)	Transfer from Reserves (to Revenue)	Transfer between Reserves	Closing Balance 31st March 2021
Collection Fund Reserve	732,620					732,620
Community Housing Fund -Housing Enabling	569,400					569,400
Capital Funding Reserve	397,587		-31,447			366,140
Vehicle Renewals Fund	171,790	250,000	-117,790			304,000
Crem Equipment Replacement Reserve	240,000					240,000
Transformation Reserve	0	250,000		-13,020		236,980
Crem Earmarked Reserve	199,948					199,948
Flexible Homelessness Support Grant	200,990			-6,000		194,990
Planning Enquiries Fund	190,133			-20,000		170,133
Local Plans Fund	144,125					144,125
Digital Transformation Financial Systems	168,895		-33,894	-4,330		130,671
Economic Development Reserve	143,987			-22,820		121,167
Repairs Fund	400,003	236,290	-321,500	-236,290	6,000	84,503
Tarka Tennis Surface replacement	70,873	13,000				83,873
Strategic Contingency Reserve	193,842			-117,240		76,602
Self Build & Custom Housebuild	72,302					72,302
Leisure Centre Replacement Reserve	63,099					63,099
Office Technology Reserve	193,099	115,000	-230,180	-17,498		60,421
Council Tax Support Scheme Reserve	79,919			-27,420		52,499
Rough Sleeper Initiative - DCLG grant	78,577			-29,216		49,361
CCTV Reserve	117,000		-69,000			48,000
Prevention CLG Grant Reserve	45,317					45,317
Improvement Programme Reserve	95,817		-52,546			43,271
P C Planned Maintenance Fund	40,156					40,156
Car Parking Reserve	30,496					30,496
External Legal Services Reserve	30,000					30,000
Brownfield Land Registers and Permission	26,263					26,263
Internal Audit Plan	25,687					25,687
Brexit Exports EH	25,000					25,000
District Council Election	0	25,000				25,000
Community Protection Vehicles Reserve	18,000	6,000				24,000
Community Consultation	38,383		-14,700			23,683
Neighbourhood Planning	23,250					23,250
Climate & Environmental Grants	0	20,000				20,000
Specialist Domestic Abuse Reserve	18,901					18,901
Building Control Reserve	18,000					18,000
Development Control Fund	15,600					15,600
Lynton Agency Reserve	13,522					13,522
IER Funding	13,138					13,138
Ilfracombe Harbour Repairs	10,000					10,000
Members Technology Reserve	0	6,070				6,070
Town & Parish Fund	5,159					5,159
Greensweep Replacement Fund	32,703		-30,000			2,703
Noise Equipment reserve	129	2,000				2,129
New Homes Bonus Reserve	125,147	45,050	-168,355			1,842
Ilfracombe Watersports Centre Reserve	3,180			-1,880		1,300
Habitat Directive Reserve	945					945
Museum development fund	10,539			-9,689		850
Local Welfare Support reserve	541					541
Office Accommodation Reserve	41					41
Second Homes Council Tax Reserve	125,289		-125,289			0
Theatres Reserve	6,000				-6,000	0
Covid-19 Funding Reserve	52,672	1,136,391		-1,189,063		0
Provision for Brexit Reserve	52,452			-52,452		0
Future High Street Fund FHSF	45,271			-45,271		0
RS Rapid Rehoming Pathway	19,782			-19,782		0
	5,395,568	2,104,801	-1,194,701	-1,811,971	0	4,493,697

This page is intentionally left blank

“APPENDIX C - STRATEGIC CONTINGENCY RESERVE”

Resources Available	£
Balance brought forward 1st April 2020	(193,842)
Contribution to reserve 2020/21	(0)
	(193,842)
2020/21 Commitments	£
Junction 27 – Economic impact on North Devon (Exec 03/03/15)	10,000
Water Sports Centre, Ilfracombe (Exec 05/09/16)	11,740
North Devon Fisherman’s Association (Exec 04/06/19)	500
Funding of potential Judicial review (Full Council 20/11/19)	3,000
Blue Glass Recycling Boxes (Strategy and Resources 01/06/20)	92,000
Total projected spend in Year	117,240
Balance Remaining at 31 March 2021	(76,602)

Agenda Item 9

Appendix C

APPENDIX D - CAPITAL PROGRAMME 2020/21 TO 2022/23

Project	Original Budget 2020/21 £	Spend as at 30th Sept 2020	Variance	Original Budget 2021/22 £	Original Budget 2022/23 £
Chief Executive and Corporate					
Website Improvement	5,455	0	5,455	0	0
ICT Capital Investment 22/23	0	0	0	0	432,570
Office Technology Fund - End User Assets and IT Assets in Data Centre	160,873	0	160,873	357,770	0
ICT Improve Back-up and Recovery Capabilities	216,140	0	216,140	0	0
ICT Skype for Business	137,110	51,755	85,355	0	0
	519,578	51,755	467,823	357,770	432,570
Corporate and Community					
Museum of Barnstaple - Long Bridge Wing	39,573	0	39,573	0	0
Queens Theatre - Flat roof	130,000	0	130,000	0	0
21:21 (Transformation Project)	16,546	5,750	10,796	0	0
Committee Administration System	255	0	255	0	0
Online Consultation Software System	14,700	0	14,700	0	0
S106 Contributions - Various projects	456,344	250,698	205,646	0	0
Fremington Quay Wall Repair - Phase 1	30,000	0	30,000	0	0
Tarka Tennis Artificial Grass Pitch	4,560	0	4,560	0	0
Leisure Provision at Seven Brethren	3,921,315	415,819	3,505,496	10,438,608	0
	4,613,293	672,267	3,941,026	10,438,608	0

Project	Original Budget 2020/21 £	Spend as at 30th Sept 2020	Variance	Original Budget 2021/22 £	Original Budget 2022/23 £
Environmental Health & Housing					
Affordable Housing delivery Grant	5,000	0	5,000	0	0
Affordable Housing Fund	90,000	0	90,000	0	0
S106 Affordable Housing - Higher Westaway, Newton Tracey	45,000	0	45,000	0	0
ECO Warm up Grants	586,046	24,777	561,269	0	0
Disabled Facilities Grant Programme	1,571,867	423,721	1,148,146	979,000	979,000
Boyton House	173,459	16,209	157,250	0	0
Provision of temporary accommodation	285,674	0	285,674	0	0
	2,757,046	464,707	2,292,339	979,000	979,000
Operational Services					
Works Unit Vehicles	443,000	146,000	297,000	1,372,000	773,018
Rolling Road - for Workshop	31,790	30,795	995	0	0
Trade Waste Software	36,000	0	36,000	0	0
HGV Ramps	950	0	950	0	0
Material Recovery Facility - Infrastructure	0	0	0	760,000	0
	511,740	176,795	334,945	2,132,000	773,018
Place					
Land Release Fund - Seven Brethren	529,670	3,200	526,470	1,500,000	0
CCTV service	115,000	0	115,000	0	0
Replacement Planning ICT system	10,730	0	10,730	0	0

Project

Original Budget 2020/21 £	Spend as at 30th Sept 2020	Variance
655,400	3,200	652,200

Original Budget 2021/22 £	Original Budget 2022/23 £
1,500,000	0

Resources
Barnstaple Bus Station re-furbishment
Marine Drive Car Park Resurfacing - Ilfracombe
Ilfracombe Harbour - Kiosks
Jubilee Gardens reserved car park retaining wall
Resurfacing to various car parks
Retaining Wall - Watersmeet Car Park Lynton
Retaining Wall - Cross Street Car Park Lynton
Esplanade Wall
Public Maintenance - Public House corner of Castle Street and 16 Castle Street
Refurbishment Lower Lyndale Public Toilets, Lynmouth
HR and Payroll System
Pannier Market Re-roofing works
Water Sports Centre Ilfracombe
Acquisition of Land off Frankmarsh, Barnstaple
Planned Maintenance Seven Brethren
Digital Transformation Asset and Financial Management System

0	0	0
0	0	0
53,772	1,269	52,503
31,447	0	31,447
0	0	0
22,000	0	22,000
9,500	0	9,500
49,208	0	49,208
90,000	0	90,000
30,000	0	30,000
33,894	13,821	20,073
100,000	0	100,000
200,000	0	200,000
335,900	246,900	89,000
109,250	0	109,250
40,000	0	40,000
1,104,971	261,990	842,981

51,394	0
65,000	0
0	0
0	0
54,796	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
300,000	100,000
1,154,815	0
0	0
0	0
0	0
1,626,005	100,000

Project	Original Budget 2020/21 £	Spend as at 30th Sept 2020	Variance	Original Budget 2021/22 £	Original Budget 2022/23 £
Resources - Non Treasury					
Acquisition of Corporate Property	250,000	0	250,000	0	0
	250,000	0	250,000	0	0
	10,412,028	1,630,714	8,781,314	17,033,383	2,284,588

Appendix E

Table A: High level status of all service plan actions tracked on Pentana

	Completed	Overdue	Cancelled	Not due	Total
Totals	422	2	51	67	542
Since the last report included in the total	4				

Table B: Service plan actions that have been cancelled authorised by SMT

Action	Reason
P PBP 12 19/20 Viable and sustainable Barnstaple Pannier Market. Explore development options for Barnstaple Pannier Market	This action duplicates CE PM 01 17/18 and therefore cancellation requested.

Table C: Service Plan Actions (4) completed

Action	Closure Note	Due Date	Completed Date
L 01 20/21 Review charge out rates. Enhance integration with financial systems	Completed 24/09/2020. Updated Legal charging rates in place from 09/09/2020. Legal Income/Expenditure spreadsheet shared with Accountants.	31-Jul-2020	24-Sep-2020
P 01 20/21 Procurement of new cashless parking provider	Cashless provider (RingGo) procured. Contracts signed. Completed for NDC.	30-Jun-2020	12-Oct-2020
Place 01 20/21 Future High Streets Fund Delivery - Barnstaple	The final business case has been submitted to MHCLG for a capital ask of over £9m. A decision will be given in the Autumn as per Government guidelines.	31-Jul-2020	19-Oct-2020
R 05 20/21 Implement new Council Tax support scheme for 2020/21	Scheme went live April 2020.	31-Mar-2021	24-Sep-2020

Table D: Actions where Heads of Service have requested a revision to the due date and these have been approved by SMT

HoS	Code	Description	Current due date	Revised due date request	Reason & (if applicable Officer) requesting this change
KEN MILES	C&C C&C 01 19/20	Review the Design Print and Post service	30-Sep-2020	31-Dec-2020	Progress is being made but other more business critical priorities have taken precedence.
KEN MILES	C&CS 01 20/21	Streamline administrative process and implement an automated process for the administration of the Councillors grant and new Parish Council grant scheme	31-Aug-2020	31-Jan-2020	Follow up meeting to be arranged with Andrew Hughes, ICT regarding its effectiveness and consider whether to continue with using the back off system.
KEN MILES	OS PARK 04 19/20	Carry out review of the parking team and parking policies.	30-Sep-2020	01-Dec-2020	Request revised due date: 1 st Dec 2020
KEN MILES	OS W&R 10 17/18	Recycling Process Hall	30-Sep-2020	30-Sep-2021	The Baling equipment Tender is due to start in November 2020. Stuart from Taunton Council is managing this for us. We are just waiting to publish the vehicle tender before he starts the process hall project.
KEN MILES	PARK 06 16/17	To take operational control and enforcement of the Park & Change site at Chivenor	30-Apr-2020	01-Oct-2021	Resurfacing and lining now complete. Not currently operational due to raised drains on access/exit road, ticket machine needing service and updates, fencing blocking pedestrian access and no charges/name boards.
KEN MILES	C&C PL&C 01 17/18	Castle Mound Improvement Project	30-Sep-2020	30-Sep-2023	Historic England work now complete. Next phase is to finalise interpretation and protection of castle mound project scope. Submit application to the HLF and deliver work

Table D: Actions where Heads of Service have requested a revision to the due date and these have been approved by SMT

MICHAEL TICHFORD	Place 03 20/21	Develop a Climate Change and Biodiversity Action Plan	31-May-2020	31-Mar-2021	Climate Action Team work has been delayed due to focus being given to Covid19 response and recovery work. Environmental Policy has been developed by the CAT and was approved by Policy Development Committee on 16 July 2020.
MICHAEL TICHFORD	PRO 01 16/17	To continue to provide support and guidance on the procurement process. From the business planning it will be clear how much procurement is needed over the authority and relevant support provided	30-Apr-2020	31-Jan-2021	Due to staff shortage & Covid-19, an extension of time is requested.
MICHAEL TICHFORD	Place 02 20/21	Develop a database to integrate natural capital into decision making as part of future sustainability appraisals	31-Aug-2020	30-Jun-2021	A consultant (from Plymouth Univ) agreed to help develop the specification, funded by SWEEP (South West Partnership for Environmental and Economic Prosperity). After several meetings the scope of what was needed has been agreed and the relevant published data sources identified. A method summary has been published. Paul Trodd has been involved and is ready to develop the database once the specification is finalised. However progress on the project has been delayed by Covid-19 restrictions, the lead consultant changing jobs and delays in a key data source (Devon natural capital atlas) being published

Table E: Outstanding Service Plan Actions (2)

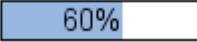
Code	Description	Progress Bar	Latest Note	Original Due Date	Due Date
H 10 16/17	Discounted sale processes		<p>No change from last update. Tracked changes on the draft SPD submitted to planning policy in Nov-19 still not received from planning policy due to other priorities. Until this is made a corporate priority, it is difficult to keep giving revised deadlines until housing enabling know when this will be received to incorporate into a final draft. This would then have to go to Local Plan Working Group; then out for public consultation; then revise where necessary, then to LPWG then to Policy or S&R Committee to adopt. I would like to escalate this concern as the policy gap leaves us open to challenge on many important affordable housing issues.</p>	30-Jun-2016	30-Jun-2020
H 13 16/17	Off-site contributions process		<p>No change from last update. Tracked changes on the draft SPD submitted to planning policy in Nov-19 still not received from planning policy due to other priorities. Until this is made a corporate priority, it is difficult to keep giving revised deadlines until housing enabling know when this will be received to incorporate into a final draft. This would then have to go to Local Plan Working Group; then out for public consultation; then revise where necessary, then to LPWG then to Policy or S&R Committee to adopt. I would like to</p>	30-Sep-2016	30-Jun-2020

Table E: Outstanding Service Plan Actions (2)

			escalate this concern as the policy gap leaves us open to challenge on many important affordable housing issues.		
--	--	--	--	--	--

Table F: Key Performance Indicators : Last year's data + this year's results

PI Code & Short Name	Performance Data Q1 2019/20 & 2020/21	Performance Data Q2 2019/20 & 2020/21	Performance Data Q3 2019/20 & 2020/21	Performance Data Q4 2019/20 & 2020/21	Year End Target	Year End Result	Current Target	Latest Note & History
Planning								
NI 155 Number of affordable homes delivered (cumulative ¹)	28	45	74	178		178		
	5	40						
NI 157a Percentage of major applications processed within 13 weeks	83%	90%	100%	100%	45%	93.25%	45%	
	100%	100%						
NI 157b Percentage of minor planning applications processed within 8 weeks	91%	95.19%	96.6%	95%		94.45%	75%	
	97%	93%						
	95%	95.68%	94.1%	96%	85%	95.2%		

¹ NI 155 changed from Gross to Cumulative

NI 157c Percentage of other applications processed within 8 weeks	91%	98%			85%		85.00%	
Waste & Recycling								
L82(i) Total percentage domestic waste recycled	50.91%	50.77%	47.78%	46.07%			46.00%	Quarter 2 figures not yet available
	51.9%							
Finance								
BV8 Percentage of invoices paid on time	96.52%	95.76%	95.7%	95.7%	97.00%	95.92%	97.00%	
	96.20%	93.30%			97.00%			
BV9 Percentage of Council Tax collected	28.59%	55.63%	82.33%	96.81%	98.00%		98.00%	
	27.47%	54.63%			98.00%			
BV78a (M) Speed of processing New Housing Benefit/Council Tax Benefit claims	21.5	17.3	17.8	21.3	28.00		28.0	
	27	27.6			28.00			
BV10 Percentage of Non-domestic Rates Collected	31.96%	57.45%	81.30%	97.07%	99.05%		99.05%	
	21.07%	57.23%			99.05%			

PI Code & Short Name	Performance Data Q1 2019/20 & 2020/21	Performance Data Q2 2019/20 & 2020/21	Performance Data Q3 2019/20 & 2020/21	Performance Data Q4 2019/20 & 2020/21	Year End Target	Year End Result	Current Target	Latest Note & History
Property & Technical								
L728 Percentage of the gross internal area of the investment estate currently let	95.21%	98.26%	98.28%	98.26%				
	98.16%	95.21%						
L168 Income per car park P&D ticket	June £1.69	Sept £1.74	Dec £1.62	March £1.41			£1.76	
	July £1.79	Sept £1.79						

PI Code & Short Name	Performance Data Q	Performance Data Q2	Performance Data Q3	Performance Data Q4	Year End Target	Year End Result	Current Target	Latest Note & History
	2019/20 & 2020/21	2019/20 & 2020/21	2019/20 & 2020/21	2019/20 & 2020/21				
Building Control								
L300 Building Regulation Full plan applications determined in months	99%	96%	100%	100%	95%	98.75%	95%	
	98%	99%			95%	98.75%		
L301 Building Regulation Applications examined within 3 weeks	84%	90%	98%	99%	95%	92.75%	95%	
	99%	100%			95%			
L302 Average time to first response (Days)	12	10	8	7	10		10	
	5	7			10			
Customer Services & Communications								
L999 Feedback Customer Satisfaction %	57%	49%	40%	59%	50%		50%	No results for this quarter as software failed. Currently waiting further
	N/A	N/A						

PI Code & Short Name	Performance Data Q 2019/20 & 2020/21	Performance Data Q2 2019/20 & 2020/21	Performance Data Q3 2019/20 & 2020/21	Performance Data Q4 2019/20 & 2020/21	Year End Target	Year End Result	Current Target	Latest Note & History
								advice re new software
L997 Customer Service Satisfaction %	95%	92%	93%	93%	90%	93%	90%	No results for this quarter as software failed. Currently waiting further advice re new software
	83%	N/A			90%			
L998 Media Satisfaction % Annual								
	Annual				90%	100%	90%	

Environmental Health & Housing								
LEHH014 Food Hygiene Interventions Completed	91	301	457	796	646	796		NIL food visits due to Covid best practice.
	16	2			892			
LEHH015 Percentage of Food Hygiene Due Interventions Completed	10.2%	43.8%	66.3%	88.7%	100%	88.7%	100	
	2.5%	0.3%			100%			
LEHH016 Housing Options - Number of Homelessness Prevented & Relieved	162	165	113	166		606	Data only	Prevent 98 Relief 55
	102	153						

LEHH017 Housing Options - Number of Households Accommodated in Temporary Accommodation	24	37	29	30		121	Data Only	
	36	33						
LEHH019 Housing Standards - Number of DFG's Completed & Monies Paid	20	68	104	167		167	Data only	£315,250.54
	30	56						
LEHH026 Number of NDC Lets Through DHC	70	71	87	88			Data only	
	48	98						
LEHH020 Housing Standards – the level of unmet demand for DFGs	269,616	163,468	293,164	361,260			Data only	
	£366,156	£227,416					Data only	

Page 54

2. Constitution Context

Appendix and paragraph	Referred or delegated power?
5.5	Delegated

3. Statement of Internal Advice

3.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

This page is intentionally left blank



Open

NORTH DEVON COUNCIL

REPORT TO: STRATEGY AND RESOURCES
Date: 2ND NOVEMBER 2020
TOPIC: Treasury Management Strategy Statement and Annual Investment Strategy
MID-YEAR REVIEW REPORT 2020/21
REPORT BY: CHIEF FINANCIAL OFFICER

1. INTRODUCTION

1.1 This mid year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management (revised 2017), and covers the following:

- An economic update for the first part of the 2020/21 financial year (appendix A);
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

2. RECOMMENDATIONS

The Committee is asked to recommend to full Council that:

- 2.1 The changes to the prudential indicators be approved.
- 2.2 The report and the treasury activity be noted.

3. REASONS FOR RECOMMENDATIONS

3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce a mid year treasury report reviewing treasury management activities and the prudential and treasury indicators for 2020/21. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (revised 2017).

- 3.2 This Council is also required under the Code to give prior scrutiny to the treasury management reports by the Policy Development Committee before they are reported to the full Council.

4. REPORT

4.1 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by this Council on 26th February 2020.

The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes are set out below:

Prudential Indicator 2020/21	Original Estimate £000	Revised Prudential Indicator £000
Capital Financing Requirement	8,770	7,169
Operational Boundary	8,250	2,250

Section 4.3 of this report gives further information on the Capital Financial Requirement and the Operational Boundary.

4.2 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the budget.

Capital Expenditure by Service	2020/21 Original Estimate £000	Current Position 30/09/20 £000	2020/21 Revised Estimate £000
Chief Executive & Corporate	506	52	520
Corporate & Community	5,234	672	4,613
Environmental Health & Housing	1,801	465	2,757
Operational Services	876	177	512
Place	2,026	3	655
Resources	2,179	262	1,355
Total	12,622	1,631	10,412

Changes to the Financing of the Capital Programme

The table below draws together the capital expenditure plans (above), and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

Capital Expenditure	2020/21 Original Estimate £000	2020/21 Revised Estimate £000
Total capital spend	12,622	10,412
Financed by:		
Capital receipts	(600)	(400)
Capital grants	(7,285)	(5,854)
Capital reserves	(1,207)	(1,195)
Total financing	(9,092)	(7,449)
Borrowing requirement	3,530	2,963

4.3 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table below shows the borrowing requirement (above), the reduction for the Minimum Revenue Provision (MRP) and impact on the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

	2020/21 Original Estimate £000	2020/21 Revised Estimate £000
Prudential Indicator – Capital Financing Requirement		
Borrowing requirement	3,530	2,963
Minimum Revenue Provision	(626)	(540)
Movement in CFR	2,904	2,423
Revised Total CFR	8,770	7,169
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	8,000	2,000
Other long term liabilities	250	250
Total debt (year-end position)	8,250	2,250

Prudential Indicator – Capital Financing Requirement

The forecast Capital Financing Requirement has reduced by circa £1.6m. This reduction can be broken down into £1.12m for the 19/20 estimate and £0.48m for the 20/21 estimate (as shown in the CFR movement above). However, the majority of this reduction relates to the slippage in the Leisure Centre capital project. In the Strategy the projected capital spend on this scheme by March 21 was £6.37m, although the current projection is spend of £4.57m to March 21. Please note that this reduction is a timing issue only with the project spend re-profiled into future years.

Despite the reduction in CFR from the forecast, it should still be noted that the current capital programme is adding circa £2.4m to the Council's overall need to incur borrowing.

Prudential Indicator – the Operational Boundary for external debt

The forecast operational boundary has reduced by £6m. Delays to the capital programme expenditure, stronger reserve forecasts and the strategy of postponing or delaying external borrowing means that the external borrowing position is not now expected to exceed £2.25m this financial year. Section 4.5 looks at the borrowing strategy in more detail.

4.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent.

	2020/21 Original Estimate £000	Current Position 30/09/20 £000	2020/21 Revised Estimate £000
Gross borrowing	5,500	500	1,500
Plus: other long term liabilities	0	0	0
Total debt	5,500	500	1,500
CFR (year end position)	8,770		7,169

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit that represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2020/21 Original Indicator £000	2020/21 Revised Indicator £000
Borrowing	22,000	22,000
Other long term liabilities	500	500
Total	22,500	22,500

The Leisure Provision at Seven Brethren report considered by Full Council on 13th March 2019, approved the increase in authorised borrowing limit to £22m from 2020/21.

4.5 Borrowing

The Council's capital financing requirement (CFR) for 2020/21 is £7.2m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the Public Works Loan Board (PWLB), or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

At present, the Council has projected total external borrowing of £1.5m and utilising £5.7m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring of economic conditions.

In May 2020 a PWLB loan of £0.75m matured, leaving the Council's total external borrowing at £0.5m. Whilst the borrowing projection prudently anticipates a further £1m of external borrowing might be required this financial year, however that is subject to the full capital programme being spent.

The Council's borrowing strategy remains to delay any external borrowing for as long as possible, or at least until the outcome of the PWLB consultation on the margins applied by HM Treasury is known, as there is an expectation that borrowing rates might reduce. At present we have been using internal borrowing from the Council's own cash flows, as this is a low cost financing option and reduces the net interest cost to the Council, but we will continue to monitor our cash position and amend the borrowing position as necessary.

PWLB Rates 1st April 2020 to 30th September 2020

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

Long-term borrowing projections



The current forecast for next financial year (2021/22) shows CFR increasing by £9.9m with the bulk of the Leisure centre spend in year, giving a total CFR of £17m. This would be funded from £14.5m of external borrowing and a further £2.5m of internal borrowing.

4.6 Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

4.7 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

4.8 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 26th February 2020. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

As shown by the interest rate forecasts in Appendix A, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low.

Negative investment rates

While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators, now including the Debt Management Account Deposit Facility (DMADF), offer nil or negative rates for very short term maturities. This is not universal, and Money Market Funds are still offering a marginally positive return, as are a number of financial institutions.

Creditworthiness.

Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during the quarter ended 30th June 2020 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of UK banks. The Council will continue to monitor the creditworthiness of its counterparties with our Treasury Advisors Links Asset Services.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function

Investment balances

The Council held £24.7m of investments as at 30 September 2020 (£16.25m at 31 March 2020) and the investment portfolio yield for the first six months of the year was 0.24% against the benchmark 7 day LIBID of -0.06%.

The Council's budgeted investment return for 2020/21 was £50,000. As at 30th September 2020 £40,689 investment interest was earned in the half-year period.

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21.

Non-Treasury Management Investments

The PWLB consultation included the proposal to end any PWLB loans for 'debt for yield' projects where financial assets and property were purchased primarily for financial return. This could also mean no PWLB loans for the rest of the capital programme in that year.

We will need to review the new lending arrangements once they are finalised and released by HM Treasury and assess the potential impact on the borrowing strategy, non-treasury investments and the Council's commercialisation strategy.

Bank Rate & LIBID rates 1st April 2020 to 30th September 2020

	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.07	-0.07	-0.06	-0.01	0.11
Low Date	01/04/2020	19/06/2020	21/08/2020	28/08/2020	25/08/2020	28/08/2020
Average	0.10	-0.05	-0.01	0.14	0.25	0.41
Spread	0.00	0.08	0.22	0.62	0.63	0.66

5. RESOURCE IMPLICATIONS

5.1 As detailed in the report.

6. EQUALITIES ASSESSMENT

6.1 There are not any equalities implications anticipated as a result of this report, as the purpose of this report is to present the Council's financial position only.

7. CONSTITUTIONAL CONTEXT

Article and paragraph	Referred or delegated power?
Part 4 Financial Procedure Rules (Article 13.8)	Delegated
Part 2, Article 4.4	

8. STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential or exempt information under the provisions of Schedule 12A of 1972 Act.

9. BACKGROUND PAPERS

9.1 Background papers will be available for inspection and will be kept by the author of the report.

10. STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Jon Triggs, Head of Resources

Date: 19th October 2020

Reference: T:\Technical\Adam\Treasury Management\ TM Mid Year Report 2020_21.doc

APPENDIX A: ECONOMICS AND INTEREST RATES

1) Economic Update

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
 - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
 - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
 - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.

- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.
- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

2) Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 11th August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps):

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases

of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11th March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4th June, but that date was subsequently put back to 31st July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11th March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

This page is intentionally left blank



NORTH DEVON COUNCIL

Open

REPORT TO: STRATEGY AND RESOURCES

Date: 2 November 20

TOPIC: TEST AND TRACE PAYMENT SCHEMES

REPORT BY: REVENUES AND BENEFITS MANAGER

1 INTRODUCTION

- 1.1 From 28th September 2020, Government has changed the legislation so that certain people will have to self-isolate due to the current COVID-19 crisis.
- 1.2 A package of legislative measure has been introduced both to ensure that those who are required to self-isolate do so, that those on a low income receive a payment to assist their finances and to encourage compliance with the legislation.
- 1.3 The Government has set down the requirements for two payment schemes to be set up by the Council;
 - The Test and Trace Support Payments Scheme (the standard scheme)
 - The Test and Trace Discretionary Payments Scheme (the discretionary scheme)
- 1.4 This report seeks approval for the adoption of the two policies, attached as Appendices A and B, detailing the Council's approach to the administration of both schemes.

2 RECOMMENDATIONS

- 2.1 That members approve the adoption of the policies for the Test and Trace Support Payments Scheme and the Test and Trace Discretionary Payments Scheme with effect from 28 September 2020 attached as Appendices A and B

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Government announced that, as from 28 September 2020, eligible individuals are entitled to a Test and Trace Support Payment or Discretionary Support Payment of £500 and that Councils needed to put arrangements in place to administer payments by 12 October 2020. These schemes are due to last until 31 January 2021. These policies detail the Council's approach to making these payments.

4 REPORT

4.1 From 28 September individuals will be entitled to a Test and Trace Support Payment of £500 from the Council if they meet the eligibility criteria, as laid down by the Government, listed below;

- They make an application to the Council in the prescribed form and provide all the evidence and verification required;
- They are employed or self-employed;
- They reside within North Devon Council's area
- They have been told to stay at home and self-isolate;
- They are unable to work from home and will lose income as a result; and
- They are currently receiving any of the following 'qualifying benefits';

Universal Credit, Working Tax Credit, Income-based Employment and Support Allowance, Income-based Jobseeker's Allowance, Income Support, Housing Benefit or Pension Credit

4.2 Where individuals meet all these requirements but are not in receipt of a qualifying benefit they can be considered for a payment from the discretionary scheme. For this to apply they will need to be on a **low income** and can demonstrate that they will face **financial hardship** as a result of not being able to work whilst they are self-isolating.

4.3 Government guidance states that Councils can introduce additional criteria to determine eligibility for discretionary payments in their area, as long as these operate in addition to, rather than instead of, the criteria set out above.

4.4 Devon Chief Executives and Leaders approved the adoption of the following standard approach to the administration of the discretionary scheme across the County, as put forward by the Devon Revenues and Benefits Managers group;

4.5 In addition to the government eligibility criteria the following conditions are to be included in the discretionary schemes across the County:

- A maximum gross earnings threshold of £372 per week. (This equates to 40 hours x £9.30 Real Living Wage). This means that if someone has earnings above this level then they would not normally be eligible unless there was an exceptional circumstance.
- A minimum number of hours that an individual will need to be working is 16 hours per week. Anyone normally working less than that would not be eligible.
- Maximum capital threshold of £6,000. Anyone with capital above that level would not be eligible.
- University students or those in higher education would normally be excluded from applying

- Individuals who have applied for a qualifying benefit but have not yet received a decision or have appealed against a decision not to award a qualifying benefit and are awaiting the outcome of the appeal will be eligible to claim.
- Individuals who are excluded from qualifying benefits by the “Persons from Abroad” provisions will be eligible to claim
- We will allow multiple claims in line with the government’s standard scheme
- Where more than one individual in a household meets the conditions they will each be eligible to claim.
- An individual will need to demonstrate that they will suffer financial hardship by having to self-isolate.
- Support will be capped to reflect the level of government funding, i.e. funding amount divide by £500 = number of individuals that can claim support.

4.6 Rationale

Criteria	Reason
Earnings threshold	This provides a very simple way to determine quickly that the individual is on low pay in order to avoid having to carry out a full means test assessment.
Number of hours	The standard working week tends to be either 37.5 hours or 40 hours. We have gone for the higher number of hours in order to not exclude anyone working a 40 hour week.
The Real Living Wage (UK living wage)	This is a more generous rate than the national living wage and therefore will enable more people to access support but still meets the scheme aims of supporting those on low pay.
16 hours per week that an individual needs to work.	This is the threshold that applies in Tax Credits and Housing Benefit. This supports those in gainful employment and not aimed at those in casual work.
Capital threshold of £6,000	This scheme is aimed at those who will face financial hardship. Anyone with savings above this threshold would not be considered to be facing financial hardship. This capital threshold is what all Devon authorities have within their Council Tax Reduction Schemes. It also mirrors the level that DWP use before applying tariff income.
University students/ those in higher education	The scheme is focussed on low income workers. Students are principally students even where they have some part time work. Vulnerable student groups (with children or disabilities for example) would be eligible for welfare benefits and therefore supported under the main scheme.
Applied for one of the qualifying benefits but not yet had a decision or appealing against a decision.	The government have identified this group in their advice to local authorities as individuals the discretionary fund needs to support.
Persons from abroad provision	The payment is intended to reinforce the public health message to self-isolate where instructed to. Welfare benefits

	exclude many overseas nationals from entitlement but they would equally need to self-isolate to support the public health strategy.
Multiple claims	Where someone has to self-isolate more than once it's important that we treat individuals in-line with the government scheme and that they are not disadvantaged.

4.7 The Council has received a fixed amount of funding from Government for the four months that the discretionary scheme is intended to last. Government has confirmed that no additional monies will be given to the Council.

4.8 In view of this, and to ensure that discretionary payments are available throughout the period to 31 January 2021, the council needs to reserve the right to change the discretionary scheme at any time to ensure funds go to those who face the most financial hardship. This was noted at the time of making the recommendation to Chief Executives and Leaders.

4.9 Arrangements were quickly put in place to administer these payments, including the design of an on-line claim, and this went live on 12 October 2020.

5 RESOURCE IMPLICATIONS

5.1 Government has confirmed that it will reimburse the Council for administration costs of both schemes and for all payments made under the standard scheme.

5.2 The Council has received a fixed amount of funding to make payments under our discretionary scheme

6 EQUALITIES ASSESSMENT

Equality Impact Assessment Summary attached at Appendix C

7 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3 Annex 1, paragraph 1 (d)	Delegated

8 STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

9.1 The following background papers were used in the preparation of this report:

- The Test and Trace Support Payment Scheme: Implementation Guide for Local Authorities Version 0.4

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Julie Dark

Date: 12/10/2020

This page is intentionally left blank



North Devon District Council Test and Trace Support Payments Scheme

Contents

Definitions	3
1. Background to Self-Isolation and Test and Trace Support Payment Scheme.....	5
2. An overview of the Test and Trace Payment scheme (the Standard Scheme).....	5
3. Commencement of the scheme and scheme closure	6
4. Applying for a Test and Trace Support Payment (the Standard Scheme).	6
5. Time limits for making an application for a payment.....	7
6. Multiple claims within the household and from the same applicant.....	7
7. The eligibility criteria and evidence required for the Test and Trace Support Payment (the standard scheme).	8
8. How much grant will be paid, methods of payment and timings.....	12
9. Notification of Decisions.....	12
10. Implications for other benefits and reductions.....	12
11. Review of Decisions.....	12
12. Complaints.....	13
13. The Discretionary Test and Trace Payment Scheme and its relationship with the Standard Scheme.....	13
Discretionary Scheme.....	13
Claiming from the schemes	13
14. Funding of the scheme	14
15. Taxation and provision of information to HMRC.....	14
16. Managing the risk of fraud	14
17. Recovery of amounts incorrectly paid.....	14
18. The Council's duties in relation to self-isolation.....	14
19. Delegated Powers.....	15
20. Data Protection and use of data.....	15

Definitions

The following definitions are used within this document:

‘Applicant’; means the individual making an application for a payment under this scheme;

‘Contact Tracing and Advice Service (CTAS)’; means the web-based system used by Public Health England to contact and trace individuals who are required to self-isolate;

‘CTAS Account ID’; means the unique number provided by Public Health England through the Contact Tracing and Advice Service (CTAS);

‘COVID-19’; means the infectious disease caused by the most recently discovered coronavirus;

‘Housing Benefit’; means the benefit administered by local authorities under either the Housing Benefit Regulations 2006 or the Housing Benefit (Persons who have attained the qualifying age for state pension credit) 2006;

‘income-related Employment and Support Allowance’; means the means-tested Employment and Support Allowance administered by the Department for Work and Pensions under the Welfare Reform Act 2007;

‘income-based Jobseeker’s Allowance’; means the means-tested Jobseekers Allowance administered by the Department for Work and Pensions under the Jobseekers Act 1995;

Income Support’; means the means-tested Income Support administered by the Department for Work and Pensions under the Income Support (General) Regulations 1987;

‘NHS Test and Trace’; means the service provided to the National Health Service in England, established in May 2020 to track and help prevent the spread of COVID-19;

‘Pension Credit’; means the means-tested Guarantee or Savings Credit administered by the Department for Work and Pensions under the State Pension Credit Regulations 2002;

‘Qualifying benefit’; means any of the following benefits: Housing Benefit, Income support, income-based jobseeker’s Allowance, income-related Employment and Support Allowance, Working Tax Credit or Universal Credit;

‘Self-isolation, Self-isolate’; means the legal requirement for an individual to self-isolate when told to by NHS Test and Trace or the NHS COVID-19 app and the legal duty to self-isolate under the Health Protection (Coronavirus, Restrictions) (Self-Isolation) (England) Regulations 2020 which came into force on 28th September 2020;

‘Test and Trace Support Payment Scheme’ (‘Standard Scheme’); means the Standard Scheme introduced by Government on 28th September and administered by Local Authorities;

‘Test and Trace Discretionary Payments Scheme’ (‘Discretionary Scheme’); means the Test and Trace Discretionary Payments Scheme which has been agreed by the Council and which may be available for individuals who are unable to access the ‘Standard Scheme’.

‘Universal Credit’ means the means-tested Universal Credit administered by the Department for Work and Pensions under the Universal Credit Regulations 2013;

'Working Tax Credit'; means the means-tested benefit administered by Her Majesty's Revenues and Customs under the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002.

1. Background to Self-Isolation and Test and Trace Support Payment Scheme

- 1.1 From 28th September 2020, Government has changed the legislation so that certain people will have to self-isolate due to the current COVID-19 crisis.
- 1.2 A package of legislative measures has been introduced both to ensure that those who are required to self-isolate, do so and, that those on a low income, receive a payment to assist their finances and to encourage compliance with the legislation.
- 1.3 The Council, together with Government, recognises that self-isolation is one of the most powerful tools for controlling the transmission of the Covid-19 virus and this scheme document details who will be eligible and how the Test and Trace Support Payment will be made. It also outlines the approach the Council will take in determining whether a payment will be made or not.
- 1.4 This document, which covers the **Standard Scheme**, should be read alongside the Council's Test and Trace Discretionary Support scheme which *may* be available to individuals who do not qualify a payment under this scheme.

2. An overview of the Test and Trace Payment scheme (the standard scheme).

- 2.1 From 28th September 2020, individuals will be entitled to a Test and Trace Support Payment of £500 from the Council if they meet the eligibility criteria listed below:
 - (a) Make an application to the Council in the prescribed form and provide all the evidence and verification required;
 - (b) Are a resident within the Council's area;
 - (c) Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;
 - (d) Are employed or self-employed;
 - (e) Are unable to work from home and will lose income as a result; and
 - (f) Are currently receiving any of the following 'qualifying benefit's:
 - Universal Credit;
 - Working Tax Credit;
 - income-based Employment and Support Allowance;
 - income-based Jobseeker's Allowance;
 - Income Support;
 - Housing Benefit; or

- Pension Credit.
- 2.2 This particular scheme is designed for those individuals (applicants) who:
- meet the standard conditions 2.1 (a) to (e) above;
 - are in receipt of one of the qualifying benefits listed in 2.1(f); and
 - comply with the self-isolation requirements laid down by Government;
- 2.3 Where individuals meet all the requirements but are **not in receipt of a qualifying benefit (2.1 (f))**, no payment can be made; however, they may be able to apply for a discretionary payment under the Council's Test and Trace Discretionary Payments Scheme which is available on the Council's website
<https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>
- 2.4 Individuals will **not** be entitled to apply for both a payment under the Standard Scheme and under the Council's Discretionary Scheme.

3. Commencement of the scheme and scheme closure

Commencement

- 3.1 This scheme is available to all individuals who meet the eligibility criteria and who are told to self-isolate **on or after** 28th September 2020.
- 3.2 Individuals who are required to self-isolate **before** 28th September 2020 will not be eligible for a payment.

Scheme closure

- 3.3 At the present time, Government has stated that this Standard Scheme will be available until 31st January 2021.

4. Applying for a Test and Trace Support Payment (the Standard Scheme).

- 4.1 Individuals who are resident within the Council's area will be entitled to make an application for a Test and Trace Support Payment under this scheme. In all cases, the 'applicant' will be required to answer **all** of the questions asked and provide the information required by the Council in the specified timescale.
- 4.2 In order to receive a payment, all applicants must meet the full eligibility criteria, details of which are shown within Section 7 of this scheme. The applicant will be required to self-verify certain criteria and also confirm that they will comply with the self-isolation requirements set by Government.

- 4.3 Where the applicant fails to meet the eligibility criteria, they will not receive a payment and will be informed of this by the Council, either at the point of application or as soon as practicable thereafter.
- 4.4 Where the applicant is successful, the Council will notify them accordingly and make payment in line with the timings and methods shown in Section 8.
- 4.5 Applications can **only** be accepted from individuals who are resident in the Council's area.
- 4.6 Applications will be accepted from a third party in respect of any individual who meets the eligibility criteria for a payment. However, the following should be noted:
- The person making the application will need to provide evidence of their identity and also the reason why they are applying on behalf of another person; and
 - That any payment **must** only be made by the Council to the person who is self-isolating. No payment will be made to a third party under any circumstance.
- 4.7 All applications shall be made online using the Council's dedicated webpage <https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>
There are no paper or other types of application processes; however, should individuals experience difficulties in making any application, they should contact the Council on 01271 388877.

5. Time limits for making an application for a payment

- 5.1 No application for a payment can be made before the 28th September 2020 or for any individual who has been required to self-isolate before 28th September 2020.
- 5.2 Eligible individuals can apply for a Test and Trace Support Payment at any time up to 14 days after their period of self-isolation ended. The Council will **not** accept any applications after this point.
- 5.3 Where an individual has been required to self-isolate on or after 28th September but before the Council's scheme opened on 12th October 2020, an application for a backdated discretionary payment must be made by 26th October 2020 (14 days after commencement of scheme).

6. Multiple claims within the household and from the same applicant

- 6.1 Individuals in the same household can each make an application to receive a Test and Trace Support Payment, if they each meet the eligibility criteria in full.
- 6.2 An individual may make an application more than once but only:
- If the individual is told to self-isolate multiple times; **and**
 - they meet the eligibility criteria for each individual application; **and**

- the periods of self-isolation do not overlap.

6.3 The Council is mindful that this can be confusing for applicants and it will be essential, where multiple applications are made by an individual, to ensure correct eligibility. Therefore, a new application will need to be made for each distinct period of self-isolation.

7. The eligibility criteria and evidence required for the Test and Trace Support Payment (the Standard Scheme).

7.1 For payment to be made under this scheme, all of the criteria **must** be met. As with the application form itself, all evidence will need to be provided electronically. The Council provides facilities for all applicants to upload documents, evidence and photographs.

7.2 Where documentation is only held in 'hard copy' or paper form, the Council will accept digital images or photographs provided they show all the relevant information.

7.3 The Council will keep all information supplied by applicants, secure and in accordance with Data Protection legislation.

An individual must make a valid application to the Council in the prescribed form and provide the all evidence and verification required

7.4 As mentioned in Section 4, a valid application must be made via the Council's website;

<https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

All applicants will be required to provide details sufficient to identify themselves, their address and to allow the Council to contact them including:

- Full name;
- Address;
- National Insurance Number;
- Telephone number; and
- Email address.

7.5 In addition to the above, all applicants will be required to submit a copy of their current bank statement(s) in order to:

- Verify that their income has reduced due to having to self-isolate (see later); and
- Provide details of the bank account number and sort code of the account into which a payment would be made.

That they are a resident within the Council's area

- 7.6 The applicant will be required to verify that they have their sole or main residence in the Council's area. The Council will check other records held (and make other enquiries where appropriate) to determine this.
- 7.7 Where necessary, the Council will ask the applicant to provide additional evidence of residence.

Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive

- 7.8 A key requirement of the scheme is that the applicant has been instructed by the NHS Test and Trace to stay at home and self-isolate either because:
- they have tested positive for COVID-19 (coronavirus); or
 - have recently been in close contact with someone who has tested positive.
- 7.9 All applicants will be required to provide the 8-digit unique ID number which has been provided to them by NHS Test and Trace.
- 7.10 For information, the NHS Test and Trace service uses the Contact Tracing and Advice Service (CTAS) to record information about people who have tested positive for COVID-19 and their contacts. The CTAS Account ID is an 8-character identifier unique to each case (e.g. 3b1a3015c). Most individuals who test positive for COVID-19 or are a contact of someone who has had a positive test, will receive a digital invitation from the CTAS system to undertake the contact tracing journey.
- 7.11 All cases and contacts who have completed the contact tracing journey (including those who were ineligible for the digital invitation such as children or individuals with a landline number only) will receive a citizen advice message upon completion of the NHS Test and Trace questionnaire. The citizen message (sent either via a text message/email or postal service for people with no access to mobile phone or email) contains the 8-character Account ID.
- 7.12 The Council will check that the applicant has a valid Account ID produced by the Contact Tracing and Advice Service. Only this number will allow an application to be processed.
- 7.13 The Council will not make payment to anyone who does not have a valid notification (Account ID) from NHS Test and Trace. It should be noted that there is a legal duty to self-isolate which only applies to people who have been told to self-isolate by NHS Test and Trace.

- 7.14 The Council will not accept a notification from the NHS Isolation Note service. Where the applicant has provided this only, they will be given an opportunity to provide a valid NHS Test and Trace notification if they have one.
- 7.15 This scheme does not cover people who are self-isolating after returning to the UK from abroad, unless they have tested positive for COVID-19 (coronavirus) or have been instructed to self-isolate by NHS Test and Trace.

All applicants must be currently employed or self-employed

- 7.16 Only those applicants who are currently employed or currently self-employed will be entitled to claim a Test and Trace Support Payment. For the sake of clarity, this scheme requires all applicants to provide sufficient evidence of their current employment or self-employment status. In the case of employed applicants, full details of their employer must be given on the application form including contact numbers.
- 7.17 The Council will also require applicants to provide proof such as listed below:

Employed

- Current wages or salary slips;
- Employment contract; or
- Letter from the employer confirming current employment.

Self Employed

- Self-assessment form;
- Details of HMRC registration as self-employed;
- Current accounts; or
- Current accounts and trading statements

- 7.18 The above list is not exhaustive.
- 7.19 As this is an essential requirement in order for a Test and Trace Support Payment to be made, the applicant must satisfy the Council that they meet this criterion.

Are unable to work from home and will lose income as a result

- 7.20 All applicants will have to certify on the application form that they are:
- Unable to work from home; and
 - Will lose income as a result.
- 7.21 The Council will need to be satisfied that any applicants meet these conditions in full.

Unable to work from home

- 7.22 The Council will require applicants to give details about the nature of their work and whether they can undertake this work from home.
- 7.23 Only those applicants that cannot work from home whilst self-isolating will meet the criteria and therefore, each applicant will not only be required to verify the fact, but also provide details of the reasons why this is the case, together with details of the type of work that they would normally undertake.
- 7.24 This criterion applies whether an applicant is either employed or self-employed and Government has provided a number of examples as follows:
- An applicant with a single job whose employer continued to pay them a full wage while they self-isolated would not meet the criteria;
 - An applicant whose employer paid them a reduced wage while they self-isolated would meet the criteria (as they have lost income); and
 - An applicant with two part-time jobs who continued to be paid a full wage by one employer, but whose other employer did not pay them while self-isolating, would be eligible.

Are currently receiving any of the qualifying benefits.

- 7.25 The final criterion is that the applicant **must be in receipt** of one of the following qualifying benefits:
- Universal Credit;
 - Working Tax Credit;
 - income-based Employment and Support Allowance;
 - income-based Jobseeker's Allowance;
 - Income Support;
 - Housing Benefit; or
 - Pension Credit.
- 7.26 Applicants must be **actually** in receipt of the listed benefits. Each applicant will be required to verify that they are in receipt of one of the benefits and provide evidence of that to the Council. Evidence will need to be provided electronically but typically could be copies of bank statements showing the payments, confirmation of benefit entitlement or award /payment summaries (as in the case of Universal Credit). The Council will accept 'screenshots' of any online benefit account.
- 7.27 Where an applicant has yet to apply for a qualifying benefit; is awaiting a decision on a benefit; is currently appealing a negative decision; or is unable to apply for a qualifying benefit, they will not be entitled to a payment under the Standard Scheme and will be directed to apply for a payment under the Council's Test and Trace Discretionary Payment Scheme.

7.28 The Council will verify the current receipt of a qualifying benefit with the Department for Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC) as appropriate.

8. How much grant will be paid, methods of payment and timings.

8.1 Where an applicant meets all of the eligibility criteria, a single payment of £500 shall be paid for each period of self-isolation. Payments will be made direct to the applicant's bank account within 3 working days, starting with the date of application.

8.2 Where further information or evidence is required from the applicant, the Council will look to make payment within 3 working days starting with the date when all of the required information is received.

8.3 Full details of the applicant's bank account must be supplied on the application form and this will be cross checked with the copies of the bank statements provided as part of the verification process.

8.4 As required by Government, payments can only be made to the applicant's bank account. No payments can be made to third parties whatsoever.

8.5 The Council is aware that in some cases, applicants may be overdrawn and may not be able to gain access to the payment. In these cases, the applicant may apply for protection. This protection is called a 'first right of appropriation of funds order'. More details of this can be obtained from Citizens Advice.

9. Notification of Decisions

9.1 Applications will be considered by officers of the Council and all decisions made by the Council shall be notified to the applicant either in writing or by email.

10. Implications for other benefits and reductions

10.1 The Council has been advised by the Department for Work and Pensions (DWP) that the Test and Trace Support Payment will be disregarded for the purposes of all means-tested benefits.

10.2 The Council has decided that any payment made under this scheme shall not affect entitlement to Council Tax Reduction.

11. Review of Decisions

11.1 Whilst there is no statutory appeal process, the Council will operate an internal review process and will accept an applicant's request for an appeal of its decision by a senior officer.

- 11.2 All such requests must be made in writing to the Council, within 3 days of the Council's decision, and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal. The application will be reconsidered as soon as practicable, and the applicant informed in writing or by email of the decision.

12. Complaints

- 12.1 The Council's 'Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about this scheme.

13. The Discretionary Test and Trace Payment Scheme and its relationship with the Standard Scheme

Standard Scheme

- 13.1 This 'Standard' Scheme has been determined by criteria set down by Government and is primarily aimed at all applicants who are working or self-employed; are unable to work from home and will therefore have a reduction in income and are in receipt of certain qualifying benefits (Universal Credit; Working Tax Credit; Income-based Employment and Support Allowance; income-based Jobseeker's Allowance; Income Support; Housing Benefit; or Pension Credit).
- 13.2 The receipt of one of those benefits is essential in order for a payment to be made.

Discretionary Scheme

- 13.3 The Council's Test and Trace Discretionary Payments Scheme is for any individual who meets all the required criteria **except** that they are not currently in receipt of a qualifying benefit. The reason for this could be, for example, that a claim for a benefit has not yet been made or that the individual, whilst normally resident in the UK, is unable to gain access to public funds.
- 13.4 Details of the Council's Test and Trace Discretionary Payment Scheme can be found at <https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

Claiming from the schemes

- 13.5 Individuals who are entitled to a payment from the Standard Scheme are unable to make a claim from the Council's discretionary scheme.
- 13.6 However, an applicant who is refused a 'Standard Scheme' payment on the basis that they meet all the criteria **except** that they are not in receipt of a qualifying benefit, will be directed to make an application for a discretionary payment.

14. Funding of the scheme

- 14.1 Government has confirmed that it will reimburse the Council for all payments correctly made under this scheme.

15. Taxation and provision of information to HMRC

- 15.1 The Council has been informed by Government that all payments under this scheme are taxable. However, the payments will not be subject to National Insurance contributions.
- 15.2 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.
- 15.3 All applicants should note that the Council is required to inform Her Majesty's Revenue and Customs (HMRC) of all payments made to individuals.

16. Managing the risk of fraud

- 16.1 Neither the Council, nor Government will accept deliberate manipulation of the scheme and fraud. Any applicant caught falsifying information to gain payments will face prosecution and any payment issued will be recovered from them and this may also include other recovery costs.
- 16.2 Applicants should note that, where a Test and Trace Support Payment is paid by the Council, details of each individual applicant will be passed to Government. Applicants should also note that the Council utilises a number of databases and Government systems to verify information in connection with any applications submitted.

17. Recovery of amounts incorrectly paid

- 17.1 If it is established that any Test and Trace Support Payment has been made incorrectly due to incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

18. The Council's duties in relation to self-isolation

- 18.1 The duty to self-isolate is an important one. Ensuring infected individuals and their close contacts isolate is one of our most powerful tools for controlling transmission.
- 18.2 We know that someone with the virus can remain infectious to other people for up to 10 days after developing symptoms. It can take up to 14 days for individuals to develop coronavirus symptoms after they catch the virus, and in this time, they can unknowingly pass it on to others, even if they don't have symptoms.

- 18.3 Self-isolating helps prevent family, friends and the community from contracting coronavirus, as well as helping to protect the health and care system.
- 18.4 The changes announced by Government on 20th September 2020 and brought into force on 28th September 2020 (as well as providing for the Test and Trace Support payments scheme):
- introduce a new legal duty on individuals to self-isolate if someone tests positive or is identified as a contact by NHS Test and Trace;
 - introduce penalties for those breaking the rules, including fines of at least £1,000 and up to a maximum of £10,000 for repeated or very serious offences; and
 - place a new legal obligation on employers that they must not knowingly enable or encourage their employees to break the law on self-isolation.
- 18.5 As part of this, the Council has a duty If it becomes aware, either through post-payment verification checks or through other means, that someone has not self-isolated, to refer the case to the police.
- 18.6 The Council has been informed by Government that, in order to ensure compliance with the new legislation NHS Test and Trace call handlers will be increasing contact with those self-isolating. Police resources will be used to check compliance in highest incidence areas and in high-risk groups, based on local intelligence including acting on instances where third parties have identified others who have tested positive, but are not self-isolating.
- 18.7 The Council will continue to focus on the principle of encouraging, educating and supporting self-compliance.

19. Delegated Powers

- 19.1 The Council has implemented this scheme in line with Government requirements and guidance.
- 19.2 Officers of the Council will administer the scheme and the Section 151 Officer is authorised to make technical scheme amendments to ensure it continues to meet the criteria set by the Council and, in line with Central Government guidance.

20. Data Protection and use of data

- 20.1 All information and data provided by businesses shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.

This page is intentionally left blank



North Devon District Council

Test and Trace Discretionary Payments Scheme

Contents

Definitions.....	3
1. Background to Self-Isolation and the Test and Trace Payments.....	5
2. An overview of the Test and Trace Discretionary Payments Scheme (the Discretionary Scheme).	5
3. Commencement of the scheme and scheme closure	6
4. Applying for a Test and Trace Discretionary Payment (the Discretionary Scheme).	7
5. Time limits for making an application for a payment.....	7
6. Multiple claims within the household and from the same applicant.....	8
7. The eligibility criteria and evidence required for a Test and Trace Discretionary Payment.	8
8. How much discretionary payment will be paid, methods of payment and timings.	13
9. Notification of Decisions	13
10. Implications for other benefits and reductions	13
11. Review of Decisions	14
12. Complaints	14
13. The Test and Trace Discretionary Payments Scheme and its relationship with the Standard Scheme	14
Standard Scheme	14
Discretionary Scheme	14
Claiming from the schemes	15
14. Funding of the Discretionary Scheme.....	15
15. Taxation and provision of information to HMRC.....	15
16. Managing the risk of fraud.....	15
17. Recovery of amounts incorrectly paid	16
18. The Council’s duties in relation to self-isolation.....	16
19. Delegated Powers	17
20. Data Protection and use of data	17

Definitions

The following definitions are used within this document:

‘Additional Eligibility Criteria’; means the additional criteria decided by the Council that need to be met, in order to receive a payment under the Council’s Test and Trace Discretionary Payments Scheme. These will be in addition to the standard criteria and are allowable under Government guidance;

‘Applicant’; means the individual making an application for a payment under this scheme;

‘Contact Tracing and Advice Service (CTAS)’; means the web-based system used by Public Health England to contact and trace individuals who are required to self-isolate;

‘CTAS Account ID’; means the unique number provided by Public Health England through the Contact Tracing and Advice Service (CTAS);

‘COVID-19’; means the infectious disease caused by the most recently discovered coronavirus;

‘face financial hardship’; a key criterion of the Test and Trace Discretionary Payments Scheme is that all applicants will, if not for the payment, face financial hardship solely due to their need to self-isolate;

‘Housing Benefit’; means the benefit administered by local authorities under either the Housing Benefit Regulations 2006 or the Housing Benefit (Persons who have attained the qualifying age for state pension credit) 2006;

‘income-related Employment and Support Allowance’; means the means-tested Employment and Support Allowance administered by the Department for Work and Pensions under the Welfare Reform Act 2007;

‘income-based Jobseeker’s Allowance’; means the means-tested Jobseekers Allowance administered by the Department for Work and Pensions under the Jobseekers Act 1995;

Income Support’; means the means-tested Income Support administered by the Department for Work and Pensions under the Income Support (General) Regulations 1987;

‘NHS Test and Trace’; means the service provided to the National Health Service in England, established in May 2020 to track and help prevent the spread of COVID-19;

‘Pension Credit’; means the means-tested Guarantee or Savings Credit administered by the Department for Work and Pensions under the State Pension Credit Regulations 2002;

‘Qualifying benefit’; means any of the following benefits: Housing Benefit, Income support, income-based jobseeker’s Allowance, income-related Employment and Support Allowance, Working Tax Credit or Universal Credit;

‘Self-isolation, Self-isolate’; means the legal requirement for an individual to self-isolate when told to by NHS Test and Trace or the NHS COVID-19 app and the legal duty to self-isolate under the Health Protection (Coronavirus, Restrictions) (Self-Isolation) (England) Regulations 2020 which came into force on 28th September 2020;

‘Test and Trace Support Payment Scheme’ (‘Standard Scheme’); means the Standard Scheme introduced by Government on 28th September and administered by Local Authorities;

'Test and Trace Discretionary Payments Scheme' ('Discretionary Scheme'); means the Test and Trace Discretionary Payments Scheme which has been agreed by the Council and which *may* be available for individuals who are unable to access the 'Standard Scheme'.

'Universal Credit' means the means-tested Universal Credit administered by the Department for Work and Pensions under the Universal Credit Regulations 2013;

'Working Tax Credit'; means the means-tested benefit administered by Her Majesty's Revenues and Customs under the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002.

1. Background to Self-Isolation and the Test and Trace Payments

- 1.1 From 28th September 2020, Government has changed the legislation so that certain people will have to self-isolate due to the current COVID-19 crisis.
- 1.2 A package of legislative measures has been introduced to ensure that those who are required to self-isolate, do so and that those on a low income receive a payment to assist their finances and to encourage compliance with the legislation.
- 1.3 The Council, together with Government, recognises that self-isolation is one of the most powerful tools for controlling the transmission of the Covid-19 virus. The Government has set down the requirements for two payment schemes to be set up by the Council as follows:
 - (a) The **Test and Trace Support Payments Scheme (the Standard Scheme)** for those eligible applicants who are in receipt of Housing Benefit, Pension Credit, Income support, income-based jobseeker's Allowance, income-related Employment and Support Allowance, Working Tax Credit or Universal Credit (the qualifying benefits); and
 - (b) The **Test and Trace Discretionary Payments Scheme (the Discretionary Scheme)** for those applicants who are **not** in receipt of any of the qualifying benefits but who are on a low income and will face financial hardship as a result of not being able to work while they are self-isolating.
- 1.4 This document details who will be eligible for a payment under the **Test and Trace Discretionary Payments Scheme**.
- 1.5 Any applicant who is in receipt of a qualifying benefit, should apply for a payment under the standard scheme details of which are available at <https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

2. An overview of the Test and Trace Discretionary Payments Scheme (the Discretionary Scheme).

- 2.1 From 28th September 2020, individuals will be entitled to a payment of £500 from the Council's Test and Trace Discretionary Payments Scheme if they meet the eligibility criteria listed below:
 - (a) Make an application to the Council in the prescribed form and provide all the evidence and verification required;
 - (b) Are a resident within the Council's area;

(c) Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;

(d) Are employed or self-employed;

(e) Are unable to work from home and will lose income as a result;

(f) Are **NOT** currently receiving any of the following benefits:

- Universal Credit;
- Working Tax Credit;
- income-related Employment and Support Allowance;
- income-based Jobseeker's Allowance;
- Income Support;
- Housing Benefit; or
- Pension Credit; **and**

(g) Meet the Council's addition criteria for a discretionary payment.

2.2 This particular scheme is designed for those individuals (applicants) who:

- meet the standard conditions 2.1 (a) to (g) above;
- are **not** receiving a benefit listed in 2.1(f); and
- comply with the self-isolation requirements laid down by Government;

2.3 Where individuals meet all the requirements but **are in receipt of a benefit stated in 2.1 (f)**, no payment can be made under the Discretionary Scheme; however, they may be able to apply for payment under the Standard Scheme which is available on the Council's website

<https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

2.4 Individuals will **NOT** be entitled to apply for both a payment under the Standard Scheme and under the Council's Discretionary Scheme.

3. Commencement of the scheme and scheme closure

Commencement

3.1 This scheme is available to all individuals who meet the eligibility criteria for a discretionary payment and who are told to self-isolate **on or after** 28th September 2020.

3.2 Individuals who are required to self-isolate **before** 28th September 2020 will not be eligible for a payment.

Scheme closure

- 3.3 At the present time, Government has stated that this Discretionary Scheme (and the Standard Scheme) will be available until 31st January 2021.

4. Applying for a Test and Trace Discretionary Payment (the Discretionary Scheme).

- 4.1 Individuals who are resident within the Council's area *may* make an application for a Test and Trace Discretionary Payment under this scheme. In all cases, the 'applicant' will be required to answer **all** of the questions asked and provide the information required by the Council in the specified timescale.
- 4.2 In order to receive a payment, all applicants must meet the full eligibility criteria, details of which are shown within Section 7 of this scheme. The applicant will be required to self-verify certain criteria and also confirm that they will comply with the self-isolation requirements set by Government.
- 4.3 Where the applicant fails to meet the eligibility criteria, they will not receive a payment and will be informed of this by the Council, either at the point of application or as soon as practicable thereafter.
- 4.4 Where the applicant is successful, the Council will notify them accordingly and make payment in line with the timings and methods shown in Section 8.
- 4.5 Applications can **only** be accepted from individuals who are resident in the Council's area.
- 4.6 Applications will be accepted from a third party in respect of any individual who meets all the eligibility criteria for a payment. However, the following should be noted:
- The person making the application will need to provide evidence of their identity and also the reason why they are applying on behalf of another person; and
 - That any payment **must** only be made by the Council to the person who is self-isolating. No payment will be made to a third party under any circumstance.
- 4.7 All applications shall be made online using the Council's dedicated webpage <https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>
There are no paper or other types of application processes; however, should individuals experience difficulties in making any application, they should contact the Council on 01271 388877.

5. Time limits for making an application for a payment

- 5.1 No application for a discretionary payment can be made before the 28th September 2020 or for any individual who has been required to self-isolate before 28th September 2020.

- 5.2 Eligible individuals can apply for a Test and Trace Discretionary Payment at any time up to 14 days after their period of self-isolation ended. The Council will **not** accept any applications after this point.
- 5.3 Where an individual has been required to self-isolate on or after 28th September but before the Council's scheme opened on 12th October 2020, an application for a backdated discretionary payment must be made by 26th October 2020 (14 days after commencement of scheme).

6. Multiple claims within the household and from the same applicant

- 6.1 Individuals in the same household can each make an application to receive a Test and Trace Discretionary Payment, if they each meet all the eligibility criteria in full.
- 6.2 An individual may make an application more than once but only:
- If the individual is told to self-isolate multiple times; **and**
 - they meet the eligibility criteria for each individual application; **and**
 - the periods of self-isolation do not overlap.
- 6.3 The Council is mindful that this can be confusing for applicants and it will be essential, where multiple applications are made by an individual, to ensure correct eligibility. Therefore, a new application will need to be made for each distinct period of self-isolation.

7. The eligibility criteria and evidence required for a Test and Trace Discretionary Payment.

- 7.1 For payment to be made under this Discretionary Scheme, all of the criteria **must** be met. As with the application form itself, all evidence will need to be provided electronically. The Council provides facilities for all applicants to upload documents, evidence and photographs.
- 7.2 Where documentation is only held in 'hard copy' or paper form, the Council will accept digital images or photographs provided they show all the relevant information.
- 7.3 The Council will keep all information supplied by applicants, secure and in accordance with Data Protection legislation.

An individual must make a valid application to the Council in the prescribed form and provide the all evidence and verification required

7.4 As mentioned in Section 4, a valid application must be made via the Council's website;

<https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

All applicants will be required to provide details sufficient to identify themselves, their address and to allow the Council to contact them including:

- Full name;
- Address;
- National Insurance Number;
- Telephone number; and
- Email address.

7.5 In addition to the above, all applicants will be required to submit a copy of their current bank statement(s) in order to:

- Verify that their income has reduced due to having to self-isolate (see later); and
- Provide details of the bank account number and sort code of the account into which a payment would be made.

That they are a resident within the Council's area

7.6 The applicant will be required to verify that they have their sole or main residence in the Council's area. The Council will check other records held (and make other enquiries where appropriate) to determine this.

7.7 Where necessary, the Council will ask the applicant to provide additional evidence of residence.

Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive

7.8 A key requirement of the scheme is that the applicant has been instructed by the NHS Test and Trace to stay at home and self- isolate either because:

- they have tested positive for COVID-19 (coronavirus); or
- have recently been in close contact with someone who has tested positive.

7.9 All applicants will be required to provide the 8-digit unique ID number which has been provided to them by NHS Test and Trace.

- 7.10 For information, the NHS Test and Trace service uses the Contact Tracing and Advice Service (CTAS) to record information about people who have tested positive for COVID-19 and their contacts. The CTAS Account ID is an 8-character identifier unique to each case (e.g. 3b1a015c). Most individuals who test positive for COVID-19 or are a contact of someone who has had a positive test, will receive a digital invitation from the CTAS system to undertake the contact tracing journey.
- 7.11 All cases and contacts who have completed the contact tracing journey (including those who were ineligible for the digital invitation such as children or individuals with a landline number only) will receive a citizen advice message upon completion of the NHS Test and Trace questionnaire. The citizen message (sent either via a text message/email or postal service for people with no access to mobile phone or email) contains the 8-character Account ID.
- 7.12 The Council will check that the applicant has a valid Account ID produced by the Contact Tracing and Advice Service. Only this number will allow an application to be processed.
- 7.13 The Council will not make payment to anyone who does not have a valid notification (Account ID) from NHS Test and Trace. It should be noted that there is a legal duty to self-isolate which only applies to people who have been told to self-isolate by NHS Test and Trace.
- 7.14 The Council will not accept a notification from the NHS Isolation Note service. Where the applicant has provided this only, they will be given an opportunity to provide a valid NHS Test and Trace notification if they have one.
- 7.15 This scheme does not cover people who are self-isolating after returning to the UK from abroad, unless they have tested positive for COVID-19 (coronavirus) or have been instructed to self-isolate by NHS Test and Trace.

All applicants must be currently employed or self-employed

- 7.16 Only those applicants who are currently employed or currently self-employed will be entitled to claim a Test and Trace Support Payment. For the sake of clarity, this scheme requires all applicants to provide sufficient evidence of their current employment or self-employment status. In the case of employed applicants, full details of their employer must be given on the application form including contact numbers.
- 7.17 The Council will also require applicants to provide proof such as listed below:

Employed

- Current wages or salary slips;
- Employment contract; or

- Letter from the employer confirming current employment.

Self Employed

- Self-assessment form;
- Details of HMRC registration as self-employed;
- Current accounts; or
- Current accounts and trading statements

7.18 The above list is not exhaustive.

7.19 As this is an essential requirement in order for a Test and Trace Discretionary Payment to be made, the applicant must satisfy the Council that they meet this criterion.

Are NOT currently receiving any of the following benefits.

7.20 To receive a discretionary payment the applicant **must not be in receipt** of one of the following benefits:

- Universal Credit;
- Working Tax Credit;
- income-related Employment and Support Allowance;
- income-based Jobseeker's Allowance;
- Income Support;
- Housing Benefit; or
- Pension Credit.

7.21 Where applicants are in receipt of any of the above benefits, then payments can **ONLY** be made through the Standard Scheme. The Council has designed the application process so that the same form can be used to claim either payment (Standard Scheme or Discretionary Scheme) and applicants who fail to qualify for a Standard Scheme payment because they are not in receipt of one of those benefits, will automatically be directed to the Discretionary Scheme.

7.22 Where an applicant has yet to apply for one of the benefits listed; is awaiting a decision on a benefit; is currently appealing a negative decision; or is unable to apply for a qualifying benefit, they *may* make an application under this Discretionary Scheme.

Are unable to work from home and will lose income as a result and will face financial hardship as a result of not being able to work while they are self-isolating

7.23 All applicants will have to certify on the application form that they are:

- Unable to work from home;
- Will lose income as a result; **and**
- Will face financial hardship as a result of not being able to work while they are self-isolating

- 7.24 The Council will need to be satisfied that any applicants meeting these conditions in full.
- 7.25 The Council will require applicants to give details about the nature of their work and whether they can undertake this work from home.
- 7.26 Only those applicants that cannot work from home whilst self-isolating will meet the criteria and therefore, each applicant will not only be required to verify the fact, but also provide details of the reasons why this is the case, together with details of the type of work that they would normally undertake.
- 7.27 The Council will also require all applicants making an application for a discretionary payment to provide evidence of financial hardship. All applicants will be required to demonstrate that the financial hardship is **solely** due to having to self-isolate

Meet the Council's additional criteria for discretionary payments

- 7.28 Given that the funding for the Discretionary Scheme is limited (see Section 14), Government has stated that it will be up to each Council to determine additional criteria that have to be met if a payment is to be made. The additional criteria are shown below. They have been developed with other authorities within the County and are designed to focus on those applicants who are not in receipt of a qualifying benefit, on a low income, have relatively low capital, have had their income reduced and are therefore facing financial hardship due to self-isolation.
- 7.29 The additional criteria are as follows:
- (a) **An applicant's gross earnings are no greater than £372 per week.** (This equates to 40 hours x £9.30 of the Real Living Wage). This figure is before any deductions for tax, national insurance, pension or other non-statutory items. This is the amount that the applicant would normally earn prior to self-isolation. Where an applicant has earnings above this level then they would not normally be eligible unless there was an exceptional circumstance;
 - (b) **An applicant must be required to work a minimum of 16 hours per week.** Any applicant normally working less than that would not be eligible;
 - (c) **An applicant must not possess capital of £6,000 or more.** Any applicant with capital above that level would not normally be eligible. For the sake of clarity, capital will be calculated in accordance with the rules for Housing Benefit;
 - (d) **University students or those in further or other higher education are normally excluded from applying for a discretionary grant;**
 - (e) **Individuals who have applied for a qualifying benefit but have not yet received a decision or have appealed** against a decision not to award a qualifying benefit

and are awaiting the outcome of the appeal will be eligible to claim provided they meet **all** other criteria within this section;

(f) **Applicants who are excluded from qualifying benefits by the “Persons from Abroad” provisions within the welfare benefit schemes** will be eligible to claim provided they meet **all** other criteria within this section; and

(g) **In all cases applicants will need to demonstrate that they will suffer financial hardship by having to self-isolate.**

8. How much discretionary payment will be paid, methods of payment and timings.

8.1 Where an applicant meets all of the eligibility criteria for a discretionary payment, a single payment of £500 shall be paid for each period of self-isolation. Payments will be made direct to the applicant’s bank account within 3 working days, starting with the date of application.

8.2 Where further information or evidence is required from the applicant, the Council will look to make payment within 3 working days starting with the date when all of the required information is received.

8.3 Full details of the applicant’s bank account must be supplied on the application form and this will be cross checked with the copies of the bank statements provided as part of the verification process.

8.4 As required by Government, payments can only be made to the applicant’s bank account. No payments can be made to third parties whatsoever.

8.5 The Council is aware that in some cases, applicants may be overdrawn and may not be able to gain access to the payment. In these cases, the applicant may apply for protection. This protection is called a 'first right of appropriation of funds order'. More details of this can be obtained from Citizens Advice.

9. Notification of Decisions

9.1 Applications for discretionary payments will be considered by officers of the Council and all decisions made by the Council shall be notified to the applicant either in writing or by email.

10. Implications for other benefits and reductions

10.1 The Council has been advised by the Department for Work and Pensions (DWP) that all Test and Trace Support Payments (of any type) will be disregarded for the purposes of all means-tested benefits.

- 10.2 The Council has decided that any payment made under this scheme shall not affect entitlement to Council Tax Reduction.

11. Review of Decisions

- 11.1 Whilst there is no statutory appeal process, the Council will operate an internal review process and will accept an applicant's request for an appeal of its decision by a senior officer.
- 11.2 All such requests must be made in writing to the Council, within 3 days of the Council's decision, and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal. The application will be reconsidered as soon as practicable, and the applicant informed in writing or by email of the decision.

12. Complaints

- 12.1 The Council's 'Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about this scheme.

13. The Test and Trace Discretionary Payments Scheme and its relationship with the Standard Scheme

Standard Scheme

- 13.1 This 'Standard Scheme' has been determined by criteria set down by Government and is primarily aimed at all applicants who are working or self-employed; are unable to work from home and will therefore have a reduction in income and are in receipt of certain qualifying benefits (Universal Credit; Working Tax Credit; Income-related Employment and Support Allowance; income-based Jobseeker's Allowance; Income Support; Housing Benefit; or Pension Credit).
- 13.2 The receipt of one of those benefits is essential in order for a payment to be made.
- 13.3 Details of the Standard Scheme can be found at <https://www.northdevon.gov.uk/coronavirus/financial-support-for-individuals-and-families/test-and-trace-support-payment/>

Discretionary Scheme

- 13.4 The Council's Test and Trace Discretionary Payments Scheme is for any individual who meets all the required criteria (including the Council's additional criteria) **except** that they are not currently in receipt of a qualifying benefit and they would face financial hardship due to self-isolation. The reason for this could be, for example, that a claim

for a benefit has not yet been made or that the individual, whilst normally resident in the UK, is unable to gain access to public funds.

Claiming from the schemes

- 13.5 Individuals who are entitled to a payment from the Standard Scheme are unable to make a claim from the Council's Discretionary Scheme.
- 13.6 However, an applicant who is refused a 'Standard Scheme' payment on the basis that they meet all the criteria **except** that they are not in receipt of a qualifying benefit, will be directed to make an application for a discretionary payment. It should be noted that in all cases, where an individual applies for a discretionary payment, they will have to satisfy not only the basic criteria laid down by Government but also the additional criteria set by the Council.

14. Funding of the Discretionary Scheme

- 14.1 The Council will receive a fixed amount of funding from Government which will be for the four months that the Discretionary Scheme is intended to last. Government has confirmed that **no** additional monies will be given to the Council.
- 14.2 In view of this, and to ensure that discretionary payments are available throughout the period to 31st January 2021, the Council reserves the right to change the Test and Trace Discretionary Payments Scheme at any time to ensure funds go to those who face the most financial hardship.

15. Taxation and provision of information to HMRC

- 15.1 The Council has been informed by Government that all payments under this scheme are taxable. However, the payments will not be subject to National Insurance contributions.
- 15.2 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.
- 15.3 All applicants should note that the Council is required to inform Her Majesty's Revenue and Customs (HMRC) of all payments made to individuals.

16. Managing the risk of fraud

- 16.1 Neither the Council, nor Government will accept deliberate manipulation of the scheme and fraud. Any applicant caught falsifying information to gain payments will face prosecution and any payment issued will be recovered from them and this may also include other recovery costs.

- 16.2 Applicants should note that, where a Test and Trace Discretionary Payment is paid by the Council, details of each individual applicant will be passed to Government. Applicants should also note that the Council utilises a number of databases and Government systems to verify information in connection with any application submitted.

17. Recovery of amounts incorrectly paid

- 17.1 If it is established that any Test and Trace Discretionary Support Payment has been made incorrectly due to misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

18. The Council's duties in relation to self-isolation

- 18.1 The duty to self-isolate is an important one. Ensuring infected individuals and their close contacts isolate is one of our most powerful tools for controlling transmission.
- 18.2 We know that someone with the virus can remain infectious to other people for up to 10 days after developing symptoms. It can take up to 14 days for individuals to develop coronavirus symptoms after they catch the virus, and in this time, they can unknowingly pass it on to others, even if they don't have symptoms.
- 18.3 Self-isolating helps prevent family, friends and the community from contracting coronavirus, as well as helping to protect the health and care system.
- 18.4 The changes announced by Government on 20th September 2020 and brought into force on 28th September 2020 (as well as providing for the Test and Trace Support Payments Schemes):
- introduce a new legal duty on individuals to self-isolate if someone tests positive or is identified as a contact by NHS Test and Trace;
 - introduce penalties for those breaking the rules, including fines of at least £1,000 and up to a maximum of £10,000 for repeated or very serious offences; and
 - place a new legal obligation on employers that they must not knowingly enable or encourage their employees to break the law on self-isolation.
- 18.5 As part of this, the Council has a duty If it becomes aware, either through post-payment verification checks or through other means, that someone has not self-isolated, to refer the case to the police.
- 18.6 The Council has been informed by Government that, in order to ensure compliance with the new legislation NHS Test and Trace call handlers will be increasing contact with those self-isolating. Police resources will be used to check compliance in highest incidence areas and in high-risk groups, based on local intelligence including acting on instances where third parties have identified others who have tested positive, but are not self-isolating.

- 18.7 The Council will continue to focus on the principle of encouraging, educating and supporting self-compliance.

19. Delegated Powers

- 19.1 The Council has implemented this Discretionary Scheme in line with Government requirements and guidance.
- 19.2 Officers of the Council will administer the scheme and the Section 151 Officer is authorised to make technical scheme amendments to ensure it continues to meet the criteria set by the Council and, in line with Central Government guidance.

20. Data Protection and use of data

- 20.1 All information and data provided by applicants shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.

This page is intentionally left blank

Service Area: RESOURCES REVENUES AND BENEFITS

Head of Service: JON TRIGGS

Lead Officer: JULIE DARK

Date: 12 October 2020

Name of policy/function/project/service area to be assessed:

Test and Trace Payment Schemes

Brief description of proposal to be assessed:

From 28th September 2020, Government has changed the legislation so that certain people will have to self-isolate due to the current COVID-19 crisis.

A package of legislative measure has been introduced both to ensure that those who are required to self-isolate do so, that those on a low income receive a payment to assist their finances and to encourage compliance with the legislation.

The Government has set down the requirements for two payment schemes to be set up by the Council;

- The Test and Trace Support Payments Scheme (the standard scheme)
- The Test and Trace Discretionary Payments Scheme (the discretionary scheme)

<p>Date of Assessment:</p> <p>12 October 2020</p>	<p>Person responsible for completing the assessment:</p> <p>JULIE DARK Contact Details: julie.dark@northdevon.gov.uk</p>
--	--

Brief description of the anticipated outcomes of the proposal:

Provision	Current Arrangement	Proposed Arrangement	Comment
The Test and Trace Support Payments Scheme (standard scheme)	N/A new Covid-19 Government scheme	As from 28 September 2020, eligible individuals are entitled to a Test and Trace Support Payment or Discretionary Support Payment of £500	Eligibility criteria laid down by central government
The Test and Trace Discretionary	N/A new Covid-19 Government scheme	Where individuals meet the requirements of the standard scheme with	Government guidance states that Councils can introduce additional criteria to determine eligibility for

Payments Scheme (the discretionary scheme)		<p>the exception that they are not in receipt of a qualifying benefit they can be considered for a payment from the discretionary scheme. For this to apply they will need to be on a low income and can demonstrate that they will face financial hardship as a result of not being able to work whilst they are self-isolating.</p>	<p>disappointing Payments in their area, as long as these operate in addition to, rather than instead of, the criteria set they set out in Government Guidance.</p>

Impact

Summarise any positive impacts or benefits, any negative impacts (i.e. potential for discrimination, disadvantage or disproportionate treatment) and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic. (NOTE: please refer to the Equality Strategy for the characteristics) Where an impact is unknown, state so, and identify what steps will be taken to address any gaps in data:

We have considered those in the equality groups (See below) and are satisfied that this report / decision would have no effect or repercussions on those groups. Therefore there is a neutral impact.

Age

Disability

Gender Reassignment

Marriage and Civil Partnership

Pregnancy and Maternity

Race

Religion or Beliefs

Sex/Gender

Sexual Orientation

Customers are required to make a claim online via the NDC website. Claims completed by third parties are accepted for customers who do not have internet access or have any disability or other valid reason why a claim cannot be made by them online. For customers who still require assistance for any of the reasons mentioned before, the Council will assist them with claims. Claims can also be made by telephone in such cases. NDC have hearing loops for our hard of hearing customers and have an interpretation service available for customers whose first language is not English.

Consideration of Alternatives

Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative effect identified above (attach evidence or provide link to appropriate data, reports, etc):

None, scheme as per Government guidance Consultation	Appendix C
Brief description of any consultation with stakeholders and summarise how it has influenced the proposal. Please attach evidence or provide link to appropriate data or reports: none	
Monitoring Arrangements Briefly describe the monitoring arrangements/systems that will be put in place to monitor the effects of this proposal: Scheme ends January 2021, Covid-19 related measures only	
Reporting and Publication Equality Impact Assessments will be published on North Devon Council's website. Date published: NOTE: The completion of an Equality Impact Assessments is an ongoing process. Impacts will be continually reviewed during projects and the decision making process and the Assessment will be updated accordingly and published. A further assessment will also be undertaken between 6 to 12 months following the implementation of the policy, project, decision or service change has been implemented.	
Proposed implementation date of project/proposal: 28 September 2020 Funding considerations: Government has confirmed that it will reimburse the Council for administration costs of both schemes and for all payments made under the standard scheme. The Council has received a fixed amount of funding to make payments under our discretionary scheme.	
Date approved by Head of Service:	
Corporate and Community Services Use Only: Date of publication to NDC Website: Date of Feedback (if required): Feedback:	

This page is intentionally left blank



NORTH DEVON COUNCIL

Open

REPORT TO: STRATEGY AND RESOURCES

Date: 2 November 2020

TOPIC: COMMERCIALISATION STRATEGY

REPORT BY: HEAD OF RESOURCES

1 INTRODUCTION

1.1 The Council's new Corporate Plan was approved in September 2019 to reflect the changing landscape we now face and the reality of the significant cuts to government grant support which have been extended into 2020-21. We are now forecasting reductions beyond 2020-21 as there are no indications that austerity measures will come to an end. The Corporate Plan identified four key priority areas, which are:

- We achieve financial security
- Become focused on delivering the best for our customers
- Our environment is cherished and protected
- We plan for North Devon's future

1.2 Councils are currently dealing with unprecedented, complex and often difficult to predict financial pressures. We don't and won't know for some time the consequences of COVID-19, coupled with the outcomes of Brexit and new trade deals and rules. Set against a backdrop of already established cuts in funding, rising demand for services and economic growth challenges and with further funding cuts likely, we have to take control of our future viability by becoming commercially focused to help **achieve financial security**, which is one of our 4 corporate objectives.

1.3 Part of our drive towards financial security will include identifying new opportunities to generate income and investment in projects that provide good or even excellent financial returns. Whilst undertaking these commercial activities we should not lose sight of our values and our ambitions for our communities to achieve a promising future.

1.4 Sitting alongside the corporate priorities is a delivery plan which under the first priority of achieving financial security included the action of producing a Commercial Strategy that sets out the parameters moving forwards to enable the Council to become a more efficient, business like operation and increase revenue generation to contribute to bridging the future predicted budget gaps.

2 RECOMMENDATIONS

2.1 That members note the context of the financial parameters the Council is currently working within and recommend to Full Council the adoption of the Commercialisation Strategy as set out in Appendix A.

3 REASONS FOR RECOMMENDATIONS

3.1 It is important that there is a clearly defined strategy that the Council must work within when exploring commercial opportunities in order to generate additional revenue.

3.2 To ensure the Council has a savings plan in place to deliver the long-term financial strategy of the Council.

4 REPORT

4.1 In February 2020, Members approved the Revenue Budget for 2020-21 year and adopted the Medium Term Financial Plan (MTFP) 2020-2024 which set out the forecast budget gaps for the 2021-22 to 2023-24 financial years.

4.2 The cumulative budget gap that was being forecast back in February 2020 was;

Years	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Budget gap / (surplus)	0	1.781	2.110	2.678

4.3 Clearly this creates a large budget gap to bridge moving forwards however it is crucial that both Officers and Members understand the potential financial context that we 'could' end up with, subject to any transitional arrangements the government put in place following the planned fair funding review. This clearly focuses minds on becoming more efficient within the services we currently provide and becoming entrepreneurial in the way we deliver services into the future and move towards a more commercially minded Council to generate additional income for the revenue budget

4.4 The first corporate priority of achieving financial security has of course become even more uncertain since the Medium Term Financial Plan was reviewed in February 2020; in light of Covid-19 with the Council experiencing significant

reductions in core income and additional costs being incurred in response to the pandemic.

- 4.5 A high-level refresh of the above forecast budget position in light of the current pressures being experienced has increased the predicted budget gaps further to;

Years	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Budget gap / (surplus)	0	1.995	2.898	3.371

- 4.6 We are awaiting the Comprehensive Spending Review which is anticipated to be November 2020 and announcements on Government funding for Local Authorities which we hope will see a 3-year funding settlement to provide some certainty into the medium term.

- 4.7 A separate report on the Medium Term Financial Plan funding gaps and options for Members to explore and make key decisions on moving forwards will be coming forwards to the December meeting; hopefully in light of any government announcement on funding for 2021-22 onwards.

- 4.8 However, one certainty we can be assured of is that we will still have a significant funding gap for future years to bridge and we need to ensure that we have clear parameters and strong governance in place within the financial context we are operating to look at exploring opportunities and business cases when they arise.

- 4.9 A Commercial Strategy sets these parameters, which we have clearly proposed as set out in Appendix A of this report.

- 4.10 Setting clear outcomes are important when devising any strategy and these have been defined as;

- Commercial operating is increasing across the Council
- The efficiency of the Council has been improved
- Generating additional and sustainable income streams for the Council
- Reducing the net budget of a service by reducing controllable costs of a service whilst still achieving service outcomes.
- Having staff with a commercial 'mind-set' across the organisation through developing and upskilling our staff to be more enterprising and innovative.

5 RESOURCE IMPLICATIONS

- 5.1 We are working through the details of our commercial outcomes and, once completed and risk-assessed, we will build these into our future Financial and Treasury Strategies. In the meantime the following aspirational targets have been proposed and will be further refined during the 2021/22 budget setting process which will incorporate the Medium Term Financial Plan:

- To deliver a minimum of £0.500m of new revenue income by 31st March 2023.
- To reduce back office costs by 5% by 31st March 2024.
- To develop and deliver commercial skills development to Council staff commencing in 2021 which will support this ambitious cultural change.
- To make significant efficiencies in the way we manage our buildings and reduce cost or increase output by over 5% by 31st March 2024.
- To deliver £1m of capital receipts by 2023.

5.2 The primary target is generating additional revenue income and the other targets above must complement and not be at the expense of this key objective.

5.3 It will be the responsibility of the Chief Financial Officer to report to Strategy & Resources and Full Council, progress against the timescales, outputs and commercial activities following the adoption of this strategy.

6 EQUALITIES ASSESSMENT

6.1 There are no equalities implications anticipated as a result of this report.

7 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3 Annexe 1 (para 1)	Delegated
Part 4 Budget Procedure Rules	Delegated

8 STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

9.1 The background papers are available for inspection and kept by the author of the report.

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Jon Triggs, Head of Resources

Date: 16 October 2020



North Devon Council Commercial Strategy

Background and Purpose

Councils are currently dealing with unprecedented, complex and often difficult to predict financial pressures. We don't and won't know for some time the consequences of COVID-19, coupled with the outcomes of Brexit and new trade deals and rules. Set against a backdrop of already established cuts in funding, rising demand for services and economic growth challenges and with further funding cuts likely, we have to take control of our future viability by becoming commercially focused to help **achieve financial security**, which is one of our 4 corporate objectives.

Part of our drive towards financial security will include identifying new opportunities to generate income and investment in projects that provide good or even excellent financial returns. Whilst undertaking these commercial activities we should not lose sight of our values and our ambitions for our communities to achieve a promising future.

Our commercial strategy aligns closely with other planned approaches and components.

Approach	Components
Partnership / Collaborative Customer Centric & Digital Environment	Organisational Design Organisational Development Technology / Digital Transformation

These elements provide a combined message that North Devon Council is entering a new era of business enterprise, growth and innovation. We will work with our partners who share our ambition and values and continue to put the best interests of North Devon residents' at the heart of everything we do.

Our Vision

Government expects councils to make a significant contribution to reducing the national budget deficit through reductions in our 'core' funding over the next few years. These reductions will lead to difficult decisions and may require some 'one off' financial investments to enable longer-term savings to be delivered.

The principles' of the latest finance settlement allows authorities to spend locally what is raised here locally which, is the major driver towards 75%/100% business rate retention and this means our commercial approach towards investment is critical to our future thinking for delivering savings and generating additional income. Our commercial vision is:

Commercial Vision: To become an enterprising and commercially focused Council which staff are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the District. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable by financial year 2023/24.

Our Principles

- We will develop a commercial strategy and culture through the adoption of appropriate behaviours and decision making, whilst retaining strong public, community and social values.
- We will collaborate with partners who share our ambition and values and put the best interests of our customers and communities at the heart of everything we do.
- We will be creative and resourceful to create efficiencies.
- We will invest in schemes and projects that improve productivity and reduce costs as well as seeking new ways of utilising our assets to generate additional income.
- Whilst undertaking commercial activity we will not lose sight of our values and our ambitions for our communities to achieve a promising future.
- We will engage our staff to build commercial awareness and invest in them to support and develop a commercial mind-set.
- We will ensure governance, management and performance of new commercial enterprises, partnerships and contracts continue to be robust and subject to challenge.
- We will adhere to statutory responsibilities and ensure public money continues to be appropriately spent and accounted for.
- We will recognise that we need to be risk aware, not risk averse and drive behaviours that support the idea that failure must be viewed as a learning opportunity as well as pioneering new ways of working and learning.

Commercial Assets

North Devon Council has a rich source of assets, attributes and roles from which we can derive commercial value and these are summarised in Appendix 1. These assets and attributes will be applied and assessed against the following criteria:

- Financial objective
- Revenue delivery
- Risk
- Control
- Liquidity
- Management oversight
- Performance
- Diversification

This will enable us to determine how we work, where we work, who we work with and influence how we take investment decisions.



Commercial Definitions

There are lots of definitions in relation to commercialism and to ensure we all have the same shared understanding we have adopted the following four.

1. Commercialism

For us, 'commercialism' is an understanding of how we as an organisation need to operate in a more business like way. This involves working with our staff to help them to start thinking in a different way, in essence, helping them to develop a more commercial 'mind-set', creating an environment that allows them to be innovative, encouraging them to embrace new flexible working and agile approaches and where applicable, supporting them to develop approaches that enable 'trading' and the 'selling' of services. This essentially means making sound 'business' decisions in terms of resources and investments.

2. Enterprise

We see this as the ability to think and act differently when considering the ways we manage, operate, deliver and resource our services, to create best value for our residents and customers. We need to become resourceful, innovative and develop the confidence to consider options that would not previously have been considered. We need to drive behaviours that support the idea that failure must be viewed as a learning opportunity as well as pioneering new ways of working and learning.

Through our organisational development component we will develop behaviours that bring out the enterprising 'spirit' in our staff and volunteers giving them the confidence, skills and creating the environment enabling them to be inquisitive, innovative and enterprising. We will develop relationships and work with partners who share our ethos.

3. Trading

We are a multi-faceted organisation which commissions and provides a wide range of services across the district. Outside of the traditional treasury management instruments, we may wish to consider trading in markets and sectors beyond our boundary using the skills and expertise of our staff. We recognise that not all services have the opportunity to 'trade' or charge customers for services to generate income but our aim will be to explore new opportunities whilst ensuring existing trading relationships are working as efficiently as possible.

4. Investment

Our capital investment decisions go beyond the traditional Public Sector approach of achieving social and community goals, replacing infrastructure and improving land and buildings. Our principal focus will be on investing in projects and schemes that generate a financial return or investment for the Council.

This approach will provide the Council with greater resilience and support the vision of being a financially secure council by 2023/24.

Commercial Decision Making

Our Capital Spending Decisions should focus on achieving at least one of our four main drivers:

1. **Revenue Generation / Invest to Earn:** For example, proposals that generate new sources of income for the Council such as investment in land and property development, rental property, green energy renewables, schemes that grow our business rates income, or proposals to enable existing revenue streams to be improved and maintained longer into the future.
2. **Invest to Save:** For example, proposals to introduce new technologies and redesign services to reduce demand and promote independence.
3. **Social Value:** For example, proposals that will bring collective benefit to a community.
4. **Improving the environment or increasing natural capital**

The Chief Financial Officer will oversee all commercial business activities ensuring they are appropriately governed, scrutinised, managed and monitored. Investment decisions will be made having applied a robust business case methodology and will be evaluated against key investment principles. A set of financial and non-financial criteria shall be used to assess which schemes and projects are taken forward.

Commercial Outcomes

The key outcomes that are directly linked to commercial activity can be summarised as:

- Commercial operating is increasing across the Council
- The efficiency of the Council has been improved
- Generating additional and sustainable income streams for the Council
- Reducing the net budget of a service by reducing controllable costs of a service whilst still achieving service outcomes.
- Having staff with a commercial 'mind-set' across the organisation through developing and upskilling our staff to be more enterprising and innovative.

We are working through the details of our commercial outcomes and, once completed and risk-assessed, we will build these into our future Financial and Treasury Strategies. In the meantime the following aspirational targets have been proposed and will be further refined during the 2021/22 budget setting process which will incorporate the Medium Term Financial Plan:

- To deliver a minimum of £0.500m of new revenue income by 31st March 2023.
- To reduce back office costs by 5% by 31st March 2024.
- To develop and deliver commercial skills development to Council staff commencing in 2021 which will support this ambitious cultural change.
- To make significant efficiencies in the way we manage our buildings and reduce cost or increase output by over 5% by 31st March 2024.
- To deliver £1m of capital receipts by 2023.

The primary target is generating additional revenue income and the other targets above must complement and not be at the expense of this key objective.

Agenda Item 12

It will be the responsibility of the Chief Financial Officer to report to Strategy & Resources and Full Council, progress against the timescales, outputs and commercial activities that are set out in the Medium Term Financial Plan.

NEXT STEPS



Appendix 1 Commercial Assets

Staff	Using and developing the knowledge and skills of our workforce to create the culture of trust, empowerment and involvement in commercial activities.
Land and buildings	Ensuring our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts and stimulates growth and investment in the District to generate capital receipts and reduce costs. Through master-planning of key strategic sites, using our land and buildings to promote and deliver housing and economic growth.
Liquid assets	Access to cash, cheap borrowing and liquid assets to enable investment.
Infrastructure	Using and developing our digital and ICT platforms, public open spaces, car parks, street furniture and other infrastructure for commercial gain.
Partnerships	Using and selecting the most appropriate private, public and third sector partner to deliver the schemes and projects that derive the maximum level of income for the Council and value for customers, residents and communities.
Place shaping role	Using our strategic planning and economic development roles to shape and create the market for growth and enterprise.
Business intelligence	We will use our vast amount of business and service data more intelligently to create new commercial opportunities and better service delivery models which will generate new income for the Council.
Customer intelligence	Using the various channels that the Council has to communicate with the public and use the customer information and contacts we have to help design and develop new commercial opportunities.
Market strength	Use our economic, infrastructure and asset strength to influence how the supply chain and infrastructure providers operate and partner with the Council to derive commercial benefits and new income streams.
Brand and web presence	Using the high value of our web presence, search engine optimisation and brand value to promote our trading and commercial activities and those which we can partner with others to receive a financial return. North Devon already has a strong brand image, we need to refresh this and make it relevant to a changing market, building on our strengths, and making sure we deliver beyond expectations.
Democracy	An ethos to develop commercially for the wider public good.



NORTH DEVON COUNCIL

Open

REPORT TO: STRATEGY AND RESOURCES

Date: 2 November 2020

TOPIC: LYNTON AGENCY PERFORMANCE REVIEW

REPORT BY: HEAD OF RESOURCES

1 INTRODUCTION

1.1 In February 2015 North Devon Council approved the service improvement framework to objectively review services to improve the customer experience and/or value for money. A review of the Lynton and Lynmouth agency agreement was added to the review programme.

1.2 Concluding the review process; a report to the meeting of the Executive 3rd July 2017 it was approved;

- That Executive note the annual report and that the actions being taken to ensure that performance against the 14 review recommendations is at the desired level.
- That Executive approve to continue with the new revised agency agreement with Lynton and Lynmouth Town Council with effect 1st April 2017 for a period of 3 years, with a formal review on that date.
- That Executive recommends that Council agrees to the delegation, to Lynton and Lynmouth Town Council, of the harbour authority function reserved to North Devon District Council in respect of Lynmouth Harbour
- That Executive agrees to the delegation, to Lynton and Lynmouth Town Council, of the functions reserved to North Devon District Council for the administrative area of Lynton and Lynmouth Town Council in respect of:
 - the management and enforcement of off street parking pursuant to NDDC's off-street parking orders;
 - the management and provision of public conveniences;
 - street cleaning;
 - public litter bin refuse collection;
 - grounds and property maintenance; and
 - property management.

1.3 Following a successful agency arrangement being in place for the above 3-year period, a further report to the meeting of Strategy and Resources on 4 November 2019 it was approved;

- That Members approve to continue with the agency agreement with Lynton and Lynmouth Town Council with effect 1st April 2020 for a period of 3 years, with a formal review on that date.

1.4 This is the fourth annual report on the agency performance and financial management for the 2019/20 financial year. The report aims to update members on progress against the 14 review recommendations put forward by the review team and to receive the financial outturn for the agency for the 2019/20

2 RECOMMENDATIONS

2.1 That members note the annual report and that the actions being taken to ensure that performance against the 14 review recommendations is at the desired level.

3 REASONS FOR RECOMMENDATIONS

3.1 A full review of the agency function has been carried out to determine value for money in service provision. Regular reporting will enable transparency over progress and early support and/or intervention if required.

3.2 If the annual report doesn't demonstrate and evidence significant progress towards the recommendations this will enable North Devon Council to exit from the agreement and bring those services back in house.

3.3 To inform members of actual performance against the review recommendations.

3.4 To ensure the Lynton and Lynmouth Agency is properly and legally set up.

4 REPORT

4.1 A summary annual report on the 2019/20 agency performance and financial outturn from the Lynton and Lynmouth Town Clerk is shown in **Appendix A**.

4.2 The aim of the agency review that was carried out in 2015 was to:

- To create a position statement of the Lynton and Lynmouth agency agreement
- To detail any changes from the original agreement

- To produce a performance report of agreed services and assets with any associated issues and risks
- To provide a cost v benefit analysis against possible future options

4.3 The review team put forward 14 recommendations to ensure moving forwards service levels were consistent with the rest of North Devon Council services areas and to also deal with the issues and risks highlighted throughout the review process.

4.4 The 14 Recommendations were:

1. Introduce the port marine safety code to the harbour
2. A recharging of services in adherence to the Service Reporting Code of Practice to improve the accuracy of the accounts and justify costs
3. Budgetary process and approval to spend should be aligned to the North Devon Council process
4. Accounts to be subjected to NDC internal audit programme
5. Adherence to data protection legislation
6. Compliance with Environmental Protection Act 1990 with regards to street cleaning
7. Provide technical support for providing North Devon Council compliant services
8. Customers to have the same access to services as North Devon Council services
9. Explore a joint way forward to reduce public convenience costs as part delivering the public convenience policy
10. Improved management for issuing parking fines including monitoring of performance
11. Cash collection and counting to follow North Devon Council procedures
12. Inclusion of the car parks in the proposed North Devon Council car park review
13. Joint procurement to realise potential savings and compliance with EU regulations
14. Comply with all Health and safety requirements

4.5 Progress against the review recommendations has been monitored through the Council's performance management system (Pentana).

4.6 The only remaining review recommendation to be completed is in relation to exploring a joint way forwards to reducing public convenience costs and this action is reliant on North Devon Council carrying out a wider review of all public conveniences across the District.

5 RESOURCE IMPLICATIONS

5.1 Following the agency review, the revised forecast figures presented by Lynton and Lynmouth Town Council were projecting a net budget surplus (excluding parking fines) of £48,912; which was in line with the in-house North Devon Council costing put forward as part of the review process.

	L&L Agency (old)	L&L Agency (new)	NDC Solution
Expenditure	-£326,418.00	£-327,651.00	-£248,599.50
Income	£359,651.00	£376,563.00	£ 297,431.00
Surplus	£33,233.00	£48,912.00	£48,831.50

5.2 I am pleased to inform members that as outlined in the report from the Lynton and Lynmouth Town Clerk that the **actual financial performance for 2019/20 year has resulted in a net surplus of £65,843** (2018/19 was £60,177) which will be returned to North Devon Council.

6 EQUALITIES ASSESSMENT

6.1 There are no equalities implications anticipated as a result of this report.

7 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3 Annexe 1 (1d)	Delegated

8 STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

9.1 The background papers are available for inspection and kept by the author of the report.

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Jon Triggs, Head of Resources

Date: 16 October 2020

ANNUAL REPORT OF THE LYNTON AGENCY 2019/2020

This report is issued on a yearly basis to assure North Devon Council (NDC) of the effective and efficient management of its assets in Lynton and Lynmouth under the Agency Agreement.

The main annual expectation is to deliver a positive financial surplus of £50,000 for Agency assets. This is demonstrated in financial year 2019/20 by surplus out-turn figures of £65,800

The 2019/20 surplus demonstrates an increase of £5,600 over 2018/19 surplus.

All 2015 Agency Review Recommendations have been achieved and recorded in previous reports.

Agency Business during 2019/20 financial year.

Harbour safety inspections continue on a daily and monthly basis in line with the Port Marine Safety Code. A number of safety enhancements were undertaken in this reporting period including; access ladders brought up to modern safety compliance; handrail installed on main slipway; safety warning signs erected on Slipway and Harbour Arm; a safety fence beside May Bridge wall and clear delineation of the Slipway from public highway. As usual silt had to be removed from the harbour mouth to allow unrestricted seaborne access.

Lynmouth Harbour has now been fully brought under the auspices of NDC Harbour Board and its meeting/reporting structure. An external harbour audit was commissioned by NDC and a draft report received. However, legal research is ongoing by NDC solicitors to establish clear ownership and designation of Lynmouth Harbour as this will impact future licensing, maintenance and management protocol.

Public conveniences in Lower Lyndale Car Park, Lynmouth were completely refurbished by the Agency workforce following a successful PAG bid by Town Clerk.

Safety works in the closed cemetery were undertaken in respect of trees and headstones. The old entry gates were removed and refurbished.

Town Clerk was successful in application to The Woodland Trust for a 30 tree copse to be grant funded in Pavilion Park, betwixt Lynmouth and Lynton, off Zig Zag Path. The 'free' trees will be delivered for installation in autumn 2020.

Lynton Tennis Club has a new group of trustees who have completed maintenance on the courts and are now running the Club in a more positive and constructive way. They have seen an uplift in players and activity.

Similarly, Lynton Bowls Club has a new Chairman and committee members. They have been successful in securing grants allowing much needed capital repairs to the Clubhouse building. They applied for Planning Permission from Exmoor National Park and are awaiting works commencement.

All Car Parks bar Lynmouth Esplanade have been upgraded to NDC Corporate signage and colour scheme. Parking Fine issue/administration continues to meet the norm for NDC. Qualitative issues are reviewed monthly in the liaison meeting between Town Clerk and NDC Car Park Manager.

4G went live for Pay and Display card payments in both Lyndale Car Park machines however, it is still intermittent as Flowbird (the machine operators) use Vodaphone modems not EE which has widest UK coverage. Town Clerk is working with Flowbird in an attempt to remedy this situation and further improve card payments in Lynmouth Car Parks.

Repairs to retaining walls in Watersmeet and Cross Street Car Parks have stalled due to COVID19 restrictions at the end of season 2019/20. Fencing (temporary) has been deployed to ensure a safe environment for public, vehicles and staff moving forward.

One new Doo Poo Bin and a [relocated] Street Litter bin have been installed in Lynmouth on popular walking routes in response to public requests. Agency staff continue to manage and service 56 Litter Bins and 15 Dog Poo Bins in the Parish.

At the completion of this fourth reporting year The Agency once again achieved required outcomes with greater financial benefit than predicted.

The benefits of closer working and economies of scale are still being realised. NDC Customer Services advise residents attend Lynton Town Hall to collect replacement items from local supplies including Wheelie Bins reducing need for NDC to travel from BEC to deliver one item.

Agency staff would like to thank NDC officers for the continued working relationship and regular meetings to manage Agency business in Lynton and Lynmouth.

Kevin A Harris

Town Clerk

Lynton and Lynmouth Town Council

Oct 2020



NORTH DEVON COUNCIL

Open

REPORT TO: STRATEGY AND RESOURCES

Date: 2 November 2020

TOPIC: NORTH DEVON DESTINATION MANAGEMENT ORGANISATION

REPORT BY: CHIEF EXECUTIVE

1 INTRODUCTION

- 1.1 This report seeks the views of the Committee on a proposal to form a dedicated Destination Management Organisation (DMO) for Northern Devon

2 RECOMMENDATIONS

- 2.1 Members note the content of this report and indicate their approval in principle to exploring the proposal further, including consultation with businesses and stakeholders
- 2.2 Members support officers in efforts to identify external funding to move forward with 2.1

3 REASONS FOR RECOMMENDATIONS

- 3.1 In order to gauge the support for the opportunity.

4 REPORT

- 4.1 As part of the Council's Covid recovery efforts, North Devon + have been looking at the option of establishing a Northern Devon DMO, focussed on the tourism sector in this area.
- 4.2 The attached paper gives a background to the role of a DMO and the potential advantages that it might bring to the northern Devon area. As the paper sets out, tourism is a major financial driver for the area, supporting not just our coastal communities but also our town centres. A DMO may well assist in developing a strategic approach to the "offer" of the area.
- 4.3 At this stage final approval for the setting up of a DMO is not being sought. There is a lot of work involved in the setting up of a DMO and the first step is to ensure that it is something that is needed and required by the sector. If Members agree, the first step will be to seek external funding to take the

proposal to the viability stage, including an element of initial consultation with the sector.

4.4 The proposal has been discussed with the North Devon Marketing Bureau who are supportive and see their organisation working in a complimentary way with any new DMO.

4.5 If the proposal progresses, further reports to Committee will follow.

5 RESOURCE IMPLICATIONS

5.1 It is estimated that the cost of taking this proposal forward may be in the region of £80,000. Efforts will be made to secure external funding.

6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
	Delegated

7 STATEMENT OF CONFIDENTIALITY

7.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

8 BACKGROUND PAPERS

8.1 The following background papers were used in the preparation of this report:

The background papers are available for inspection and kept by the author of the report.

9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: KM

Date: 19th October 2020

Reference:

WORKING TOWARDS A DESTINATION MANAGEMENT ORGANISATION FOR NORTHERN DEVON

1. Purpose

The purpose of this paper is to outline the opportunity of creating a Destination Management Organisation (DMO) for northern Devon and to seek approval in principle to exploring the potential further through consultation with the tourism sector and key stakeholders.

2. Tourism is unlike any other industry:

- *It is hard to measure*, cutting across a number of traditional industry sectors, beyond a core of accommodation, catering, and attractions to include significant elements of transport, retail, hospitality, leisure, recreation, heritage, arts, culture, entertainment, food & drink, professional services and construction, amongst others.
- *It is characterised by predominantly very small businesses*, who collectively define the visitor experience through where they stay, what they see and what they do. The offered 'tourism product' is not just the services of an individual business, but the collection of visitor services within the area, including the natural environment, which is of exceptionally high quality in northern Devon.
- *It is a fragmented industry* comprised of a diverse range of services which have developed to meet the needs of visitors, but have little in common operationally, other than they are dependent on the needs of tourists to varying degrees for their viability
- *Individually, such businesses lack the resources* to effectively promote both themselves and the area as a destination for tourism. Tourism-related businesses must therefore come together to pool resources to promote a destination area effectively, but often need help to do so.

3. Advantages of Destination Management Organisations (DMOs)

While the benefits of working together to promote a destination area and brand, such as 'North Devon & Exmoor', have been recognised for many years, *the development of Destination Management Organisations (DMOs) is more recent.*

DMOs have a wider purpose and mandate than solely marketing a destination area on behalf of its sponsors:

- They are focused on *"leading, influencing and coordinating the management of all the aspects of a destination that contribute to a visitor's experience, taking account of the needs of visitors, local residents, businesses and the environment."*^a
- They *bring together wider stakeholders* with an interest in the development of tourism (public, private, community sectors, conservation organisations, agencies, charities etc.) to align activity, projects and investment to make the very most of the resources an area has for the sustainable development of tourism.
- They *add strategic capacity and direction*, working with stakeholder partners to pull together a joined-up vision, strategy and action plan to deliver positive change, local jobs and sustainability.
- Through such a strategy or Destination Management Plan (DMP):

- They *monitor and respond* to visitor trends and the activities of competitor areas.
- They *align activity* with national and regional policies/strategies.
- They *draw upon collective partner resources and capacity* for the delivery of a common agenda
- They *shape direction and priorities*, for example (typical priorities highlighted by Visit England)^b:
 - Seasonality of tourism – when more may be needed
 - The spread of tourism activity within the area
 - The balance of volume and value
 - Priorities towards staying as against day visitors, and increasing length of stay
 - Issues of capacity and quality of accommodation and services
 - Opportunities to make more of the destination’s particular distinctiveness
 - Opportunities to increase the level of tourism spending retained locally e.g. through supply chain initiatives
 - The need to develop new services for visitors.
 - The need to improve stakeholder engagement and joint working.
- They *address and coordinate action* areas that are relevant to the local visitor economy, for example (typical activities highlighted by Visit England)^b:
 - Partnership structures and communication
 - Community engagement, including advocacy
 - Product quality and development, including investment promotion
 - Infrastructure investment and improvements.
 - Place making – public realm etc.
 - Sense of place – use of local produce
 - Arts, culture and heritage – access, interpretation, promotion
 - Provision for informal and organised activities
 - Events planning and management
 - Destination branding and awareness-raising
 - Tactical marketing, including relationships and engagement with others
 - Information services – including signing and host orientation
 - Visitor transport and access
 - Business support and training
 - Environmental management and conservation
 - Visitor safety and security
 - Research and knowledge gathering
- They *provide an entry point to VisitEngland, VisitBritain and Government* as a strategic body for tourism in a destination area, together with bid-writing capacity to apply for strategic funding.
- They monitor progress against plan and *make sure things happen*.

There are *also wider economic benefits* from a focus on joined-up destination management:

“Great destinations are great places to live and work as well as to visit. If they are well managed, they are more likely to generate ‘wise growth’ in their visitor economy, maximising the benefits of that growth in long term, additional income and jobs. The best-managed destinations can also attract new investment, keep value-added jobs, bring in new talent and stimulate innovation.” (VisitEngland)

4. The need to act

- In 2018, the visitor economy around tourism visits to northern Devon (across the districts of North Devon and Torridge) was *worth an estimated £0.56 billion, supporting almost 11,000 jobs^c*.
- Northern Devon shows *a high level of dependency on tourism for wealth and jobs* – almost 1 in 6 of all jobs (15%) in North Devon^c - and in the absence of large employers, is a relatively accessible sector in which to start a business, creating opportunities in the most peripheral areas. Making the very most of the year-round and high value opportunities afforded by tourism is a strategic priority for the area (see *Northern Devon Tourism Strategy 2018-2022: supporting growth in northern Devon*).
- The *impact of COVID-19 has underlined the importance of tourism* to the area. Tourism has been one of the sectors hardest hit by the pandemic. When the UK went into lockdown on 23 March 2020, most tourism businesses were required to close their doors to the public. This created an immediate loss of income with implications for the long-term financial sustainability of the sector.
- Analysis commissioned by VisitEngland and VisitBritain^d has forecast (assuming no second wave of infections):
 - *48% decline in the volume and value* of domestic tourism in England in 2020.
 - *59% decline in international visits* (and 63% decline in spending).
 - The tourism economy will take *a number of years to recover* to 2019 levels.
- *Areas with the highest dependency* on sectors hardest hit by COVID-19 are expected to see the biggest economic decline.
- Analysis of impact on high street spending revealed that eight of the 20 small town areas in England and Wales with the biggest losses in retail spending in April 2020 were in the south west, *including Barnstaple and Bideford* - all were local economies geared around tourism, with a high proportion of jobs in accommodation, food and drink services and retail^e.
- With a number of sectors closely linked to the visitor economy, arguably, *there has never been a more important* time to assist the recovery of tourism in northern Devon.

5. Proposal

North Devon + has been exploring the potential to create a DMO in northern Devon, including outline discussions with DMOs in other areas, VisitEngland and North Devon Marketing Bureau, who are keen work together on this initiative. The results of these discussions have revealed that:

- *There are many different types* of DMOs. They typically vary in form, function, governance and size but essentially take a lead role in the management and development of tourism in a destination area.
- They may be a single organisation, such as a local authority; an informal partnership or a legal entity, such as a community interest company that includes representation from both the private and public sectors.
- Their activities *usually include destination marketing* for an area, *but not always* – there are examples where a DMO has worked successfully with a separate marketing organisation.

- Central to a successful DMO is the development of a *Destination Management Plan*, which is broadly equivalent to a Strategy and Action Plan for Sustainable Tourism in a destination.
- DMOs are usually funded through *a mix of commercial and public funding* streams, including grants.
- There are eight recognised DMOs in Devon, including Visit Exmoor and Visit Dartmoor, but *none focused on northern Devon*.
- *VisitEngland is very* supportive of developing a more strategic approach to tourism development and has offered guidance in exploring the potential.

Whilst there are many options for structuring a DMO, the most appropriate choice will depend on the needs of the area. *VisitEngland recommends that the first steps are* to:

- (a) *Consult* with tourism businesses and key stakeholders around issues, needs and priorities for developing tourism and supporting tourism businesses in the area; then.
- (b) *Assess* the most appropriate DMO model *in the light of those* findings.

The proposal is therefore a measured one – to start a process of consultation through surveys and interviews to understand the needs of the sector and the area; and then review options in the light of results.

6. Decision requested

Agreement in principle to exploring the opportunities further, including consultation with businesses and key stakeholder organisations /agencies.

ND+

2 Sept 2020

^a VisitEngland (undated), *Principles for developing Destination Management Plans: case studies*

^b VisitEngland (undated), *Principles for developing Destination Management Plans*

^c The South West Research Company, *Value of tourism analysis 2018*

^d VisitEngland, *Domestic and inbound insights webinar*

^e Tortoise Media (April 2020), *Coping with COVID-19: Corona shock tracker*.