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To: The Chair and Members of the Corporate
Infrastructure and Regulatory Services
Scrutiny Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Date: 14 June 2023

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**CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY
COMMITTEE**

Thursday, 22nd June, 2023

A meeting of the Corporate Infrastructure and Regulatory Services Scrutiny Committee is to be held on the above date at 10.30 am at Committee Suite, County Hall to consider the following matters.

Donna Manson
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

- 1 Apologies
- 2 Minutes
Minutes of the meeting held on 23 March 2023 (previously circulated).
- 3 Items Requiring Urgent Attention
Items which in the opinion of the Chair should be considered at the meeting as matters of urgency.
- 4 Public Participation
Members of the public may make representations/presentations on any substantive matter listed in the published agenda for this meeting, as set out hereunder, relating to a specific matter or an examination of services or facilities provided or to be provided.

MATTERS FOR CONSIDERATION OR REVIEW

5 Scrutiny Work Programme

In accordance with previous practice, Scrutiny Committees are requested to review the list of forthcoming business and determine which items are to be included in the [Work Programme](#).

The Committee may also wish to review the content of the [Cabinet Forward Plan](#) and the Corporate Infrastructure and Regulatory Services [Risk Register](#) to see if there are any specific items therein it might wish to explore further.

6 Progress Update: Race Equality Action Plan (Pages 1 - 8)

Report of the Director of Legal and Democratic Services, attached.

7 Treasury Management Stewardship Annual Report 2022/23 (Pages 9 - 16)

Report of the Director of Finance and Public Value (DF/23/68), attached

8 Locality Budget Annual Report 2022/23 (Pages 17 - 22)

Joint Report of the Director of Finance and Public Value, and Head of Communities (SC/23/3), attached

9 Domestic Violence Champion

Following the Annual Council meeting, and changes to the membership of this Committee, the Committee now needs to elect a new Member Champion. This follows the request on the 9th July 2021 made by the Cabinet Member for Public Health, Communities and Equality for nominations for a Member Champion on each of the three Scrutiny Committees in order to support him to better understand the Council's responses from across its services.

Councillor Y Atkinson to report on the role.

10 Commissioning Liaison Member

In line with the recommendations of the [Scrutiny in a Commissioning Council.pdf \(devon.gov.uk\)](https://democracy.devon.gov.uk/documents/s1830/Scrutiny%20in%20a%20Commissioning%20Council.pdf)<https://democracy.devon.gov.uk/documents/s1830/Scrutiny%20in%20a%20Commissioning%20Council.pdf> Task Group Report, the Committee is requested to select a Commissioning Liaison Member, whose role will be to work closely with the relevant Cabinet Members and Director/Heads of Service, developing a fuller understanding of commissioning processes, and provide a link between Cabinet and Scrutiny on commissioning and commissioned services.

MATTERS FOR INFORMATION

11 Items Previously Circulated

Below is a list of information previously circulated (date in brackets) to Members since the last meeting, relating to topical developments which have been or are currently being considered by this Scrutiny Committee:

- (a) RISK Register with key risks for this Committee; and
- (b) Highways Performance Dashboard – as received before each Committee

PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED

Nil

Members are reminded that Part II Reports contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). They need to be disposed of carefully and should be returned to the Democratic Services Officer at the conclusion of the meeting for disposal.

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Induction Loop available



Corporate Infrastructure and Regulatory Services Scrutiny Committee
22 June 2023

Progress update: Race Equality Action Plan

Report of the Director of Legal and Democratic Services

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

That the Committee be asked to:

- Acknowledge achievements and support the planned next steps to further advance race equality and commit to a 'zero tolerance' approach to racism;
- Acknowledge the wider achievements and support the next steps in relation to wider Equality Agenda and the Equality Commission work; and
- Receive future updates in relation to the work of the Equality Commission on a six monthly basis.

2) Background / Introduction

The Race Equality Audit was published in January 2022. The purpose of the audit was to enable the council to understand the impact of structural racism within the organisation and its effect on our ethnically diverse staff.

In carrying out the audit, we recognised that racism was a problem in society and that our organisation reflected that wider society. It is noted that, nationally, hate crime has increased. Benchmarking has also illustrated that many organisations are meeting similar challenges to DCC.

Devon County Council is taking steps to become an organisation which enables its ethnically diverse staff to feel safe, included and welcomed. An inclusive and diverse culture increases motivation, trust and confidence, improves recruitment and retention, and helps all our staff feel valued and respected, increasing innovation and creativity. Our work will also lead to service improvement and better community outcomes.

As previously agreed at the meeting on 24 March 2022, CIRS Scrutiny will monitor progress and be provided with a report detailing progress every six months. The first progress report was presented on 24 November 2022.

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Since that time, the Cabinet agreed to the establishment of an Equality Commission (to consider and deal with all Equality considerations) on 25 February 2023 and Full Council ratified the appointment of a cross section of Elected Members to the Commission on 25 May 2023. It is anticipated that the Equality Commission will progress on all areas of equality, and they will monitor the actions from the Race Audit and progress. The first introductory meeting of the Equality Commission was on 13 June 2023. The meeting will occur bi monthly and they will agree and establish an Equality Agenda, Equality action plan and annual programme.

The Senior Leadership team, lead by the Chief Executive are actively championing good behaviour and zero tolerance of all discrimination and they have visited many staff in different locations and ran a number of staff sessions. There has been an increase in staff members who are feeling safe and able to report any issues to Management, Senior Leadership, the Chief Executive or the Monitoring Officer.

3) Race Equality Action Plan Progress

Objectives and actions are structured under four organisational themes:

1. strengthening resources, governance and accountability;
2. creating a safe and inclusive working environment;
3. shaping organisational culture; and
4. building better understanding through data and insight.

The plan is published as a 'live and interactive' dashboard for reporting progress. This is part of our commitment to be open and transparent about the steps we are taking.

[Race Equality Action Plan - Equality, Diversity and Inclusion \(devon.gov.uk\)](https://www.devon.gov.uk/race-equality-action-plan)

Progress at 1st June 2023:

55 per cent actions complete

21 per cent actions in progress

Completed actions

[Strengthening resources, governance and accountability](#)

We have:

1. Increased the equality budget.
2. Established an influential Race Equality Staff Group.
3. Established a Race Equality Delivery Group to co-ordinate activity.
4. Committed to six-monthly reporting to the Corporate Infrastructure and Regulatory Services Scrutiny Committee and monthly reporting to the Strategic Leadership Group.
5. Published a Race Equality Action Plan with real-time progress reporting.
6. Delivered three Members' briefings on "the Legal and Moral Duties to represent the minority" with an attendance rate of nearly 80 per cent.
7. Appointed an additional member of staff to create an equality, diversity and inclusion team, with more appointments to the team due in 2023. The team now reports to Maria Price, Director for Legal and Democratic Services who has Strategic Leadership responsibilities for Equality, Diversity and Inclusion.
8. There is strong corporate oversight of the Equality agenda. The Chief Executive, Director of Legal and Democratic Services and the Director of People and Culture attend the Race Equality Staff group.
9. The Chief Executive has had whole briefings and specifically referenced race discrimination, zero tolerance and assistance to employees.

and 254 people have signed the anti-racism commitment.

Creating a safe and inclusive working environment

We have:

1. Introduced a new Resolution Policy and improved support to staff for raising concerns.
2. Included racism and other diversity characteristics as a risk factor in Lone Working Risk Assessments to protect staff from racism, as well as other identity-based harm from service users and members of the public.
3. Updated and promoted guidance on dealing with unacceptable customer behaviour and clarified duties under the Care Act.
4. Published a new Customer Notice (taking a 'zero tolerance' approach to racism). In addition, a new leaflet from Proud to Care, called Care at Home - What to Expect, emphasises that "hostile, racist, or threatening behaviour towards care workers could result in your care and support being withdrawn. We are fortunate in that we are currently benefitting from international recruitment to support the care workforce in Devon. We hope that you will join us in welcoming all recruits into the social care profession."
5. Communicated expectations to new staff through a standard equality statement in recruitment adverts.
6. Regularly promoted It's OK to say it's not OK – encouraging the reporting of incidents of racism and other forms of discrimination. We have also improved our records for monitoring outcomes of incidents.
7. Started developing new Prayer and Contemplation facilities at County Hall, including improved disability access and Wudu facilities. The facilities will be available to staff, Councillors and visitors to County Hall.
8. Through Learn Devon, introduced a Living in the UK course for international recruits. This complements our Overseas Recruitment Support package already in place for Children's Social Work international recruits (delivered through Tripod). The support includes guidance on essentials such as GP registration, utilities, banking, shopping, leisure, faith

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organisations and schooling alongside financial, travel and accommodation support for relocation.

9. Selected a wellbeing, recovery and resilience service for staff who have experienced racism (to be delivered from July).

Shaping organisational culture

We have:

1. Set up an anti-racism webpage with resources and information for staff.
2. Created a team conversation resource for managers on anti-racism and ran daily briefings on becoming anti-racist during Race Equality Week 2023, with over 150 participants attending each day. In addition, we have been taking part in events such as Stephen Lawrence Day, Gypsy, Roma and Traveller History Month and Windrush Day in Devon.
3. Connections with peer organisations, so that we can learn about and share best practice, through the NHS Equality Leads network, University of Exeter led Equality Partnership, and regional Local Government through the South West Equality Network. Hate Crime work is through Safer Devon Partnership. The EDI team also engage with Race Equality Matters and the Equality Republic.

and 348 people have completed the Understanding Race Bias course (assignments submitted and graded).

Building better understanding through data and insight

We have:

1. Included equality and diversity questions as part of regular Staff Surveys and staff engagement.
2. Developed a single data repository (Smarter Devon).

and by March 2023, 66 per cent of staff had completed their ethnicity field in iTrent so that we can carry out more accurate employment outcomes monitoring.

Next steps

The following actions will be the next steps

- All Strategic Leaders to agree further learning and development through corporate appraisal process- (by October 2022; Significant work has been undertaken in relation to the New Corporate Plan and People First Strategy and this will be embedded into everything that we do. This action has been mitigated with staff communications and is expected to be embedded by September 2023).
- Leadership team completion of Understanding Race Bias course (by December 2022 - a number of new people have joined the SLT in the past 9 months, SLT have completed the basic training and are in discussion with mentors in relation to the best way of receiving further training and development).

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- Recruiting additional staff with EDI expertise (by April 2022- from November 2022 the Equalities team sat within the Legal and Democratic team and are embedded with the team with access to the wider teams' resources including the legal team. A new structure has been agreed for the team and posts are currently pending job evaluation).
- Annual data reporting on protected characteristics (by September 2022; progress has been made in relation to gathering some of the relevant data required for the team with further activity required to complete an annual report in relation to all Equality data. It is anticipated that this will be completed by October 2023 and be considered by the Equality Commission).
- Appointment of a data lead and development of a dashboard to measure impact and outcomes (by September 2022; this is currently in progress and will be an integral part of the Wider Equality Agenda).
- Development of a Race Equality Board (by December 2023 to March 2024; this timeline will be adjusted to work with the Equality Commission and to ensure consistency).
- Relaunch reverse mentoring programme (a mini-mentoring programme is currently taking place; full programme due date adjusted to 2024 to 2026; the EDI team will be able to provide best value at delivering this service in house and tailored to DCC's needs).
- Review JSNA equality data (timescale in line with JSNA refresh).
- Review compliance with Equality Act as part of performance and risk monitoring (by March 2024; timescale adjusted to account for Governance Review, Corporate Strategy and People First Strategy to ensure that Equalities are embedded in all that we do).
- Training on dealing with unacceptable customer behaviour (by March 2024).
- Programme of peer learning and challenge (by December 2023).
- Review annual reporting (by March 2024; timescale adjusted to account for Governance Review).
- Review community and service user engagement tools (by March 2024; timescale adjusted to account for Governance Review).
- Development of Community of Practice for dealing with unacceptable customer behaviour (delayed due to capacity; resource identified in IASC and timescale for completion to be confirmed).
- Review of Disciplinary and Acceptable Behaviour Policies (Due by September 2023).

Our second phase will focus on:

1. Training and mentoring, targeting leadership and management*
2. Recruitment and selection*
3. Review of Disciplinary and Acceptable Behaviour policy and procedures*
4. Procurement and commissioning standards
5. Information, engagement and data; performance monitoring and reporting
6. Consistent implementation of policy to practice
7. Continuing to engage people through events and information
8. Introducing a new Equality Commission and Equality Objectives/Action Plan, opening opportunities for better consideration of intersectionality and other equality priorities without taking away the need for a focus on anti-racism.

***Integrated with our People First Strategy.**

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a) Strategic Plan

Under our priority to tackle poverty and inequality, we made a commitment to consider the findings of the Race Equality Audit and implement its recommendations.

<https://www.devon.gov.uk/strategic-plan>

b) Financial Considerations

The work will be covered by existing resources, including the EDI Budget.

c) Legal Considerations

There are no specific legal considerations other than those stated below under item e.

d) Environmental Impact Considerations (Including Climate Change)

There are no specific environmental impacts to be considered through this work.

e) Equality Considerations

The Race Equality Action Plan meets the County Council's obligations under the Equality Act 2010 Public Sector Equality Duty which requires the local authority to give due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding

f) Risk Management Considerations

Maintaining momentum and prioritisation against other competing priorities and external factors such as increasing costs and service demand is a key risk to progress. Six monthly reporting to CIRS will alert any issues to Members. The Race Equality Framework is included as a 'risk control' on the Risk Management system for the following risk: Failure to prevent discriminatory practice/adhere to the Equality Act 2010 (Ref: SPOC15).

4) Conclusions

The Council remains committed to becoming an organisation that is intolerant to racism, prejudice and discrimination and helping Devon to be a place that is inclusive, compassionate and caring, where everyone can feel safe.

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Progress has been made in response to the findings of the Race Equality Audit report, with actions taken to support colleagues and develop a more inclusive culture. Work will continue to address racism in the workplace and our communities to improve the protection of staff, including addressing behaviours identified in the audit.

The new cross-party Equality Commission will play a pivotal role in unlocking barriers, building in intersectionality and driving through change. The Commission will oversee a new Equality Action Plan which will integrate our race equality work into the wider context, increasing visibility of impact and outcomes across all areas of our work around equality, diversity and inclusion.

Maria Price
Director Legal and Democratic Services

Electoral Divisions: All

Cabinet Member for Public Health, Communities and Equality: Councillor Roger Croad

Contact for enquiries:

Name: Jo Hooper, Equality Diversity and Inclusion Team, equality@devon.gov.uk, County Hall, Topsham Road, Exeter.

DF/23/68

Corporate Infrastructure & Regulatory Services Scrutiny Committee

22 June 2023

TREASURY MANAGEMENT STEWARDSHIP ANNUAL REPORT 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

that the Committee be asked to note the report and consider whether it wishes to make any further comments to Cabinet on the 2022/23 Treasury Management outturn position.

2) Introduction

- 2.1 The County Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Services. The policy requires the Council to agree an annual treasury strategy report, setting out the strategy and plans to be followed in the coming year, as part of the budget process. The Treasury Management and Investment Strategy for 2022/23 was agreed by Council in February 2022 and forms part of the published budget book for the year.
- 2.2 The purpose of this report is to show the outturn position, review performance and inform members of any key matters arising from the Council's Treasury and Debt Management activities during the 2022/23 financial year.

3) Minimum Revenue Positions

- 3.1 Each year the Council has a statutory obligation to charge to the revenue account an annual amount of Minimum Revenue Provision (MRP), which is a charge to make provision for the repayment of the authority's external debt and internal borrowing. The charge is based on the historic borrowing required to fund the Council's capital programme.

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- 3.2 The current policy is to charge MRP based on the period of benefit of the capital investment, i.e. straight line, over the life of the asset. However, all supported borrowing up to 1st April 2008 is charged over the life of the assets, calculated using the annuity method. The final outturn for MRP for 2022/23 was £14.1m.

4) Treasury Management Outturn Position 2022/23 – Borrowing

- 4.1 The overall aims of the borrowing strategy are to achieve:
- Borrowing at the lowest rates possible in the most appropriate periods;
 - The minimum borrowing costs and expenses;
 - A reduction in the average interest rate of the debt portfolio.
- 4.2 Since 2009 the Council has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. The Medium Term Financial Strategy (MTFS) and Capital Strategy set out in the budget book for 2022/23 continued to assume that no new long-term borrowing would be required. However, it raised the possibility that reducing cash resources may mean that should the authority wish to undertake or invest in a major strategic project, then additional external borrowing could be needed.
- 4.3 In accordance with the Capital and Treasury Management Strategies, no long-term borrowing was undertaken during the 2022/23 financial year. Instead, all borrowing required to fund capital expenditure was met from internal cash balances. The reducing level of cash balances and the growing deficit on Special Education Needs and Disability (SEND) have increased the risk that additional external borrowing may be required in future.
- 4.4 Active treasury management and the maintenance of levels of liquidity have ensured that no short-term borrowing was required during the financial year. Cash positions are monitored daily and modelled over a monthly horizon to ensure that anticipated liquidity levels are forecast accurately.
- 4.5 The increases in interest rates since the start of 2022 have reduced the level of premium penalties on the early repayment of PWLB loans and for a short period during early October 2022 it would have been possible to repay a proportion of the Council's external debt without incurring premiums. However, with reducing levels of cash and the potential need for new external borrowing in 2024/25, it would not make sense for the Council to repay existing debt and then have to take out new external borrowing at higher rates than the loans that have been repaid.
- 4.6 At 31st March 2023 the level of long term debt stood unchanged at £507.85m as detailed in the table below.

Analysis of Long Term Debt

	Actual 31.03.22	Interest Rate	Actual 31.03.23	Interest Rate
	£'m	%	£'m	%
Fixed Rate Debt				
PWLB	436.35	4.99	436.35	4.99
Money Market	71.50	5.83	71.50	5.83
Variable Debt				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
Total External Borrowing	507.85	5.11	507.85	5.11

- 4.7 The carrying amount for long term debt figure presented in the Statement of Accounts for 2022/23, comprising PWLB, LOBO and market debt, is £510.826million, £3 million higher than the figure stated above. This difference is due to an accounting standard adjustment which requires us to record the value of our long term debt at its Net Present Value in the Statement of Accounts. The LOBOs (Lender Option Borrower Option) have stepped interest rates and are revalued annually based on the effective interest rate for the duration of the loan. The revaluation has the effect of smoothing the stepping of the interest over the life of the loans.

5) Treasury Management Outturn Position 2022/23 – Investments

- 5.1 The overall aim of the Council's investment strategy is to:
- Limit the risk to the loss of capital;
 - Ensure that funds are always available to meet cash flow requirements;
 - Maximise investment returns, consistent with the first two aims;
 - Review new investment instruments as they come to the Local Authority market, and to assess whether they could be a useful part of our investment process.
- 5.2 The following table shows the County Council's fixed and variable rate investments as at the start and close of the financial year, and at the end of October.

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Schedule of Investments

	Actual	Interest	Actual	Interest
	31.03.22	Rate	31.03.23	Rate
	£'m	%	£'m	%
Bank, Building Society & MMF Deposits				
Fixed Rates				
Term Deposits Over 365 days	127.50	0.48	96.00	2.95
365 days & Under	31.00	0.86	20.00	2.43
Variable Rate				
Call Accounts	49.01	0.58	0.00	4.05
Notice Accounts	40.00	0.32	10.00	4.43
Money Market Funds (MMF's)	16.86	0.55	46.48	4.07
Property Fund	10.00	3.72	10.00	3.66
All Investments	274.36	0.64	182.48	3.30

- 5.3 When the Council set a target interest rate of 0.35% for 2022/23, inflation was at that time was seen to be a temporary blip and Russia's invasion of Ukraine had yet to happen. Increases in the cost of consumer goods, underpinned by strong demand and supply chain bottlenecks were exacerbated by rising fuel and food prices caused by the invasion of Ukraine by Russia. The Consumer Prices Index (CPI) rose from 7% in March 2022 to 10.1% in March 2023 and spent most of 2022/23 in double digit territory.
- 5.4 In response to rising inflation, the Bank of England raised interest rates eight times over the year which is unheard of since the late 1980's. By the end of the year the base rate had reached 4.25%. This enabled the Council to achieve significantly higher rates on its investments as the year progressed, tempered by the longer terms loans made at lower rates before interest rates started to increase.
- 5.5 The average interest rate earned on investments, excluding the CCLA property fund, for the year was 1.73%, against the full year budget target return of 0.35%. The CCLA property fund has yielded an average rate of 3.66% for the same period against a full year budget target of 4.0%. The combined total return from all investments was 1.93%.
- 5.6 Revenue lending during 2022/23, including the use of term deposits, call accounts and property funds, earned interest of £4.338 million against a full year budget of £900,000. The surplus achieved over budget can be attributed both to the higher rates of interest earned compared to the target rate and to a higher average level of cash balances over the year than anticipated. The interest figure quoted is the return from the Council's Treasury Management activity and is different from the figure presented in the Outturn Report and the Statement of Accounts which also includes interest generated from a number of other sources.

- 5.7 All lending has been carried out in accordance with the Council's Treasury Management Strategy and with institutions on the list of approved counterparties.

6) Prudential Indicators

- 6.1 Linked to its Treasury Management Strategy, the County Council is required to monitor its overall level of debt in line with the CIPFA Code of Practice. Part of the code requires consideration of a set of Prudential Indicators in order to allow the Council to form a judgement about the affordable, prudent and sustainable level of debt.
- 6.2 The purpose of the indicators is to demonstrate that:
- Capital expenditure plans are affordable;
 - All external borrowing and other long term liabilities are within prudent and sustainable levels;
 - Treasury management decisions are taken in accordance with professional good practice.
- 6.3 Three Prudential Indicators control the overall level of borrowing. They are:
- **The authorised limit** - this represents the limit beyond which any additional borrowing is prohibited until the limit is revised by the County Council. Revision may occur during the year if there are substantial and unforeseen changes in circumstances, for example, a significant delay in achieving forecast capital receipts. In normal circumstances this limit will not require revision until the estimate for the following year is revised as part of the budget setting process.
 - **The operational boundary** – this indicator is based on the probable external debt and other long term liabilities during the year. Variations in cash flow may lead to occasional, short term breaches of the Operational Boundary that are acceptable.
 - **The upper limit for net debt** - the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement.
- 6.4 During the Budget process, the following Borrowing Limits were set for 2022/23:
- Maximum borrowing during the period (Authorised Limit) £761.193 million.
 - Expected maximum borrowing during the year (Operational Limit) £736.193 million.
 - Maximum amount of fixed interest exposure (as a percentage of total) 100%.
 - Maximum amount of variable interest exposure (as a percentage of total) 30%.

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- 6.5 Members are asked to note that during 2022/23 the Council remained within its set Borrowing Limits and complied with the interest rate exposure limits.

7) 2023/24 Update

- 7.1 As outlined above, inflation has remained elevated, standing at 10.1% in March 2023 having spent most of 2022/23 in double digit territory. Core inflation (excluding food and energy) remains elevated, and the Bank of England raised rates again in May to 4.5%, with economists predicting that rates could rise to 5.5% in the autumn 2023.
- 7.2 While inflation is proving to be stickier than the Bank of England expected, they still believe that we have now passed the peak and that it will quickly fall to around 5% by the end of 2023 and back to their 2% target by late 2024. Link, the Council's treasury management advisors, and other economists are therefore expecting rates to start reducing again during 2024.
- 7.3 From an investment point of view, the increase in interest rates provides the opportunity to earn higher returns on the Council's cash balances, and as a result the interest income earned in 2023/24 is likely to be higher than budgeted. However, given the current level of inflation, the value of the Council's reserves will decline in real terms. Should the Council be required to take out external borrowing then the rate of interest payable will also be higher than the rates available in recent years.
- 7.4 The Medium Term Financial Strategy (MTFS) and Treasury Management Strategy set by the Council in February increased the level of internal borrowing by £7.1 million to £72.7 million. With the current financial pressures on the Council, it is projected that the balances available for internal borrowing will be significantly reduced as a result of:
- Budgeted use of earmarked reserves during 2022/23 and 2023/24.
 - Continued unbudgeted expenditure on Special Educational Needs and Disability (SEND), charged to an unusable reserve.
 - Spending of accumulated capital grants, for example Section 106 provision of infrastructure and major projects such as the North Devon Link Road.
 - Spending of approved carry-forwards.

As a result the ability to use internal borrowing, as opposed to external borrowing, to fund the capital programme will become more limited.

- 7.5 In April 2022, the Cabinet agreed to support proposals for the creation of the Plymouth and South Devon Freeport. The Business Case includes the requirement for the Council to externally borrow up to £15 million for the capital works needed. The borrowing will not be required until 2024/25, but at that point the Council's total external debt will increase. The additional external borrowing will be ringfenced to the Freeport, and all the associated capital financing costs will be funded by the excess business rate income derived from the scheme.

- 7.6 The Council continues to await the outcome of the Safety Valve Intervention programme with the Department for Education in relation to the deficit position on Special Educational Needs.

8) Conclusion

- 8.1 No long term or short-term borrowing was undertaken during 2022/23.
- 8.2 Concern over the future level of cash balances has precluded the possibility of repaying any of the outstanding debt during 2022/23.
- 8.3 Investment income of £4.338 million was achieved in 2022/23 against a full year budget of £900,000. This represented a return of 1.93% including the Property Fund investment. Successful prudent management of the Council's short-term cash reserves has delivered a surplus of £3.348 million for the 2022/23 financial year.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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SC/23/3

Corporate, Infrastructure and Regulatory Services Scrutiny Committee

22 June 2023

Locality Budget Annual Report 2022/2023

Joint Report of the Director of Finance and Public Value, and Head of Communities

1) Background

In line with the Council's 'Locality Budget Operating Principles' an annual statement which summarises the allocations approved by Members is submitted to this Committee for audit and monitoring purposes.

Each Member of the County Council was allocated a Locality Budget of £8,000 for 2022/23. The Locality Budget is used by elected Members to respond to local needs, within electoral divisions, by supporting projects or activities that benefit the people and communities they represent. These grants must be used in accordance with operating principles in Part 3 of Section 5 of the Constitution.

2) Locality Budget Statement of 2022/23

This statement has been prepared for audit and monitoring purposes and summarises expenditure in 2022/23 by each of the 60 Councillors.

For each Member, Appendix 1 to this report details:

- Total Locality Budget for 2022/23
- Carried forward Locality Budget from 2021/22
- Total Locality Budget payments allocated in 2022/23.

The committee may wish to note the following:

- The total Locality Budget available in 2022/23 was £578,794
- The total Locality Budget allocated in 2022/23 was £446,982
- At year end the total underspend for 2022/23 was £131,812.

As part of the Outturn report to Cabinet on 14th June, Cabinet is being asked to carry forward the underspend to 2023/24. Cabinet's decision will be reported verbally to the Committee.

Locality Budget pilot year 2023/24

Locality Budgets are currently being managed (as a one Year pilot 23/24) by the Communities Team. This is in response to the Members Services Team having increased workloads. The Communities team already have the systems in place to manage any grant stream, and so it seemed sensible for them to manage the Locality Budget.

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This approach has the benefit of bringing Locality Budgets and the Growing Communities Fund under one team, enabling them to advise Members when projects would be eligible for Growing Communities Fund, so preserving their Locality Budgets. It also means that projects approaching Members that need more funds than the Member feels they have available, would be able to (so long as they are eligible) make an application through Growing Communities Fund. The Communities Team is also best placed to connect projects with other possible funding streams both within Devon County Council and with external partners.

The aim is that Members understand which projects are suited best to which fund and to guide their communities to the appropriate application. This would result in Members having access to greater funding resources.

3) Options / Alternatives

The Locality Budget forms part of the Council's Constitution and so there are no suggested options/alternatives.

4) Strategic Plan

<https://www.devon.gov.uk/strategic-plan>

Locality Budget 2022/23 records a wide variety of projects supported by Members from supporting a stroke survivors club in Exmouth to funding support for bereaved children, young people, and adults in Teignbridge. On the whole, the projects supported by Members align with the Council's Strategic Plan priorities.

5) Financial Considerations

The Locality Budget grant fund for 2023/24 has been reduced from £8,000 to £5,000 for each member following the Devon County Council spending review in 2022. 50% of the amount carried forward from 2021/22 was released as a saving to support the Financial Sustainability Programme.

6) Legal Considerations

In line with the Council's 'Locality Budget Operating Principles' an annual statement which summarises the allocations approved by Members is submitted to this Committee for audit and monitoring purposes.

7) Environmental Impact Considerations (Including Climate Change)

A range of the projects that are funded through the Locality Budget indicate that they are aligned with both community benefit and the climate emergency/environmental agenda.

8) Equality Considerations

Each of our county councillors has an annual locality budget, to be used as a fund of last resort, of **£5,000** that they can use to respond to local needs within any financial year (April to March). Councillors can, if they wish, make grants to support projects or activities that benefit the communities they represent.

Applications are accepted from constituted and not-for-private-profit voluntary, community and social enterprise (VCSE) sector groups and organisations, town and parish councils, charities or businesses (who have an eligible sponsor), or a combination of such groups working together.

9) Risk Management Considerations

Locality Budget grants must be used in accordance with operating principles in Part 3 of Section 5 of the Constitution. Officers assess Locality Budget applications against the Operating Principles and advise members on eligibility, which informs member's decision-making.

10) Summary

In line with the Council's 'Locality Budget Operating Principles' this report is the annual statement which summarises the allocations approved by Members and is submitted to this Committee for audit and monitoring purposes.

Angie Sinclair
Director of Finance and Public Value

Simon Kitchen
Head of Communities

Electoral Divisions: All

Cabinet Member for Public Health, Communities and Equality: Councillor Roger Croad

Local Government Act 1972: List of background papers

Nil

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Appendix 1 to SC/23/3

	Brought forward 21/22	Budget 22/23	Total Budget	Total Allocated	Underspend 22/23
Ian Hall	£0	£8,000	£8,000	£7,909	£91
Henry Gent	£1,856	£8,000	£9,856	£4,635	£5,221
Sara Randall-Johnson	£1,856	£8,000	£9,856	£4,635	£5,221
Richard Scott	£2,952	£8,000	£10,952	£10,952	£0
Jeffrey Trail	£2,522	£8,000	£10,522	£10,522	£0
Christine Channon	£2,366	£8,000	£10,366	£9,678	£688
Phillip Twiss	£2,570	£8,000	£10,570	£6,379	£4,191
Jess Bailey	£1,618	£8,000	£9,618	£6,427	£3,191
Marcus Hartnell	£4,725	£8,000	£12,725	£6,400	£6,325
Stuart Hughes	£2,365	£8,000	£10,365	£10,279	£86
Iain Chubb	£525	£8,000	£8,525	£4,900	£3,625
EAST DEVON	£23,355	£88,000	£111,355	£82,716	£28,639
Yvonne Atkinson	£2,800	£8,000	£10,800	£10,800	£0
Percy Prowse	£1,472	£8,000	£9,472	£9,150	£322
Rob Hannaford	£1,580	£8,000	£9,580	£9,580	£0
Danny Barnes	£3,725	£8,000	£11,725	£6,495	£5,230
Tracy Adele Adams	£0	£8,000	£8,000	£7,400	£600
Carol Whitton	£2,299	£8,000	£10,299	£6,730	£3,569
Su Aves	£514	£8,000	£8,514	£8,503	£11
Andrew Leadbetter	£2,050	£8,000	£10,050	£8,400	£1,650
Marina Asvachin	£34	£8,000	£8,034	£8,034	£0
EXETER	£14,474	£72,000	£86,474	£75,092	£11,382
Frank Letch	£1,312	£8,000	£9,312	£7,720	£1,592
Margaret Squires	£1,315	£8,000	£9,315	£7,284	£2,031
John Berry	£1,675	£8,000	£9,675	£7,485	£2,190
Colin Slade	£1,788	£8,000	£9,788	£9,776	£12
Richard James Chesterton	£3,056	£8,000	£11,056	£7,037	£4,019
Ray Radford	£1,560	£8,000	£9,560	£6,591	£2,969
MID DEVON	£10,706	£48,000	£58,706	£45,893	£12,813
Ian Roome	£4,275	£8,000	£12,275	£12,275	£0
Caroline Frances Leaver	£3,742	£8,000	£11,742	£5,500	£6,242
Pru Maskell	£1,019	£8,000	£9,019	£9,019	£0
Paul John Henderson	£1,860	£8,000	£9,860	£5,596	£4,264
Andrea Davis	£1,172	£8,000	£9,172	£9,172	£0

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	Brought forward 21/22	Budget 22/23	Total Budget	Total Allocated	Underspend 22/23
Frank Biederman	£1,177	£8,000	£9,177	£8,205	£972
Paul Crabb	£374	£8,000	£8,374	£1,313	£7,061
Jeremy Yabsley	£0	£8,000	£8,000	£7,384	£616
NORTH DEVON	£13,619	£64,000	£77,619	£58,464	£19,155
John Hart	£2,912	£8,000	£10,912	£8,290	£2,622
Jonathon Hawkins	£1,350	£8,000	£9,350	£7,747	£1,603
Roger Croad	£3,125	£8,000	£11,125	£4,480	£6,645
Julian Brazil	£472	£8,000	£8,472	£6,075	£2,397
Rufus Gilbert	£1,753	£8,000	£9,753	£6,048	£3,705
David James Thomas	£871	£8,000	£8,871	£8,870	£1
Jacqi Hodgson	£414	£8,000	£8,414	£8,309	£105
SOUTH HAMS	£10,897	£56,000	£66,897	£49,819	£17,078
Sarah Parker-Khan	£150	£8,000	£8,150	£7,600	£550
George Gribble	£1,641	£8,000	£9,641	£7,454	£2,187
Jerry Brook	£3,150	£8,000	£11,150	£4,850	£6,300
Martin Wrigley	£1,162	£8,000	£9,162	£8,662	£500
Alan Connett	£0	£8,000	£8,000	£7,750	£250
Alistair Dewhirst	£290	£8,000	£8,290	£8,290	£0
Ron Peart	£1,054	£8,000	£9,054	£6,420	£2,634
Phil Bullivant	£1,872	£8,000	£9,872	£6,290	£3,582
Janet Bradford	£1,275	£8,000	£9,275	£8,350	£925
David Nicholas Cox	£515	£8,000	£8,515	£8,000	£515
TEIGNBRIDGE	£11,109	£80,000	£91,109	£73,666	£17,443
Linda Hellyer	£550	£8,000	£8,550	£7,500	£1,050
Jeffrey Wilton-Love	£3,419	£8,000	£11,419	£7,360	£4,059
James Morrish	£1,475	£8,000	£9,475	£3,930	£5,545
Dermot McGeough	£3,930	£8,000	£11,930	£11,875	£55
Andrew Saywell	£1,076	£8,000	£9,076	£4,468	£4,608
TORRIDGE	£10,450	£40,000	£50,450	£35,133	£15,317
James McInnes	£706	£8,000	£8,706	£3,999	£4,707
Lois Esther Samuel	£1,575	£8,000	£9,575	£7,900	£1,675
Debo Sellis	£60	£8,000	£8,060	£6,950	£1,110
Philip Sanders	£1,843	£8,000	£9,843	£7,350	£2,493
WEST DEVON	£4,184	£32,000	£36,184	£26,199	£9,985
TOTAL	£98,794	£480,000	£578,794	£446,982	£131,812

Locality Budget Annual Report 2022 2023 - Final

