

# South Hams Council



|  |   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
|--|---|-------------|--------------|--|--------------|--------------|--|------------|--------------|--|---------------|----------|--|--------------|-------------|--|-------------|-----------------|--|------------|--------------|--|-----------|--------------|--|---------------|--------------|--|-----------|------------|--|--------------|-------------|--|------------|-----------|--|--------------|--------------|--|------------|-------------|--|---------------|--|--|
| <b>Title:</b>  | <b>Agenda</b>   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Date:</b>   | <b>Thursday, 27th September, 2018</b>   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Time:</b>   | <b>2.00 pm</b>  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Venue:</b>  | <b>Council Chamber - Follaton House</b>   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Full Members:</b>   | <p style="text-align: center;"><b>Chairman</b> Cllr Holway<br/><b>Vice Chairman</b> Cllr Rowe</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Baldry</td> <td style="width: 33%;">Cllr Hodgson</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr Hopwood</td> <td></td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Huntley</td> <td></td> </tr> <tr> <td>Cllr Blackler</td> <td>Cllr May</td> <td></td> </tr> <tr> <td>Cllr Bramble</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pennington</td> <td></td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pringle</td> <td></td> </tr> <tr> <td>Cllr Cane</td> <td>Cllr Saltern</td> <td></td> </tr> <tr> <td>Cllr Cuthbert</td> <td>Cllr Smerdon</td> <td></td> </tr> <tr> <td>Cllr Foss</td> <td>Cllr Steer</td> <td></td> </tr> <tr> <td>Cllr Gilbert</td> <td>Cllr Tucker</td> <td></td> </tr> <tr> <td>Cllr Green</td> <td>Cllr Vint</td> <td></td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Wingate</td> <td></td> </tr> <tr> <td>Cllr Hicks</td> <td>Cllr Wright</td> <td></td> </tr> <tr> <td>Cllr Hitchins</td> <td></td> <td></td> </tr> </table> | Cllr Baldry | Cllr Hodgson |  | Cllr Bastone | Cllr Hopwood |  | Cllr Birch | Cllr Huntley |  | Cllr Blackler | Cllr May |  | Cllr Bramble | Cllr Pearce |  | Cllr Brazil | Cllr Pennington |  | Cllr Brown | Cllr Pringle |  | Cllr Cane | Cllr Saltern |  | Cllr Cuthbert | Cllr Smerdon |  | Cllr Foss | Cllr Steer |  | Cllr Gilbert | Cllr Tucker |  | Cllr Green | Cllr Vint |  | Cllr Hawkins | Cllr Wingate |  | Cllr Hicks | Cllr Wright |  | Cllr Hitchins |  |  |
| Cllr Baldry  | Cllr Hodgson  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Bastone   | Cllr Hopwood  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Birch   | Cllr Huntley  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Blackler  | Cllr May  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Bramble   | Cllr Pearce   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Brazil  | Cllr Pennington   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Brown   | Cllr Pringle  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Cane  | Cllr Saltern  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Cuthbert  | Cllr Smerdon  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Foss  | Cllr Steer  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Gilbert   | Cllr Tucker   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Green   | Cllr Vint   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Hawkins   | Cllr Wingate  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Hicks   | Cllr Wright   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| Cllr Hitchins  |   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Interests – Declaration and Restriction on Participation:</b> | Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.   |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |
| <b>Committee administrator:</b>                                  | Member.Services@swdevon.gov.uk  |             |              |  |              |              |  |            |              |  |               |          |  |              |             |  |             |                 |  |            |              |  |           |              |  |               |              |  |           |            |  |              |             |  |            |           |  |              |              |  |            |             |  |               |  |  |

- |   |                  |
|---|------------------|
| <b>1. Minutes</b>   | <b>1 - 26</b>    |
| to approve as a correct record and authorise the Chairman to sign the minutes of the meetings of the Annual Council held on 17 May 2018 and the Special Council held on 26 July 2018;                                   |                  |
| <b>2. Urgent Business</b>   |                  |
| the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under 'Business Brought forward by the Chairman'); |                  |
| <b>3. Exempt Information</b>  |                  |
| to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;   |                  |
| <b>4. Declarations of Interest</b>  |                  |
| Members are invited to declare any personal; or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;                         |                  |
| <b>5. Chairman's Engagements</b>  |                  |
| <b>6. Business Brought Forward by the Chairman</b>  |                  |
| to consider business (if any) brought forward by the Chairman;  |                  |
| <b>7. Commercial Property Strategy</b>  | <b>27 - 48</b>   |
| <b>8. Medium Term Financial Strategy for 2019/20 to 2023/24</b>   | <b>49 - 108</b>  |
| <b>9. Public Toilet Pay on Entry Contract Award</b>   | <b>109 - 120</b> |
| <b>10. South Devon AONB Management Plan Review 2019-24 Consultation Draft</b>   | <b>121 - 156</b> |
| <b>11. Questions</b>  |                  |
| to consider the following question received in accordance with Council Procedure Rule 8:  |                  |

**(a) From Cllr Baldry to Cllr Bastone, lead Executive Member for Customer First**

*'According to a report in the local press, new Housing Benefit claimants in the South Hams had to wait more than 3 weeks (23 days) for their claims to be processed. The figures are for April 2017 to March 2018. This is worse than the British average and exceeds the legal requirement for claims to be processed within 2 weeks.*

*Would the Executive Member comment on the figures please? Housing Benefit / Universal Credit is not a luxury that people can wait for.'*

(NOTE. Cllr Birch has provided the following preamble to questions (b), (c), (d) and (e)):

In the introduction to the 2017/18 Annual Report, the following is stated: *"One of the key priorities over the coming year will be to research the possible building of Council houses to support the need of affordable houses for the residents of the South Hams."*

**(b) From Cllr Birch to Cllr Tucker, Leader of Council**

*'What research has been carried out in respect of the building of affordable social rented housing by the Council and, if such research has been carried out, when will its findings be shared with Members? Who has carried out the research on behalf of the Council?*

**(c) From Cllr Birch to Cllr Bastone, lead Executive Member for Customer First**

*'What fresh initiatives are planned by the Council to reduce the current Housing Waiting List which stands at 1,635?*

**(d) From Cllr Birch to Cllr Bastone, lead Executive Member for Customer First**

*'What is the Council's target for the provision of affordable social rented housing in the South Hams for the years 2018/19 and 2019/20?'*

**(e) From Cllr Birch to Cllr Bastone, lead Executive Member for Customer First**

*'In respect of the numbers provided in response to the previous question, how many is it anticipated will be provided by:*

- *The Community Housing Strategy;*
- *Registered Providers; and*
- *Developers pursuant to Section 106 Agreements?'*

**(f) From Cllr Hodgson to Cllr Bastone, lead Executive Member for Customer First**

*'Over the past five years, how much money has been channelled through SHDC to Housing Associations to assist them in the delivery of affordable housing and how many affordable homes has this delivered?'*

**(g) From Cllr Hodgson to Cllr Tucker, Leader of Council**

*'What legal right does the Council have to prevent local Members from attending meetings in their ward that the Council has organised? With regard to the recent meeting between Totnes Town Councillors and SHDC Executive Members and SHDC officers, what was the basis of refusing the attendance of the local Ward Members?'*

**(h) From Cllr Birch to Cllr Bastone, lead Executive Member for Customer First**

*'How many affordable social rented houses have been facilitated by the Council in the last five years?'*

**12. Notice of Motion**

to consider the following motions received (if any) in accordance with Council Procedure Rule 10.1

**13. Reports of Bodies**

to receive and as may be necessary approve the minutes and recommendations of the under-mentioned Bodies

\* Indicates minutes containing recommendations to Council.



|   |                  |
|---|------------------|
| <b>(b) Audit Committee - 26 July 2018</b>                   | <b>165 - 168</b> |
| <b>(c) Development Management Committee - 1 August 2018</b> | <b>169 - 174</b> |
| <b>(d) Overview &amp; Scrutiny Panel* - 2 August 2018</b>   | <b>175 - 184</b> |
| <b>(e) Licensing Committee - 23 August 2018</b>             | <b>185 - 190</b> |
| <b>(f) Overview and Scrutiny Panel - 6 September 2018</b>   | <b>191 - 202</b> |
| <b>(g) Audit Committee - 6 September 2018</b>               | <b>203 - 208</b> |
| <b>(h) Executive* - 13 September 2018</b>                   | <b>209 - 218</b> |

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# Agenda Item 1

## MINUTES OF THE ANNUAL MEETING OF THE SOUTH HAMS DISTRICT COUNCIL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 17 MAY 2018

### MEMBERS

\* Cllr P K Cuthbert – Chairman

\* Cllr M J Hicks – Vice-Chairman

|                       |                       |
|-----------------------|-----------------------|
| * Cllr K J Baldry     | * Cllr T R Holway     |
| * Cllr H D Bastone    | * Cllr E D Huntley    |
| * Cllr J P Birch      | ∅ Cllr D W May        |
| * Cllr J I G Blackler | * Cllr J A Pearce     |
| * Cllr I Bramble      | * Cllr J T Pennington |
| * Cllr J Brazil       | * Cllr K Pringle      |
| * Cllr D Brown        | * Cllr R Rowe         |
| ∅ Cllr B F Cane       | * Cllr M F Saltern    |
| * Cllr R J Foss       | * Cllr P C Smerdon    |
| * Cllr R D Gilbert    | * Cllr R C Steer      |
| * Cllr J P Green      | * Cllr R J Tucker     |
| * Cllr J D Hawkins    | * Cllr R J Vint       |
| * Cllr P W Hitchins   | * Cllr K R H Wingate  |
| * Cllr N A Hopwood    | * Cllr S A E Wright   |
| * Cllr J M Hodgson    |                       |

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

For all items: Head of Paid Service, Acting Monitoring Officer; Community Of Practice Lead (Place and Strategy); and Senior Specialist – Democratic Services

### 01/18 ELECTION OF THE CHAIRMAN OF COUNCIL

#### RESOLVED

That Cllr T R Holway be elected Chairman of the Council for the period expiring on the date of the Annual Meeting of the Council in 2019.

Cllr Holway subsequently declared and signed his acceptance of office.

### 02/18 ADDRESS BY THE NEW CHAIRMAN OF COUNCIL

In addressing the Council, Cllr Holway expressed his honour at being elected as Chairman of the Council and wished to thank his fellow Members for their vote of confidence. In particular, he proceeded to pay tribute to the work undertaken during her year of office by Cllr Cuthbert, who he felt would be an incredibly hard act to follow.

In his address, Cllr Holway also made specific reference to:-

- looking forward to his year of office and working closely with his Vice-Chairman;
- his pride to represent the Council at civic events. In addition, it was his intention to attend as many town and parish council meetings as was practically possible;
- his wish to thank his wife for her support;
- his hope that the Council could become a 'Dementia Friendly Council' during this year;
- his chosen charity for the year being the Erme Valley Riding for the Disabled Group.

03/18

### **VOTE OF THANKS TO RETIRING CHAIRMAN**

#### **RESOLVED**

That the thanks of the Council be extended to Cllr Cuthbert for the manner in which she performed her duties during his term of office as Chairman of the Council.

04/18

### **RESPONSE OF THE RETIRING CHAIRMAN**

Cllr Cuthbert addressed the Council and highlighted how enjoyable she had found her year of office. In so doing, she made particular reference to:-

- her gratitude for the support she received from the wider membership during her year of office;
- it being an honour and a privilege to have represented the Council at so many events;
- how much she and her husband had enjoyed the last year;
- how professionally organised each of the events that she had attended had been. On reflection and, in citing some examples, she had enjoyed attending the more informal events than the very ceremonial engagements;
- her wish to thank officers for their support. In addition, Cllr Cuthbert also wished to thank those individuals and organisations who had sponsored and donated to her Charity Golf Day. In total, Members were informed that Cllr Cuthbert had raised £3,752.02 for her chosen charity: Epilepsy Action; and
- her hope that Cllr Holway and his wife would have an equally memorable year.

05/18

### **APPOINTMENT OF VICE CHAIRMAN OF COUNCIL**

#### **RESOLVED**

That Cllr R Rowe be appointed Vice Chairman of the Council for the period expiring on the date of the Annual Meeting of the Council in 2019.

Cllr Rowe subsequently declared and signed her acceptance of office.

06/18 **MINUTES**

The minutes of the meeting of Council held on 22 February 2018 and the special meeting held on 29 March 2018 were both confirmed as a correct record and signed by the Chairman.

07/18 **REPRESENTATION ON POLITICAL GROUPS**

The Chairman advised Members that a review of the representation of the political groups on the Council's Bodies had been carried out in consultation with the Leaders of the two Political Groups.

It was then:

**RESOLVED**

1. That it be noted that the Political Composition of the Council is as follows:-
  - A Conservative Group of 24 Members; and
  - An Opposition Group of 7 Members.
2. That the overall political balance of Council Bodies, as reflected in the paper tabled to the meeting, be approved.

08/18 **APPOINTMENT OF MEMBERS OF THE BODIES OF THE COUNCIL**

The Council subsequently received nominations from the Group Leaders for the membership of the Bodies of the Council.

It was then:

**RESOLVED**

That, for the 2018/19 Municipal Year, Members be appointed to the Bodies of the Council as set out in Appendix A to these minutes.

09/18 **ELECTION OF CHAIRMEN AND VICE CHAIRMEN OF THE BODIES OF THE COUNCIL**

The Council received nominations from its Group Leaders for the positions of Chairmen and Vice Chairmen of the Bodies of the Council.

Two nominations (Cllrs J Birch and M F Saltern) had been received for the position of Chairman of the Overview and Scrutiny Panel.

When put to the vote, it was declared **CARRIED** that Cllr M F Saltern be appointed to the role of Overview and Scrutiny Panel Chairman.

Two nominations (Cllrs J P Green and P C Smerdon) had also been received for the position of Vice-Chairman of the Overview and Scrutiny Panel.

When put to the vote, it was declared **CARRIED** that Cllr P C Smerdon be appointed to the role of Overview and Scrutiny Panel Vice-Chairman.

It was then:

### **RESOLVED**

That the Chairmen and Vice Chairmen of the Bodies of the Council for the 2018 / 2019 Municipal Year be as indicated below:-

| <b>Body</b>                      | <b>Chairman</b>  | <b>Vice Chairman</b> |
|----------------------------------|------------------|----------------------|
| Audit Committee                  | Cllr J A Pearce  | Cllr J T Pennington  |
| Development Management Committee | Cllr R C Steer   | Cllr R J Foss        |
| Licensing Committee              | Cllr D W May     | Cllr T R Holway      |
| Overview and Scrutiny Panel      | Cllr M F Saltern | Cllr P C Smerdon     |
| Salcombe Harbour Board           | Cllr J Brazil    | Co-opted Member      |

10/18

### **APPOINTMENT OF REPRESENTATIVES TO OUTSIDE BODIES**

A paper was considered that set out details of those Outside Bodies to which the Council appointed representatives and included a list of nominations for representation on these Outside Bodies.

Two nominations (Cllrs E D Huntley and J A Pearce) had been received for the position on the Avon Estuary Forum.

When put to the vote, it was declared **CARRIED** that Cllr J A Pearce be appointed to the position on the Avon Estuary Forum.

Three nominations (Cllrs J Birch, J T Pennington and P C Smerdon) had been received for the two positions on the Devon County/South Hams Highways and Traffic Orders Committee.

In line with the Council Constitution, it was necessary for these two vacancies to be filled by virtue of a ballot. Upon completion of the ballot, it was subsequently declared **CARRIED** that Cllrs J T Pennington and P

C Smerdon be appointed to serve on the South Devon AONB Partnership Committee.

In the ensuing debate, reference was made to the importance of appointed Members providing feedback on each meeting they had attended. To reinforce this point, an addition was **PROPOSED** and **SECONDED** to part 3 of the recommendation as follows:-

‘That Members appointed to Outside Bodies *provide a written report following each meeting*; regular feedback and consultation on the issues affecting the Bodies concerned.’

When put to the vote, this addition was declared **CARRIED**.

It was then:

### **RESOLVED**

1. That the Council be represented on the list of Outside Bodies as presented to the meeting;
2. That the Members named in Appendix B to these minutes be appointed as the Council’s representatives to those Bodies for the 2017/18 Municipal Year, and that, for the purposes of Members’ Allowances, attendance at meetings of these bodies be regarded as an approved duty; and
3. That Members appointed to Outside Bodies provide a written report following each meeting; regular feedback and consultation on the issues affecting the Bodies concerned.

11/18

### **APPOINTMENT OF OTHER GROUPS**

Members proceeded to consider the appointment for the 2018/2019 Municipal Year of the:-

- (a) Council Tax Setting Panel;
- (b) Devon Building Control Partnership;
- (c) Discretionary (Majors) Business Rate Relief Decision Panel;
- (d) Investments Member Working Group;
- (e) Joint SH/WD/Plymouth Local Plan Steering Group;
- (f) Political Structures Working Group;
- (g) Public Spaces Working Group;
- (h) Rate Relief Panel;
- (i) Slapton Line Steering Group; and
- (j) Waste and Recycling Working Group.

Council then considered the appointments to the above bodies.

It was then:

**RESOLVED**

That the appointment of the Other Groups of the Council for the 2018/2019 Municipal Year be approved, as shown in Appendix C to these minutes.

12/18 **DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be considered during the course of the meeting and these were recorded as follows:-

Cllr P W Hitchins declared a Disclosable Pecuniary Interest in Item 18: 'Joint Local Plan Main Modifications Consultation' (Minute 15/18 below refers) and left the meeting during the debate and vote on this item.

Cllr R F D Gilbert declared a Disclosable Pecuniary Interest in Item 24(e): 'Reports of Bodies and specifically Minute E.85/17: 'Procurement of Pay on Entry Equipment for Public Toilets/Disposal of Toilets' (Minute 21/18(a) below refers) in light of the Ferry Steps at East Portlemouth becoming the subject of debate. At the appropriate time, he left the meeting during the debate on this matter.

13/18 **CHAIRMAN'S ANNOUNCEMENTS**

In accordance with this agenda item, the Chairman advised that he did not have any further announcements to make.

14/18 **BUSINESS BROUGHT FORWARD BY THE CHAIRMAN**

The Chairman advised that he had no items of urgent business for consideration at this meeting.

15/18 **JOINT LOCAL PLAN MAIN MODIFICATIONS CONSULTATION**

The Council considered a report that requested that delegated authority be granted to the Head of Paid Service, in consultation with the Leader of the Council and the Joint Local Plan (JLP) Joint Steering Group (JSG) Members, to authorise the final version of the JLP for consultation.

In discussion, reference was made to:-

(a) an amendment was **PROPOSED** and **SECONDED** to read as follows:



*'That a Special Full Council meeting be convened following receipt of the Inspectors' Interim Report to consider its content and recommendations and to determine the necessary steps to be taken prior to the final version of the JLP going out for public consultation. Prior to such a Special Full Council meeting, officers are to meet with Members in order to identify those proposed modifications that are non-contentious and those that require further consideration and debate.'*

In introducing his amendment, the proposer made the following points:-

- It was his view that the overwhelming majority of Members would be bypassed in the event of the agenda report recommendation being approved;
- The impression had been given at a recent Member Briefing that a Special Council meeting would be convened for this specific purpose. As a consequence, the proposer had relayed this information to his local town council and could see no explanation in the published report for this recommended change of approach;
- The proposed amendment would ensure that the process was democratic. Moreover, whilst a similar way forward was being proposed for West Devon Borough Council, there was no reference to such an agenda report on the published Plymouth City Council Annual Council summons.

During the consequent debate, some Members did not support the amendment and reference was made to:

- o the views of the Member representatives on the Joint Steering Group. The representatives outlined and clarified the process and stressed that they would not have supported the report recommendation if they did not consider the risk to be minimal;
- o the involvement of local Ward Member(s). Whilst considered to be unlikely, it was noted that any significant changes deemed necessary to the JLP (that had not already been considered by all Members) would lead to those significantly affected Ward Members being consulted with prior to a revised version being signed-off;
- o an additional Special Council being effectively a non-event that could slow up the process;
- o this meeting in fact presenting an opportunity to discuss the main modifications.

Whilst the points about the risk being minimal and the process being slowed up were disputed, when put to the vote, the amendment was declared **LOST**;

- (b) the importance of making representations to lead officers and Members of the JSG. In the event of the recommendation being approved, Members were urged to put any comments and/or concerns that they had in writing to the lead officers and JSG Members. Nonetheless, Members did also make a number of comments during the debate that included:-

- the suggested deletion of the point relating to the *'improved road and junction connections to the south of the A38'*. A Member asked for his concerns over the proposed deletion of this point to be formally recorded. The local Ward Member emphasised his view that retention of this point was the only practicable way to improve air quality levels in the Western Road, Ivybridge Air Quality Management Area;
  - a wish for Policy TTV (Thriving Towns and Villages) 29.7 to be deleted. In requesting her wish for this Policy to be deleted, the local Ward Member advised that this would prevent the Neighbourhood Plan for Dartington from progressing any further;
  - with regard to the suggested additions related to the Dartington Hall Estate, the local Ward Member was of the view that the wording contained in the proposed comments needed revisiting; and
  - disappointment was expressed over the suggested revisions to Policy DEV8 ('Meeting Local Housing Need in the Thriving Towns and Villages Policy Area') and the request was made for the original wording to be reinstated;
- (c) settlement boundaries. In light of the suggested revisions, a Member urged all of his colleagues who represented villages to study their settlement boundaries very closely;
- (d) the policy relating to Rural Exception Sites. It was confirmed that the policy relating to Rural Exception Sites had already existed prior to any of the JLP project work commencing.

It was then:

### **RESOLVED**

That delegated authority be granted to the Head of Paid Service, in consultation with the Leader of the Council and the Council Members who served on the Joint Local Plan Joint Steering Group, to authorise the final version of the Joint Local Plan for consultation.

16/18

## **UGBOROUGH NEIGHBOURHOOD PLAN**

The Council considered a report that sought approval of the adoption of the Ugborough Neighbourhood Development Plan.

In discussion, a number of Members congratulated the representatives of the Neighbourhood Planning Group for achieving such a successful outcome, with 91.53% of voters voting in favour of the Plan.

It was then:

**RESOLVED**

That approval be given to the making (adoption) of the Ugborough Neighbourhood Development Plan.

17/18 **ANNUAL REVIEW OF THE COUNCIL CONSTITUTION**

Consideration was given to a report that sought approval of the proposed amendments to Parts 1, 2, 3 and 5 of the Council Constitution.

In discussion, the Council thanked the role played by the Chairman of the Overview and Scrutiny Panel and the Audit Committee Members for their efforts and contributions in reaching this point.

It was then:

**RESOLVED**

That the amendments to Parts 1, 2, 3 and 5 of the South Hams District Council Constitution (as summarised in paragraph 2.11 of the presented agenda report) be approved and formally adopted.

18/18 **APPOINTMENT OF SALCOMBE HARBOUR BOARD CO-OPTED MEMBERS**

Consideration was given to a report that recommended approval of the appointment of two Co-opted Members to the Salcombe Harbour Board, following the recommendations of the Interview Panel.

It was then:

**RESOLVED**

That, with immediate effect, Mr Malcolm Mackley and Mr Ian Stewart be appointed to the Salcombe Harbour Board as Co-opted Members for the period to the date of the Annual Council meeting in May 2021.

19/18 **QUESTIONS**

It was noted that no questions had been received in accordance with Council Procedure Rule 8.

20/18 **NOTICE OF MOTIONS**

It was noted that no motions had been received in accordance with Council Procedure Rule 10.1.

**REPORTS OF BODIES****RESOLVED**

That the minutes and recommendations of the undermentioned bodies be received and approved subject to any amendments listed below:-

- |     |                                  |               |
|-----|----------------------------------|---------------|
| (a) | Development Management Committee | 7 March 2018  |
| (b) | Overview and Scrutiny Panel      | 22 March 2018 |
| (c) | Audit Committee                  | 22 March 2018 |
| (d) | Development Management Committee | 4 April 2018  |
| (e) | Executive                        | 26 April 2018 |

**E.81/17: Corporate Strategy Review**

It was then:

**RESOLVED**

That the South Hams Corporate Strategy be adopted and published, subject to delegated authority being given to the Commissioning Manager, in consultation with the Leader of the Council, to make any minor amendments deemed necessary prior to publication.

**E.82/17: Annual Report 2017/18**

The Leader introduced the Annual Report and highlighted some of the key achievements contained within the document.

Whilst fully supportive of the Leader's comments around building Council houses, a Member did express his surprise at how little reference was made in the Annual Report to the One Council project.

It was then:

**RESOLVED**

That the South Hams Annual Report for the 2017/18 Financial Year be adopted and published.

**E.83/17: Devon Wide Housing Assistance Policy**

It was then:

## **RESOLVED**

That the existing Homes Assistance Policy be updated and then adopted in line with the Devon Housing Assistance Policy.

### **E.84/17: Parking Review**

It was then:

## **RESOLVED**

That the following amendments be made to the South Hams Off-Street Parking Places Order:

1. Pay and Display Charges be amended in accordance with Appendix 1 of the presented agenda report, following consultation with local communities; and
2. Newly created reserved parking bays at Batson Creek, Salcombe (as shown at Appendix 2 of the presented agenda report presented to the Executive) be incorporated.

### **E.85/17: Procurement of Pay on Entry Equipment – Public Toilets/Disposal of Toilets**

Despite repeated requests, a Member expressed his disappointment that he had not still received a copy of the Business Plan that supported this initiative. As a consequence, the Member had reservations over the decision that had been taken by the Executive in this respect.

When questioned, the commitment to consult (as part of the decision-making process) with those local Ward Members that would be affected by the charging proposals was again reaffirmed.

### **E.86/17: Dartmouth Lower Ferry – Capital Repairs Programme**

Whilst some concern was expressed over the role played by the Maritime and Coastal Agency (MCA), Members acknowledged that the Council had to approve this capital spend or risk the Ferry not being able to operate.

It was then:

**RESOLVED**

That the capital spend (as outlined in Section 2.5 of the presented agenda report) from the Dartmouth Lower Ferry Earmarked Reserve be approved, in order to ensure that the Ferry vessels (both tugs and floats) are compliant and seaworthy in line with the Maritime and Coastal Agency requirements.

(Meeting commenced at 2.00 pm and concluded at 4.15 pm)

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Chairman

**Membership of Council Bodies 2018/19****Appendix A****A. Audit Committee**

Cllr I Bramble  
 Cllr J Brazil  
 Cllr T R Holway  
 Cllr J A Pearce  
 Cllr J T Pennington

**B. Development Management Committee**

Cllr I Bramble  
 Cllr J Brazil  
 Cllr D Brown  
 Cllr P K Cuthbert  
 Cllr R J Foss  
 Cllr P W Hitchins  
 Cllr J M Hodgson  
 Cllr T R Holway  
 Cllr J A Pearce  
 Cllr R Rowe  
 Cllr R C Steer  
 Cllr R J Vint

**C. Executive**

Cllr H D Bastone  
 Cllr R D Gilbert  
 Cllr N A Hopwood  
 Cllr R J Tucker  
 Cllr K R H Wingate  
 Cllr S A E Wright

**D. Licensing Committee**

Cllr K J Baldry  
 Cllr J I G Blackler  
 Cllr D Brown  
 Cllr B F Cane  
 Cllr P K Cuthbert  
 Cllr R J Foss  
 Cllr P W Hitchins  
 Cllr T R Holway  
 Cllr N A Hopwood  
 Cllr D W May  
 Cllr K Pringle  
 Cllr R Rowe

**E. Overview and Scrutiny Panel**

Cllr K J Baldry  
 Cllr J P Birch  
 Cllr J I G Blackler  
 Cllr B F Cane  
 Cllr J P Green  
 Cllr J D Hawkins  
 Cllr M J Hicks  
 Cllr E D Huntley  
 Cllr D W May  
 Cllr J T Pennington  
 Cllr K Pringle  
 Cllr M F Saltern  
 Cllr P C Smerdon

**Representation on Outside Bodies 2018 / 2019****Appendix B**

|     | <b>ORGANISATION</b>  | <b>Nominee(s)</b>   |
|-----|--|---|
| 1.  | Avon Estuary Forum   | Cllr J A Pearce   |
| 2.  | Dartmoor National Park Authority   | Cllr P W Hitchins   |
| 3.  | Dartmoor National Park Forum   | Cllr P C Smerdon  |
| 4.  | Devon Authorities Strategic Waste Committee  | lead Executive Member for Commercial Services<br>(Substitute: Cllr D Brown) |
| 5.  | Devon County/South Hams Highways and Traffic Orders Committee  | Cllrs J T Pennington and P C Smerdon  |
| 6.  | Employment Appeals Panel   | Cllr M F Saltern  |
| 7.  | Governance Board (South Devon Healthcare NHS Foundation Trust)   | Cllr P C Smerdon  |
| 8.  | Greater Dartmoor Local Enterprise Action Fund  | Cllr P C Smerdon  |
| 9.  | Heart of the South West Devolution Joint Committee   | Leader of the Council<br>(Substitute: Deputy Leader of the Council)         |
| 10. | Hope Harbour   | Cllr S A E Wright   |
| 11. | iESE Transformation Limited  | Cllr S A E Wright   |
| 12. | Joint Advisory Committee (JAC) on Housing for Local Needs in the Dartmoor National Park  | Cllrs J I G Blackler and J Brazil   |
| 13. | Local Government Association:-<br>(i) District Council Network – Leader<br>(ii) General Assembly – Deputy Leader<br>(iii) South West Branch – Leader<br>(iv) Rural Commission – Leader or Deputy Leader<br>(v) LGA Committee, Panel, etc appointments<br>(NB: These appointments are made via an Electoral College process through the LGA. Council has been given delegated authority to the Monitoring Officer, in consultation with the Leaders of the political groups, to agree any such appointments). |   |
| 14. | PATROL – Parking and Traffic Regulations Outside London  | Cllr K J Baldry   |
| 15. | Plymouth and Peninsula City Deal   | Leader of Council   |
| 16. | Police & Crime Commissioners Scrutiny Panel  | Cllr K R H Wingate  |



- |     |   |   |
|-----|---|---|
| 17. | River Yealm Harbour Authority                                     | Cllr T R Holway   |
| 18. | Salcombe-Kingsbridge Estuary Conservation Forum                   | Cllr J A Pearce and<br>Chairman of Salcombe<br>Harbour Board (or nominee) |
| 19. | South Devon AONB Partnership Committee                            | Cllrs D Brown and J Green   |
| 20. | South Devon Coastal Local Action Group                            | Cllr M J Hicks  |
| 21. | South Devon and Dartmoor Community Safety Partnership             | Cllr T R Holway   |
| 22. | South Hams Citizens' Advice Bureau                                | Cllr P K Cuthbert   |
| 23. | South Hams Community and Voluntary Services - Executive Committee | Cllrs K Pringle and<br>P C Smerdon  |
| 24. | South West Councils   | Cllr R J Tucker (Substitute: Cllr S A E Wright)                           |
| 25. | SPARSE Rural and Rural Services Network                           | Cllr M J Hicks  |
| 26. | Tamar Estuary Consultative Forum                                  | Cllr P W Hitchins   |
| 27. | Yealm Estuary Forum   | Cllr K J Baldry   |

## Appointment of Other Groups 2018/2019      Appendix C

- (a)    **Council Tax Setting Panel**  
 Chairman of Council  
 Leader of Council  
 Chairman of Overview and Scrutiny Panel  
 Leader of the Opposition
- (b)    **Devon Building Control Partnership**  
 Cllr H D Bastone  
 Cllr R C Steer
- (c)    **Discretionary (Majors) Business Rate Relief Decision Panel**  
 Chairman of the Overview and Scrutiny Panel  
 Lead Executive Member for Business Development  
 Leader of Council
- Substitute Member:  
 Deputy Leader of Council
- (d)    **Investments Member Working Group**  
 All Executive Members  
 Audit Committee Chairman  
 Development Management Committee Chairman  
 Overview and Scrutiny Panel Chairman  
 Leader of the Opposition Group
- (e)    **Joint SH/WD/Plymouth Local Plan Steering Group**  
 Cllr M J Hicks  
 Cllr J A Pearce
- (f)    **Political Structures Working Group**  
 Cllr K J Baldry  
 Cllr J P Green  
 Cllr P W Hitchins  
 Cllr T R Holway  
 Cllr J T Pennington  
 Cllr M F Saltern  
 Cllr R J Tucker  
 Cllr S A E Wright
- (g)    **Public Spaces Working Group**  
 Cllr R J Foss  
 Cllr R C Steer  
 Cllr R J Vint  
 Cllr S A E Wright
- (h)    **Rate Relief Panel**  
 Leader of Council  
 Deputy Leader of Council
- (i)    **Slapton Line Steering Group**  
 Cllr J Brazil  
 Cllr R J Foss

**(j) Waste and Recycling Working Group**

Cllr K J Baldry

Cllr D Brown

Cllr R D Gilbert

Cllr N A Hopwood



**MINUTES OF THE SPECIAL MEETING OF THE SOUTH HAMS DISTRICT  
COUNCIL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 26 JULY 2018**

**MEMBERS**

∅ Cllr T R Holway – Chairman

\* Cllr R Rowe – Vice-Chairman

|                       |                       |
|-----------------------|-----------------------|
| * Cllr K J Baldry     | * Cllr N A Hopwood    |
| * Cllr H D Bastone    | * Cllr J M Hodgson    |
| * Cllr J P Birch      | ∅ Cllr E D Huntley    |
| * Cllr J I G Blackler | * Cllr D W May        |
| ∅ Cllr I Bramble      | * Cllr J A Pearce     |
| * Cllr J Brazil       | * Cllr J T Pennington |
| ∅ Cllr D Brown        | * Cllr K Pringle      |
| * Cllr B F Cane       | * Cllr M F Saltern    |
| ∅ Cllr P K Cuthbert   | * Cllr P C Smerdon    |
| * Cllr R J Foss       | * Cllr R C Steer      |
| * Cllr R D Gilbert    | * Cllr R J Tucker     |
| * Cllr J P Green      | * Cllr R J Vint       |
| ∅ Cllr J D Hawkins    | * Cllr K R H Wingate  |
| ∅ Cllr M J Hicks      | * Cllr S A E Wright   |
| * Cllr P W Hitchins   |                       |

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

For all items: Head of Paid Service; Section 151 Officer; Group Manager – Commercial Services; Deputy Monitoring Officer; Lead Specialist Waste Strategy; and Senior Specialist – Democratic Services

**22/18 APPOINTMENT OF VICE-CHAIRMAN**

In light of the Chairman having sent his apologies to this meeting, nominations were invited to serve as Vice-Chairman for the duration of this meeting.

It was then:

**RESOLVED**

That Cllr R J Foss be appointed Vice-Chairman for the duration of this meeting.

**23/18 URGENT BUSINESS**

The Chairman informed that she had no items of urgent business for consideration at this meeting.

## DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting. These were recorded as follows:-

Cllr N A Hopwood declared a Disclosable Pecuniary Interest in Item 5(d): *'Reports of Bodies: Executive – 14 June 2018'* (Minute 26/18(d) below refers) and specifically the recommendation arising from Minute O&S.114/17 (*'Feasibility of Installing Electric Car Charging Points in the Council's Public Car Parks'*) by virtue of her business interests and left the meeting during the debate and vote on this recommendation.

## FRONTLINE SERVICES (WASTE AND CLEANSING) PROCUREMENT

Consideration was given to a report that outlined the 'Detailed Solutions' Stage of the Frontline Services (Waste and Cleansing) Procurement process. The report highlighted that, if the Council approved the recommendation of the Project Board, then the procurement process would continue to the 'Final Solutions' Stage, with a further report being brought to the Council meeting to be held on 4 December 2018.

In inviting Member questions, it was apparent that some related to the exempt appendices and it was therefore **PROPOSED** and **SECONDED** and, on being put to the vote, was declared **CARRIED** that:-

'In accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A to the Act is involved.'

During the questions phase on the exempt appendices, assurances were given that more detailed information (e.g. in relation to the financial figures quoted; direct comparisons with the existing in-house service; and the added value from bidders) would be made available with the agenda papers for the Council meeting on 6 December 2018.

Once all Members were content that they had no further questions to raise on the exempt appendices, it was then **PROPOSED** and **SECONDED** and, on being put to the vote, was declared **CARRIED** that:

'The public and press be re-admitted to the meeting.'

In the ensuing discussion, the following points were raised:-

(a) An amendment to the motion was **PROPOSED** and **SECONDED** as follows:-

'That any changes necessary to harmonise the recycling collection services with the 'aligned waste service' (as detailed in the Waste and Resource Strategy for Devon) be approved and introduced *by 29 September 2020.*'

In support of the amendment, the proposer felt that this would enable for greater flexibility to be built into the process. Having been asked for a view, officers advised that the recommendation had been drafted to take into account what was considered to be the optimum start date to harmonise the recycling collection services.

When put to the vote, this amendment was declared **LOST**.

- (b) Some Members acknowledged the comments in the agenda relating to the potential risk of a procurement challenge. These Members proceeded to express their concerns that a decision at this time to continue to the next stage of the competitive dialogue process could result in the final outcome effectively becoming a done deal with it being very difficult to do anything other than award a Contract. This was felt to be a particular cause for concern in light of the lack of available information at this time making it difficult to make an informed decision;
- (c) Having sought assurances, officers confirmed that any proposals to charge for a garden waste collection service were specifically listed as being out of the scope of the 'aligned waste service' in this instance;
- (d) A Board Member advised that he personally had yet to be convinced that the private sector could generate a profit; whilst maintaining service quality and providing a financial return to the Council;
- (e) In light of the same commercial restrictions applying and the number of Member Workshops that had already been held, the majority of Members did not support a request for the Overview and Scrutiny Panel to consider the project at this time;
- (f) In support of the project, a Member felt that the performance of these frontline services was currently below the expected standard and she was of the view that the private sector could manage these more efficiently and effectively. In reminding those present of the importance of the tourism industry to the South Hams, the Member highlighted the need for this to be factored into the contractual negotiations;
- (g) Members wished to put on record their gratitude for the amount of work that had been undertaken by lead officers to reach this project milestone.

It was then:

### **RESOLVED**

1. That the progress of the project be noted and the recommendation of the Frontline Services (Waste Procurement) Project Board to continue to the next stage of the competitive dialogue process for waste collection, recycling and cleansing services be endorsed; and

2. That any changes necessary to harmonise the recycling collection services with the 'aligned waste service' (as detailed in the Waste and Resource Strategy for Devon) be approved and introduced on 28 September 2020.

26/18

## REPORTS OF BODIES

### RESOLVED

That the minutes and recommendations of the undermentioned bodies be received and approved subject to any amendments listed below:-

- |     |                                  |              |
|-----|----------------------------------|--------------|
| (a) | Development Management Committee | 2 May 2018   |
| (b) | Overview and Scrutiny Panel      | 3 May 2018   |
| (c) | Development Management Committee | 6 June 2018  |
| (d) | Executive                        | 14 June 2018 |

### **E.08/18: Council Owned Asset Investment and Development**

In the absence of any detailed costings or financial breakdown of how these monies were proposed to be spent, some Members stated that they were unable to support the recommendation. The Leader responded by pointing out that, without approval of this recommendation, these projects could not be advanced. Moreover, the recommendation was seeking approval of up to £150,000 and it was by no means inevitable that all of these monies would be spent.

In an attempt to mitigate some of these concerns and to ensure greater flexibility, an amendment to the motion was **PROPOSED** and **SECONDED** to read as follows:-

'That approval be given to the expenditure of up to a maximum of £150,000 in order to *further enable exploration and, if appropriate*, to prepare a detailed business case....'

The Leader stated that the exploratory works had already been carried out and he therefore could not support this amendment.

When put to the vote, the amendment was declared **LOST**.



It was then:

**RESOLVED**

1. That approval be given to the expenditure of up to a maximum of £150,000 in order to prepare a detailed business case for each of the proposed Council-owned asset investment and development opportunities (as detailed in Section 3 and Appendix 1 of the agenda report presented to the Hub Committee meeting); and
2. That officers conclude an appropriate procurement process to commission the work required to produce individual business cases for the identified Asset Investment and Development opportunities.

**E.11/18: Reports of Other Bodies**

**(a) Overview and Scrutiny Panel – 22 March 2018**

**O&S.113/17 Update on the Urban Fringe Delivery Team and Sherford Strategic Review**

Since the Sherford Road closure remained in place, a Member highlighted the levels of disruption and questioned what pressure the Council was applying. In reply, the Head of Paid Service informed that she continued to press the Developer and confirmed that she would demand an answer to this issue at the next Sherford Board meeting on Wednesday, 1 August 2018.

**O&S.114/17 Feasibility of Installing Electric Car Charging Points in the Council's Public Car Parks**

Following a request, the Leader promised to provide Members with an update on the likelihood of obtaining EU funding in this respect.

It was then:

**RESOLVED**

That the proposed Strategy for the installation of an electric vehicle charging network in Council Car Parks be endorsed, subject to steps being taken to advance the proposed installation date as outlined in paragraph 2.6 of the agenda report presented to the Panel meeting (late 2019) and only on the understanding that the EU funding is obtained.

- |     |                             |              |
|-----|-----------------------------|--------------|
| (e) | Audit Committee             | 21 June 2018 |
| (f) | Overview and Scrutiny Panel | 28 June 2018 |

### **O&S.6/18: Civica / IT: Lessons Learnt**

In response to some concerns over the mechanism for the Audit Committee to be able to review its own annual work programme, it was agreed that, for future meetings, this would become a standing agenda item. Thereafter, at its next scheduled meeting on 6 September 2018, it was agreed that the Committee would consider the merits of the request to examine whether or not all of the potential avenues had been explored.

### **O&S.11/18: Overview and Scrutiny: Draft Annual Report 2017/18**

#### **RESOLVED**

That the draft Annual Report for 2017/18 (as outlined at Appendix A of the agenda report presented to the Panel) be approved.

### **O&S.13/18: Actions Arising / Decisions Log**

Having sought further assurances, the Leader confirmed to the Council that consultation would be undertaken on the Public Conveniences charging proposals with local Ward Members at the appropriate time.

(g) Executive 19 July 2018

### **E.17/18: Activities to Support Economic Growth**

For clarity, the Leader advised that these recommendations would be considered at meetings of the Overview and Scrutiny Panel and Audit Committee before being ultimately determined by the Council at its meeting on 27 September 2018.

### **E.21/18: Business Rates – Locally Administered Business Rate Relief Policy**

#### **RESOLVED**

That the Year Two Locally Administered Business Rate Relief Policy (as set out in Appendix 1 of the agenda report presented to the Executive) be adopted.

### **E.22/18: Parking Order Operational Amendments**

#### **RESOLVED**

That the following amendments be made to the South Hams Off-Street Parking Places Order:

1. Parking at Follaton House, Totnes be permitted from 7.00am to 7.00pm only;

2. Parking permits be introduced for car parks in Dittisham;
3. That more robust action be included in respect of the removal of vehicles from all South Hams District Council car parks; and
4. That Torcross Layby be included as one of the car parks where permit parking is permitted.

(Meeting commenced at 2.00 pm and concluded at 3.20 pm)

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Chairman

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|                                  |   |
|----------------------------------|---|
| Committee:                       | <b>Full Council</b>   |
| Date:                            | <b>27 September 2018</b>  |
| Title:                           | <b>Commercial Property Strategy</b>   |
| Portfolio Area:                  | <b>Cllr John Tucker, Leader of the Council,<br/>Assets</b>  |
| Wards Affected:                  | <b>All</b>  |
| Relevant Scrutiny<br>Committee:  | <b>Overview &amp; Scrutiny Panel</b>  |
| Date next steps can<br>be taken: | <b>Immediately after meeting</b>  |
| Authors:                         | <b>Darren Arulvasagam</b><br>Business Development Group Manager<br><a href="mailto:Darren.Arulvasagam@swdevon.gov.uk">Darren.Arulvasagam@swdevon.gov.uk</a> |

## **RECOMMENDATIONS**

### **That Full Council:**

- 1. ADOPT the commercial property strategy as shown in Appendix A;**
- 2. AGREE a total borrowing limit of £60m for the Commercial Property Strategy (capped at no more than £30m borrowing before 30<sup>th</sup> April 2019);**
- 3. DELEGATE the authority and decision making function relating to 'Development on Council Owned Land' to the Executive (assuming that the proposed expenditure complies with the Council approved total borrowing limits). This delegation is to include the granting of associated leases in excess of 15 years as and when required.**
- 4. DELEGATE the authority and decision making function relating to 'Commercial Property Acquisitions in the South Hams' to the Head of Paid Service and Section 151 Officer, in consultation with Members of the Executive as detailed in Appendix A;**
- 5. REQUEST that when South Hams District Council acquire a Commercial Property in line with this strategy, a report will be presented (for noting purposes) to the subsequent meeting of the Executive, and;**
- 6. DISBAND the Investments Member Working Group with immediate effect.**

### **1.0 Executive Summary**

- 1.1** On 19 July 2018, Executive received a report entitled "Activities to Support Economic Growth", which proposed a Commercial Property Strategy. Executive approved the recommendations, subject to feedback and scrutiny by the Council's Audit Committee and Overview and Scrutiny Panel.

- 1.2 Both Committees met on 6 September 2018. Based on the feedback received around governance arrangements (refer to minute reference: O&S.34/18: Activities to Support Economic Growth), an updated strategy is shown in Appendix A and is recommended for adoption.
- 1.3 The proposed strategy has the following multiple objectives:
  - 1.3.1 Support regeneration and the economic activity of the District
  - 1.3.2 Enhance economic benefit
  - 1.3.3 Grow business rate income
  - 1.3.4 Assist with the financial sustainability of the Council as an ancillary benefit.
  - 1.3.5 Help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 1.4 The following outcomes are desired by the application of this strategy. Each acquisition or development opportunity will be assessed on its fit with meeting the objectives stated above and should deliver one or more of the following outcomes (benefits):
  - 1.4.1 Job creation or safeguarding
  - 1.4.2 Health & Wellbeing
  - 1.4.3 Town centre regeneration
  - 1.4.4 Tourism / Increased footfall
  - 1.4.5 Business rate growth
  - 1.4.6 Improved asset utilisation
  - 1.4.7 A minimum net yield return of 2% is targeted. However, in some circumstances, e.g. where community benefit are likely to be achieved, a lower return may be acceptable.
- 1.5 It is recommended that the borrowing limit for the Strategy is £60m (capped at no more than £30m before 30<sup>th</sup> April 2019), based on independent borrowing advice received. This advice recommended a total borrowing limit of £75m for the whole of the Council's operations, based on the Council's specific financial status.
- 1.6 How each acquisition or development scheme is funded will be reviewed on a case by case basis. It is envisaged this will predominantly be funded through prudential borrowing or any other unallocated or available Council reserve or capital receipt, as determined by the Council's Capital Financing Requirement (CFR).
- 1.7 Executive Members, along with the Head of Paid Service and S151 officer, will consider each and every proposal on its own merits and specifically how each proposal meets the Council's multiple objectives and desired outcomes.
- 1.8 Projects and their outcomes will be kept under constant review by officers and reports to Executive and Audit Committee.

## 2.0 **Background**

2.1 In July 2017, it was resolved that the Council deferred a decision regarding a commercial property acquisition strategy (26/13). At that time, the proposal was to acquire commercial property outside of the District.

On 19th July 2018, Executive received a report entitled "Activities to Support Economic Growth", which proposed a revised strategy.

Based on subsequent feedback received from the Council's Overview & Scrutiny Panel and Audit Committee, an updated strategy is shown in Appendix A. It includes both commercial property acquisition as well as funding of commercial development on Council land.

2.2 This proposal is in line with the "Enterprise" corporate strategic aim of creating places for enterprise to thrive and business to grow.

2.3 In the period between the original July 2017 proposals and now, there have been changes to the rules and guidance around what Councils can invest in using prudential borrowing.

2.4 MHCLG (Government) guidance on Investments states that Councils need to disclose several recommended indicators in their treasury management strategies going forward. The indicators that need to be disclosed after 1 April 2018 include an indicator on proportionality. This indicator assesses the amount of debt an Authority holds in relation to its Net Service Expenditure (NSE). The purpose of this indicator is to allow the reader to assess how proportional a Council's borrowing is in relation to its Net Service Expenditure.

2.5 The Council has obtained independent advice on the amount of borrowing that would be acceptable for the District Council, based on the Council's own financial status. This advice is confidential was therefore treated as an exempt appendix to the Audit and O&S report as it is the intellectual property of a third party.

2.6 The indicators themselves will be public information when they are published. The advice has been analysed in order to inform the recommendations within this report and the Borrowing Strategy (and appropriate limits) for the Council within the Medium Term Financial Strategy. As a result of the advice, it is recommended that the Council does not agree borrowing above £75m – with £60m for this strategy and a further maximum of £15m for any other borrowing requirement.

2.7 There are no Government guidelines on what is an acceptable level of proportionality (the proportion of borrowing as a factor of the Council's Net Service Expenditure) and it is for each Council to assess this level themselves. Proportionality was considered in the external independent advice.

2.8 The Council will consider proportionality on a case by case basis for each borrowing decision as part of the decision making process, with information provided to the Executive Members, the s151 officer, the Head of Paid Service and the Leader of the Council.

2.9 Investment in District, for the stated aims of this strategy, funded through borrowing is entirely consistent with all published guidance for Councils. Legal counsel has been undertaken as part of this process. The legal powers by which the Council can implement this strategy have been confirmed.

### **3 Commercial Acquisitions**

3.0 The recommended strategy shown in Appendix A has been devised to give the Council, through delegated powers to the Executive and the Head of Paid Service and the S151 officer, a clear set of criteria by which to appraise opportunities that arise.

3.1 Officers will provide Members of the Executive with a set of data, such as that which is included in Appendix B (example decision template) and an indicative cash flow for each project under investigation. These aid decision making on whether to proceed or not. In the event of three or more Executive Members expressing their opposition to the proposal, then the matter will proceed no further.

3.2 In parallel, the Council's Senior Leadership Team (SLT) are required to approve any bid or development. Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.

3.3 For acquisitions, assuming the bid remains as per that authorised at the time of sign off, the final sign off prior to exchange and payment of deposit (typically 10%) is made by S151 officer and Head of Paid Service. If anything has changed, the Executive Members will need to vote again in order to proceed.

3.4 This process of delegated authority is required because there is often very little time (a number of days) to secure a bid on a property, especially if it is off market. Off market bids avoid price inflation caused by competing bidders.

3.5 The Executive Members have been made aware that they will be required to process and respond to information similar to that in Appendix B in a very quick timeframe (minimum two working days) so as to provide their decision. They may also be asked to attend meetings on similarly short notice. These meetings may be held virtually to expedite decision making.

### **4 Commercial Development**

4.0 Commercial development in the context of this report refers to the development of commercial property on Council owned land, such as (by way of example only); the construction of a health and wellbeing clinic in Dartmouth.

4.1 There are multiple projects being worked on by officers that meet the criteria set out in the strategy and it is proposed that decisions on progressing & committing borrowing or funding to these projects becomes a delegated function of the Executive (assuming that the proposed expenditure complies with the Council approved total borrowing limits). This delegation is to include the granting of



associated leases in excess of 15 years (which ordinarily would need to be a Full Council decision).

- 4.2 The information provided to the Executive will be similar for development projects, except that there will be additional risk analysis presented to include the construction phase of projects.

#### **What might success look like?**

- 4.3 The adoption of this strategy will facilitate inward investment in South Hams, promoting and fostering business development. This will help achieve the "enterprise" corporate objective.
- 4.4 Whilst acquisition opportunities cannot be forecast, it is anticipated that one or two commercial acquisitions may meet the Council's criteria within a year of approval. Likely spend may therefore be between £2-6m, generating a net income (after borrowing and acquisition costs) of £40k-£120k per annum (equivalent of a 2% yield after borrowing, management, maintenance and capital repayment costs).
- 4.5 Over a two year horizon, it is anticipated that commercial development would have started on one or more of the Council's sites. As a guide, each development may cost between £5m-£10m.
- 4.6 Over a three – five year horizon, the first developments will have been concluded and entered the operational / income phase. As a guide, a target net yield return of 2% (after borrowing, management, maintenance and capital repayment costs) has been assumed, but there will be a variation between projects.
- 4.7 It should be reiterated that the income derived from commercial development and some commercial acquisitions will be secondary to the economic and social benefit they will bring to South Hams and the strategy anticipates that outcome.
- 4.8 Executive Members may opt to accept a net yield return of less than 2% if the community benefits of job creation or safeguarding, tourism, town centre regeneration, business rate growth or effective asset utilisation are deemed more important.
- 4.9 For illustrative purposes only, an example of how the borrowing requirements may add up to £75m are shown in Appendix C.

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

- 5.0 The overall objectives of this strategy are set out below:
- 5.0.1 To support regeneration and the economic activity of the District
- 5.0.2 To enhance economic benefit & business rates growth
- 5.0.3 To assist with the financial sustainability of the Council as an ancillary benefit
- 5.0.4 To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 5.1 South Hams District Council is a business rates pilot area for 2018/19, which sets out economic objectives of the pilot area. This strategy would help deliver these objectives. Each acquisition or

development will be assessed on its fit with meeting the objectives stated above, on a case by case basis.

- 5.2 If the Council decides not to adopt the strategy as proposed, it should still be able to deliver some of its development ambitions, utilising the existing Council approval routes and committees. What will be far more challenging will be to deliver on the commercial acquisition element of the strategy, as that is almost impossible to do in a timely manner without a scheme of delegation in place.
- 5.3 Research shows that where Councils undertake this activity, there is an increasing level of delegation, enabling them to move quickly when properties come to market. This is implicit within the adopted and recommended strategy.
- 5.4 Members could opt to follow, amend or reject the recommendations.
- 5.5 Legal counsel has been undertaken as part of this process. The legal powers by which the Council can implement this strategy set out in Section 7.0.
- 5.6 The strategy looks to mitigate risks by setting specific criteria for purchases and necessary due diligence must be completed before officers and Executive Members recommend any purchase.
- 5.7 It should be recognised that there is an inherent tension between some of the objectives of this strategy. For example, a decision to purchase or develop business units to lease to tenants will help achieve the first two objectives. However, if the tenant defaults on its rent payments, the third objective would be at risk.
- 5.8 In contrast, purchasing a commercial building with an existing very strong tenant, could be seen to meet the first two objectives of the strategy less well, but would expose the Council to less financial risk.
- 5.9 Officers, working with their specialist advisors in the market will sift opportunities and only present to Executive Members, opportunities that closely meet the Strategy. They will then lead the Executive Members into debate over the specific benefits and risks of each opportunity before the Executive Members make a decision. In this way, risk will be transparent through the process.

## **6 Proposed Way Forward**

- 6.1 This report was discussed at the Overview & Scrutiny Panel and Audit Committee on 6<sup>th</sup> September. Their recommendations were discussed by the Executive Members and the resulting recommendations were discussed at Executive on 13<sup>th</sup> September. These have informed this report and the revised strategy in Appendix A.
- 6.2 Full Council considered and approved the borrowing limit for this Strategy as part of the Medium Term Financial Strategy on September 27<sup>th</sup> 2018. It is envisaged in December 2018, Council will consider a revised Treasury Management Strategy which would

increase the borrowing limits of the Council, to facilitate implementation of this strategy. As part of that report, the Council will also include the new proportionality indicators to address the Government guidance issued in February 2018.

## 7 Implications

| Implications         | Relevant to proposals Y/N | Details and proposed measures to address  |
|----------------------|---------------------------|---|
| Legal/<br>Governance | Y                         | <p>Advice on the relevant powers and appropriate vehicles for delivering these proposals has been sought from external specialist advisers and legal counsel. Legal counsel opinion has been obtained which sets out the various powers available to the Council, which supports the Council's proposed strategy as described in this report.</p> <p>This proposal is consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence) and / or section 120 Local Government Act 1972 (power to acquire land).</p> <p>The Council is empowered to buy pursuant to section 120 of the Local Government Act 1972. Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</p> <p>Disposal of any of the acquired properties will have to be undertaken in accordance with the provisions of section 123 Local Government Act 1972.</p> <p>In order to lawfully implement the acquisition strategy, each proposal (including the funding strategy for purchases) should be reviewed as part of a decision to purchase or sell, and tested for value for money, and regulatory compliance.</p> <p>There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer owe a fiduciary duty in relation to given transactions.</p> <p>There is a duty on the Council to have regard to Statutory Guidance on Local (the New Guidance) Government Investments. As such, as part of the due diligence, consideration of each particular investment will need to include consideration of all the legal circumstances of the particular case.</p> |
| Financial            | Y                         | <p>The Council will purchase assets, or develop existing assets and hold these directly on its balance sheet and therefore the direct costs of purchase and acquisition or development can be capitalised. This will include costs such as stamp duty, legal fees, construction, planning, due diligence and agency fees.</p> <p>When individual purchase decisions or asset developments are made, a bespoke business case will be produced alongside a package of due diligence information to support the decision making process. The delegated authorities approving a purchase will need to be satisfied that any proposed acquisition not only delivers best value but also meets the criteria contained within the Commercial Property Strategy and has proper regard to how the acquisition or development meets the Council's</p>   |

|      |   |   |
|------|---|---|
|      |   | <p>multiple objectives of the strategy.</p> <p>Any PWLB borrowing to fund the acquisition of commercial property is not secured on the property acquired.</p> <p>PWLB borrowing rates are fixed for the term of the loan. Individual borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council will need to approve a revised Treasury Management Strategy which would increase the borrowing limits of the Council (depending on the recommendations from the various bodies), to facilitate implementation of the strategy.</p> <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines.</p>  |
| Risk | Y | <p>The security risk is that the capital value of an acquired or developed property falls. Whilst this would have an effect on the Council's balance sheet, this loss will be realised if the Council chooses to sell the property and incurs a capital loss. The liquidity risk is the risk of failure of a tenant within one of the acquired or developed properties.</p> <p>The yield risk is that the ancillary income derived from the assets will alter during the life of the asset. This will be actively managed; with specialist agents commissioned to manage the asset and its tenants. Properties will only be acquired if they have a minimum of 4 years unexpired lease term and are located in areas deemed to be attractive for future lettings / sales, limiting the risk to the Council's portfolio.</p> <p>The Council already owns and operates a property estate valued at circa £75m. It therefore has experience of managing such an estate and can act as an intelligent client to fulfil the proposed strategy, with the aid of commissioned property experts. The cost of these experts has been included in the financial projections from this strategy.</p> |

**Comprehensive Impact Assessment Implications**

|                                      |   |                |
|--------------------------------------|---|----------------|
| Equality and Diversity               | N | Not Applicable |
| Safeguarding                         | N | Not Applicable |
| Community Safety, Crime and Disorder | N | Not Applicable |
| Health, Safety and Wellbeing         | N | Not Applicable |
| Other implications                   | N | Not Applicable |

**Supporting Information**

**Appendices:**

Appendix A – Recommended Commercial Property Strategy

Appendix B – Example of decision template to be presented to Executive Members

Appendix C – Illustrative Borrowing Requirements for SHDC

**Background Papers:**

- "Activities to Support Economic Growth presented to O&S Panel, September 2018
- "Activities to Support Economic Growth presented to Audit Committee, September 2018
- MTFS presented to Executive, September 2018
- "Activities to Support Economic Growth presented to Executive, July 2018
- "Commercial Property Acquisition Strategy", presented to Council, July 2017
- Statutory Guidance On Local Government Investments (3rd Edition)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/678866/Guidance\\_on\\_local\\_government\\_investments.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf)
- Proposed Changes To The Prudential Framework Of Capital Finance  
<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

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## **Appendix A – SHDC Commercial Property Strategy**

### **Overall Objectives:**

The Council's commercial property strategy has multiple objectives as stated below:

- To support regeneration and the economic activity of the District
- To enhance economic benefit & business rates growth
- To assist with the financial sustainability of the Council as an ancillary benefit
- To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives.

### **Desired Outcomes:**

The following outcomes are desired by the application of this strategy. Each acquisition or development opportunity will be assessed on its fit with meeting the objectives stated above and should deliver one or more of the following outcomes (benefits):

- ✓ Job creation or safeguarding
- ✓ Health & Wellbeing
- ✓ Town centre regeneration
- ✓ Tourism / Increased footfall
- ✓ Business rate growth
- ✓ Improved asset utilisation
- ✓ A minimum net yield return of 2% is targeted. However, in some circumstances, e.g. where community benefits are likely to be achieved, a lower return may be acceptable.

This strategy will be achieved by acquisitions and developments within the South Hams District. This will include the focussed acquisition of existing commercial property assets and the development of new properties which are to be let to third parties.

### **Risk**

- The risks of acquiring property may be mitigated through the acquisition of assets with secure, long income streams, although this risk will be weighed up against the social and economic benefits of acquisitions to support commerce and trade in the District
- Acquisitions are to be made in a careful and controlled manner, with specific analysis of risk criteria carried out in the 'due diligence' stage prior to the completion of each purchase
- The portfolio will be relatively risk-averse, targeting tenants of strong financial standing and minimum unexpired lease terms of four years at the date of acquisition. However, these criteria will be considered on a case by case basis and can be outweighed in order to meet the strategy objectives

### **Location:**

- Wherever opportunities arise within the District, in order to acquire or develop good properties which achieve some or all of the Council's multiple objectives and desired outcomes as stated above and are deemed as an acceptable risk

### **Tenant mix:**

- Where possible, a mix of tenants will be sought to create a balanced portfolio
- The final decision over the appropriateness of any tenant would be reviewed at the time of acquisition
- SHDC owns a significant number of commercial units already within the District, mainly smaller units and tenants with relatively low credit ratings. This reflects the historic policy of supporting small start-ups which has proved successful and continues to be. Newer acquisitions are likely to be for larger units which may have single tenant occupancy.

**Lease length:**

- A minimum 4 years unexpired (mean unexpired term for multi-let properties) is preferable, however this is flexible if it helps achieve the strategy objectives
- For multi-let properties, a mix of lease expiry dates are preferred, thereby limiting void risk (unless the property is purchased with a view to re-development)
- Properties would preferably be let to sound tenants on leases with a preference for 'Full Repairing and Insuring' leases for single occupiers and through internal repair obligations and a service charge for multi-let properties.
- There may be overriding community benefit and/or economic reasons to move away from these criterion and these will be considered on a case by case basis.

**For all of the above:**

The final decision over the definition of "good", "secure", "strong", "long", "careful", "controlled", "acceptable", "balanced" and "risk-averse" will be agreed between the property acquisition advisers (including legal due diligence) and the individuals delegated with the responsibility to conclude the acquisition of the properties. This discretion will be based on both the risk to the capital value of the asset and its' fit with the strategy objectives.

**Yield:**

- The Council will only acquire properties where the running cost does not require Council subsidy. Per acquisition, a target minimum net yield (an ancillary benefit) of 2.0% is to be sought, after acquisition, management, maintenance, capital repayment and funding costs
- However, the Council may opt to accept a lower net yield return if the community benefits of job creation or safeguarding, tourism, town centre regeneration, business rate growth or effective asset utilisation are deemed more important than a purely financial return

**Value & Cost:**

- Larger lot sizes are favoured - smaller size properties have disproportionately higher management costs and expose the Council to greater property void risks, but the economic and trade benefits of buying smaller units may outweigh this
- Acquisition costs are forecast not to exceed 7% (Stamp Duty Land Tax (SDLT) / Legal / Agents / Due Diligence). These costs are to be contained within the overall strategy budget

**Funding:**

- Acquisitions and development initiatives will be funded using predominantly borrowing or any other unallocated or available Council reserve or capital receipt
- This is to be secured on a case by case basis on the most commercially advantageous terms available predominantly through borrowing or any other unallocated or available Council reserve or capital receipt
- It is envisaged in December 2018, Full Council will need to approve a revised Treasury Management Strategy which would increase the borrowing limits of the Council to £60m (capped at no more than £30m borrowing before 30<sup>th</sup> April 2019), to facilitate implementation of this strategy
- The borrowing term will not exceed the expected remaining life of the property, but the Council wishes to secure borrowing over a maximum 50 year term.
- Capital repayments will seek to repay a minimum of 50% of the capital value of any acquired property or borrowing for property development



**Tax Implications:**

- Due to the Council holding acquired or developed assets, it is not anticipated that there will be any corporation tax or income tax implications from this strategy
- Some properties may be VAT elected, meaning VAT must be charged to tenants. This will be dealt with on a case by case basis and will be covered by the due diligence connected with that acquisition. The Council is able to charge and recover VAT
- Capital Gains Tax would not apply to assets sold from Council ownership

**Exit Strategy:**

- The Council is not looking to actively trade commercial property within the first 5 years of ownership of any acquired property, however this is flexible if required to meet this strategy's objectives
- If it is determined that the most prudent action is to sell an individual asset, this will be considered on a case by case basis and will be acted upon in consultation with Executive Members, the S151 officer and the Head of Paid Service
- It is proposed that all properties will be held as Council Assets. This may change if the Council were to set-up a trading company and it was found to be commercially advantageous for such a vehicle to hold the asset
- It is important to note that there would be early repayment charges if borrowing used to acquire a commercial property were to be repaid before the end of the loan term. However, Public Works Loan Board (PWLB) lending is not secured against property, so would not inhibit the asset being traded during the loan period. An alternative asset could be purchased (& held) with any sale receipt.

**Governance Arrangements:**

- Acquisitions and developments must conform to the adopted commercial property strategy. Any deviation from the agreed strategy will require Council approval.
- Before a final decision to proceed with a development or acquisition is made, local ward members will be briefed and be able to share their views with Executive Members.
- Executive Members, along with the Head of Paid Service and S151 officer, will consider each and every proposal on its own merits and specifically how each proposal meets the Council's multiple objectives and desired outcomes.
- Executive Members will consider proportionality on a case by case basis for each acquisition as part of the decision making process, with information provided to them and the s151 officer, the Head of Paid Service and the Leader of the Council.
- Officers, working with their specialist advisors in the market will sift opportunities and only present to Executive Members, opportunities that closely meet the Strategy. They will then lead the Executive Members into debate over the specific benefits and risks of each opportunity before the Executive Members make a decision. In this way, risk will be transparent through the process.
- Projects and their outcomes will be kept under constant review by officers and reports to Executive and Audit Committee.

***Development on Council Owned Land***

- The Council will delegate the authority and decision making function relating to 'Development on Council Owned Land' to the Executive, assuming that the proposed expenditure complies with the Council approved total borrowing limits.

- This delegation is to include the granting of associated leases in excess of 15 years as and when required, as recommended by the Assets CoP Lead, on a project by project basis
- In parallel, the Council's Senior Leadership Team (SLT) are required to approve any development. Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.
- Specialists will be commissioned to act on behalf of the Council to source suitable development and tenant opportunities and manage the due diligence process.
- Officers will provide Members of the Executive with a set of data and an indicative cash flow for each project under investigation. These will aid decision making on whether to proceed or not.

### ***Commercial Property Acquisitions within the South Hams***

- The Council will delegate the authority and decision making function relating to 'Commercial Property Acquisitions in the South Hams' to the Head of Paid Service and Section 151 Officer, in consultation with Members of the Executive, assuming that the proposed expenditure complies with the Council approved total borrowing limits.
- In the event of three or more Executive Members expressing their opposition to the proposal, then the matter will proceed no further.
- In parallel, the Council's Senior Leadership Team (SLT) are required to approve any acquisition. Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.
- Assuming the bid remains as per that authorised at the time of sign off, the final sign off prior to exchange and payment of deposit (typically 10%) is made by the S151 officer and Head of Paid Service. If anything has changed, the Executive Members will need to vote again in order to proceed.
- This process of delegated authority is required because there is often very little time (a number of days) to secure a bid on a property, especially if it is off market. Off market bids avoid price inflation caused by competing bidders.
- The Executive Members have been made aware that they will be required to process and respond to information similar to that in Appendix B in a very quick timeframe (minimum two working days) so as to provide their decision. They may also be asked to attend meetings on similarly short notice. These meetings may be held virtually to expedite decision making.
- When South Hams District Council acquire a Commercial Property in line with this strategy, a report will be presented (for noting purposes) to the subsequent meeting of the Executive.

### ***Running / Review***

- If the management of acquired or developed assets cannot be managed in-house by existing resources, it will be outsourced to property professionals.
- The cost of this management is to be deducted before calculating the net yield.
- The Executive will receive regular reporting to confirm portfolio composition and performance. Regular portfolio performance reporting will be presented to Audit Committee as required.

### ***Disposal***

- Once acquired, decisions relating to the ownership of any acquired or developed properties will be dealt with in-line with the Council's constituted scheme of delegation.

- Disposal will be considered if the portfolio breaches the approved strategy. Decisions to be made in consultation with Executive Members, the S151 officer and the Head of Paid Service.

**Resources:**

- The work to filter, appraise and recommend investment and development opportunities will be undertaken within the Assets CoP. This will be supplemented by specific consultant advice as required and associated costs built into the business case for each project.
- The Assets CoP has strong relationships with a number of local and national consultants who will be required to support the projects. Examples of this include (but are not limited to): CCD Properties (development specialists), Arcadis (building technical due diligence), Womble Bond Dickinson (legal due diligence) and Savills (commercial property investment advice).

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## APPENDIX B: EXAMPLE DECISION TEMPLATE - TRANSACTION REVIEW

| CRITERIA                                      | SCORE [RAG] | NOTES  |
|---|-------------|--|
| Location <sup>1</sup>                         | Green       | Well located commercial estate, in XYZ Town  |
| Property Condition <sup>2</sup>               | Yellow      | Subject to Technical Due Diligence (TDD) – initial appraisal suggests some need for Capital Expenditure going forward, say £XXX within 5 years   |
| Credit Rating of Tenant <sup>3</sup>          | Yellow      | Multi- let building with a range of tenants and corresponding tenant strength. Better than average for this location and mix.<br>(Dun and Bradstreet reports will be obtained to give a credit rating) |
| Length of Lease <sup>4</sup>                  | Green       | Some leases greater than 5 years, a few as long as 10.   |
| Gross Yield <sup>5</sup>                      | Yellow      | 5.42% (assuming fully occupied). This reflects the demand in this sector of the market   |
| Management & Maintenance Costs <sup>6</sup>   | Green       | Will be outsourced as currently is the case.   |
| Conformity to MHCLG Guidelines <sup>7</sup>   | Green       | Within District and therefore within the Council's strategy  |
| Any Specific Problems Identified <sup>8</sup> | Yellow      | The amount of Capital Expenditure that is needed on the building needs understanding in greater detail, after the bid process.   |

### Key to Specific Factors:

- 1. Location:** Population of Catchment area, economic vibrancy of town, known or anticipated market demand, proximity to Motorway, or major A road, proximity to other similar properties (town centre/out-of-town).
- 2. Property Condition:** Date of construction & any imminent or significant refurbishment (forecast capital spend), modernization requirements.
- 3. Credit Rating of Tenant(s):** Dun & Bradstreet Credit Rating, annual accounts.
- 4. Length of Lease:** No. of unexpired years, break points, bank guarantees, rent reviews.
- 5. Gross Yield:** After any head rent (Leasehold only), **Net Yield:** After maintenance, management, insurance, interest, capital repayments, acquisition costs
- 6. Management & Maintenance Costs:** No. of tenants, ease of in-house management, probable on-going property maintenance requirements.

**7. Conformity to MHCLG Guidelines [04/2018]** : Especially with respect to location: i.e. Within District / Devon / LEP Area

**8. Any Specific Problems Identified**, following legal & technical Due Diligence. E.g. Anomalies in Title Deed, restrictive Use Classes, local competition, construction, or refurbishment incomplete.

|   |  |
|---|--|
| Property Details and Address  |  |
| Owner   | Unknown  |
| Tenant Details  | XYZ Tenants  |
| Purchase Price  | £3,500,000 (bid price to be agreed with agent, but no higher than this figure)   |
| Probable Exchange Date  | Date to be inserted  |
| Probable Completion Date  | Date to be inserted  |
| Net Annual Rental Income  | Rent payable: £203,166   |
| *Based on full occupancy  | <p><u>Less</u></p> <p>Interest repayments on PWLB borrowing (99,243)</p> <p>MRP on Annuity basis (36,786)<br/>(Capital repayment on borrowing)</p> <p>Repairs and Maintenance allowance (20,317)<br/>(10% of rent)</p> <p>Net Rental Income per annum: £46,820</p> <p>(Note this falls to £34,000 if One Unit is vacant)</p> |
| Amount to be Borrowed:<br>(Purchase Price plus 7%)  | £3,745,000<br>(£3,500,000 + 7%)  |
| Gross Yield (based on rent of £203,166)   | Gross Yield of 5.42%<br>Net Yield of 1.25%   |
| Loan Period & Interest Rate:  | 50 years Interest rate TBC   |
| Confirmation of Useful Life of the Building (for loan length purposes and MRP calculations) | TBC  |
| Details of acquisition costs  | Stamp Duty Land Tax £164,500<br>Consultant 1: £17,500<br>Consultant 2: £10,000 (estimate)<br>Consultant 3: £13,000 (estimate)<br>Estimated Costs £205,000  |
| How the property meets the Council's multiple objectives under the Council's strategy       | Economic Regeneration – refurbished building and improved building stock leading to;<br>Business Growth<br><br>In line with the Member approved strategy of being within the District.   |
| Debt Proportionality considerations   | Debt of £3.745 million represents a multiplier of XYZ of the Council's Net Cost of Services of £XYZ million.   |
| Lease expiry details:   | Ranges from 6 months to 10 years.  |
| Tenant Strength details:<br>(D & B rating)  | Ranges: 5A1 – N1   |
| Guarantor's details:<br>( D & B rating)   | There is no Guarantor.   |

|   |  |
|---|--|
| Exit Strategy                                       | Buying to hold in the long term. Demand in the sector for units of this size is high and it is anticipated that the estate will be run as is for the foreseeable, with a gradual leaving and replacement of tenants.   |
| Option to Tax the property for VAT                  | No action to date (but will be Opted to Tax)   |
| Insurance - Date added to Council's Insurance cover | Separate Insurance cover would be procured for the building.   |
| Assets CoP Summary & Recommendation                 | <p>At this stage there is a question mark over the quantum of capital expenditure required and over what timescale. This will be clarified should the Council's bid be successful (and the bid will be subject to TDD).</p> <p>The expectation is that tenants will leave over time, to be replaced by new ones, so there will be times when the estate is not full. It would be suggested that over the long term one unit being empty might be the norm at any one time.</p> <p>Management of the estate would need to be outsourced, as would the service charge element.</p> <p>The price is reflective of the market, but will make achieving the Council's portfolio target a challenge, and there may be a re-balance of the value of the estate in the short to medium term. This needn't be a concern unless the Council wishes to liquidate the asset at that point.</p> |
| S151 / Finance CoP Summary & Recommendation         | A bid is supported up to £3.5m (just below 0.94% net yield if one property is vacant). The Capital Expenditure requirements need understanding (assumed to be £100K). Note the Net Rental Income per annum falls to £34,000 if One Unit is vacant.   |
| Legal Summary & Recommendation                      | TBC  |

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## Appendix C - Illustrative Borrowing Requirements - SHDC

### Commercial Property Acquisitions

|                               |                  |              |
|-------------------------------|------------------|--------------|
| Acquisition 1                 | 5,000,000        | Example Only |
| Acquisition 2                 | 250,000          | Example Only |
| Acquisition 3                 | 250,000          | Example Only |
| <b>Sub-Total Acquisitions</b> | <b>5,500,000</b> |              |

### Commercial Developments

|                               |                   |              |
|-------------------------------|-------------------|--------------|
| Project 1                     | 5,000,000         | Example Only |
| Project 2                     | 6,700,000         | Example Only |
| Project 3                     | 780,000           | Example Only |
| Project 4                     | 9,310,000         | Example Only |
| Project 5                     | 5,000,000         | Example Only |
| Project 6                     | 24,700,000        | Example Only |
| Project 6                     | 2,350,000         | Example Only |
| Project 7                     | 660,000           |              |
| <b>Sub-Total Developments</b> | <b>54,500,000</b> |              |

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|  |                   |  |
|--|-------------------|--|
| <b>TOTAL Acquisition &amp; Development</b> | <b>60,000,000</b> |  |
|--|-------------------|--|

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### Other Borrowing Requirements

|                                     |                   |  |
|-------------------------------------|-------------------|--|
| Community Led Housing*              | 6,500,000         | Example - Short term (2 Years) only to cover construction    |
| Community Housing Affordable Rental | 1,500,000         | Long term borrowing for affordable rent (1st scheme example) |
| Leisure Fusion contract             | 5,500,000         | Contractual Commitment                                       |
| Leisure - Totnes                    | 1,500,000         | Based on delegated authority to fund Totnes improvements     |
| <b>Sub Total 'Other'</b>            | <b>15,000,000</b> |  |

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|              |                   |  |
|--------------|-------------------|--|
| <b>TOTAL</b> | <b>75,000,000</b> |  |
|--------------|-------------------|--|

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\*GROSS REQUIREMENT, before any sales receipts

|   |           |  |
|---|-----------|--|
| Borrowing already taken out (shown in Yellow) | 5,500,000 |  |
|---|-----------|--|

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Report to: **Council**

Date: **27 September 2018**

Title: **Medium Term Financial Strategy for 2019/20 to 2023/24**

Portfolio Area: **Cllr R Tucker – Annual Budget**

Wards Affected: **All**

Relevant Scrutiny Committee: **Joint Development Management Committee and Overview and Scrutiny Panel**

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

Author: **Lisa Buckle** Role: **Strategic Finance Lead (S151 Officer)**

Contact: **Tel. 01803 861413**  
**Email: [lisa.buckle@swdevon.gov.uk](mailto:lisa.buckle@swdevon.gov.uk)**

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## **RECOMMENDATION**

**It is RECOMMENDED that the Council:**

- i) Notes the forecast budget gap for 2019/20 of £0.638 million and the position for future years;**
- ii) Notes the current options identified and timescales for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability;**
- iii) Approves Recommendations 1 to 10 as set out within the body of this report.**

### **1. Executive summary**

- 1.1 The Council's Medium Term Financial Position (MTFP) is based on a financial forecast over a rolling five year timeframe to 2023/24.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. Between 2009/10 and 2019/20, the Council's Core Government funding has reduced by £4 million.

- 1.3 South Hams has continued to work in partnership with West Devon Borough Council which has allowed South Hams District Council to achieve annual savings of £3.9 million and more importantly protect all statutory front line services.
- 1.4 Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.5 **South Hams District Council is currently forecasting a £0.638m budget gap in 2019/20.** This is lower than the £0.995m budget gap for 2019/20 predicted in July 2018, due to the Government announcing in a technical consultation that its preference is to eliminate negative Revenue Support Grant (RSG) for 2019/20. The MTFs (September 18) assumes that negative RSG will be reduced to zero in 2019/20 - which improves the Council's budget position by £0.4m for 2019/20. This betterment has already been factored into the September modelling in arriving at the forecast budget gap of £0.638m for 2019/20. It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.
- 1.6 In 2020/21 the Council is facing a further budget gap of £0.865m (on top of the £0.638m in 2019/20). Therefore the budget gap over the next two years is in the region of £1.5 million.
- 1.7 It is important to note that this Medium Term Financial Strategy sets out the budget strategy for the Council for the next five years, with annual reviews and updates when items are further known or are announced by the Government (e.g. the Provisional Finance Settlement will be announced by the Government in December 2018).
- 1.8 This report is the starting point for developing a meaningful five year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 1.9 The Medium Term Financial Strategy (MTFS) was considered by the Overview and Scrutiny Panel on 6<sup>th</sup> September 2018. Minute O & S.33/18 refers. The Panel was of the view that any recommendations it made on External Borrowing levels would be pre-empting the views of the Audit Committee. As a result, the Panel did not feel it appropriate to make a recommendation on this part of the MTFS at this time. The Overview & Scrutiny Panel agreed with the other nine recommendations set out in the report.
- 1.10 The Audit Committee considered the Commercial Property Strategy on 6<sup>th</sup> September 2018. Minute A.17/18 refers. The view of the Audit Committee was that, subject to suitable governance arrangements

being in place, a total borrowing limit of £60 million (capped at £30 million before 30 April 2019) be agreed for the Commercial Property Strategy.

- 1.11 The Medium Term Financial Strategy (MTFS) was also considered by the Executive on 13 September. Minute E.30/18 refers. It was recommended to Council to approve recommendations 1 to 10 as set out in the presented report.

## **2 THE FOUR YEAR SETTLEMENT FUNDING OFFER**

- 2.1 During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. The Council applied and was accepted for the four year agreement.
- 2.2 From 2018/19 onwards, the Council has received no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. Although the four year settlement offered no Revenue Support Grant, it did guarantee the Council its allocations of Rural Services Delivery Grant over the four year period, which equated to £0.33m in 2019/20.
- 2.3 District Councils such as South Hams have also suffered a large reduction in their New Homes Bonus funding (£0.5 million in 17/18) due to the number of years payments are being reduced, from six years to five years in 17/18 and to four years from 18/19 onwards. The funding being released is to contribute towards adult social care costs, a function carried out by Unitary and County Councils.
- 2.4 Between 2009/10 and 2019/20 the Council's Core Government funding will have reduced by £4 million annually.

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

- 3.1 The National Employers made a final pay offer covering 1 April 2018 to 31 March 2020. The majority of employees (those on salaries starting at £19,430 p.a.) have received an uplift of 2% on 1/4/18 and a further 2% on 1/4/19, with those on lower salaries receiving higher increases. The cost of this was £255,000 in 2018/19 and a further £280,000 in 2019/20. This has been reflected in Appendix A. The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.2 The report assumes inflation will run at 2.5% over the five year period. The Consumer Prices Index (CPI) was 2.5% in July 2018.
- 3.3 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.75% up to

September 2019. By December 2020 the bank base rate is predicted to increase to 1.5%.

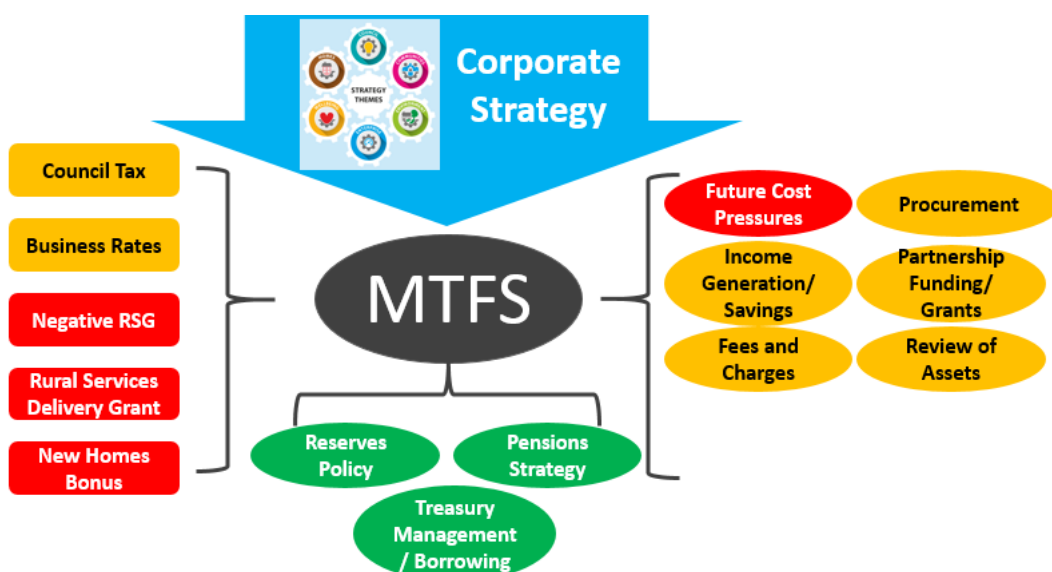
- 3.4 An increase in council tax of the higher of £5 or 2.99% for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £165.42 in 2019/20 as shown in Appendix B and equates to a council tax increase of 3.12%.
- 3.5 It has been assumed that the number of properties within the District will increase by 450 per annum from 2019/20 to 2023/24 – this is an increase of approximately 1.2%.

**4. THE COMPONENTS MAKING UP A MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

4.1 The Diagram below in 4.2 sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Appendix C goes through each of these components in detail and makes recommendations where appropriate. The recommendations are summarised below.

Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council’s control or influence.

**Net Budget £8.9 million 2018/2019**



### **Council Tax**

- 4.2 Recommendation 1: To set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable continued delivery of services. The actual council tax for any given year will be decided by Council in the preceding February.

### **Business Rates**

- 4.3 The income from Business Rates which South Hams District Council retained in 2017-18 was the funding baseline of £1,800,829. The Council was not part of the Devon Pool in 2017-18 due to the risk of business rates appeals, but South Hams is part of the Business Rates Pilot in 2018-19.

### **Business Rates Pilot for 2019-20**

- 4.4 Modelling which has been carried out on the application for 19/20 Pilot status shows that South Hams could gain approximately £250,000 of the £10 million projected 19/20 Devon Pilot gain. This is approximately half of the 18/19 predicted SHDC gain of £575,000. This additional funding of £250,000 would be a one-off amount for 2019/20 only.
- 4.5 Recommendation 2: To submit an application for Pilot status for 2019/20 and to agree a 40% District/34% Devon County Council/1% Fire split for the 75% scheme, with the agreement to remain part of the Devon Business Rates Pool for 2019/20 if the Pilot bid is not successful.

Recommendation 3: To actively lobby Central Government and Devon MPs to support a 2019/20 Devon Pilot bid

Recommendation 4: To actively lobby and engage with the Government, Devon MPs and other sector bodies such as the District Councils Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2020 onwards.

### **Negative Revenue Support Grant**

- 4.6 The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £399,900. If the Government eliminates this, as an outcome of the consultation process, the Council's budget position is bettered by £400K for 2019/20 (this betterment has already been assumed in the modelling in Appendices A and B). The Council is hopeful the Government will reverse it, as this is the Government's preferred option in the consultation.
- 4.7 **The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20** and this reduced funding pressure has been built into the latest modelling set out in this report. If the position changes, the MTFs will be updated to reflect this. It is

assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.

Recommendation 5: That SHDC responds to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

### **New Homes Bonus**

- 4.8 The Government released a consultation in July which stated their intention to increase the 0.4% baseline. They have also stated that 2019-20 represents the final year of NHB funding and from 2020 onwards they will explore how to incentivise housing growth most effectively and will consult on this issue.

Recommendation 6: To use £500,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then to reduce to £400,000 by 2020-21 and £250,000 by 2021-22 for modelling purposes.

### **Reserves Policy**

- 4.9 Current Levels of Reserves: £1.849 million Unearmarked Reserves and Earmarked Reserves of £8.321 million (excluding the Business Rates Volatility Earmarked Reserve). The Council's Net Budget is £8.98 million for 2018/19. Therefore Unearmarked Reserves equate to 20% of the Council's Net Budget.

Recommendation 7: That the annual level of contributions to Earmarked Reserves (£722,300 as per Appendix E) and the adequacy of the existing level of Unearmarked Reserves (£1.8 million) and Earmarked Reserves (£8.3 million) is reviewed by Members as part of the budget setting process. This will assess the adequacy of Reserves levels, in light of future plans and pressures.

### **Pensions Strategy (Actuarial Valuation)**

- 4.10 Recommendation 8 - That the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with DCC and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. Options will be taken back to the Council's Audit Committee in January 19 to consider.



### **Treasury Management and Borrowing Strategy**

- 4.11 The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels and this advice is attached in Exempt Appendix G. Their recommendation is that the Council limits its overall borrowing envelope for its whole operations and services to £75 million. This advice is based on a range of benchmarking of indices that they have undertaken. Borrowing needs to be proportionate and affordable and with always having regard to the risks involved in the repayment of the debt.

Recommendation 9 – That the Council sets an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million as per Exempt Appendix G.

### **Future Cost Pressures**

- 4.12 Recommendation 10 - To continue with the Local Government terms and conditions of employment Green Book for at least 2019/20. To review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/19.

### **Income Generation/Savings and Fees and Charges**

- 4.13 The Council's Extended Leadership Team have been directed by the Executive to present further budget options to Members for income generation/savings/reduced expenditure, as part of the Budget Setting Workshop arranged for Thursday 11th October, taking into consideration the Council's corporate strategy.

### **Procurement**

- 4.14 The Council is currently procuring its waste collection, recycling and cleansing services through a competitive dialogue process. The latest report was to Council on 26<sup>th</sup> July. Council Minute 25/18 refers. The procurement process will now continue to the 'Final Solutions' stage, with a further final report being brought to the Council meeting of 6<sup>th</sup> December 2018. Members will decide at this stage whether or not to award a contract. Any financial implications are not included in the Modelling in Appendices A and B.

### **Partnership Funding/Grants**

- 4.15 The Community Task & Finish Group has proposed funding reductions of £32,316 to Partnerships (South Devon CVS and the South Devon AONB). This was considered by the Overview and Scrutiny Panel on 6<sup>th</sup> September 2018 and the Executive on 13<sup>th</sup> September and is recommended to Council as part of the budget process.

### **Review of Assets**

- 4.16 The Council's Asset Base is £75 million at 31 March 2018. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

- 4.17 On 14th June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council will prepare detailed business cases on the opportunities in the report and report back to Members. Members will then be asked to attach an order of prioritisation for delivery to the business cases.

## 5 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION

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

- 5.2 **Appendix A** to the Medium Term Financial Position sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **These figures in Appendix A show the changes to the existing base budget.**

| (As set out in Appendix A)                                  | 2019/20<br>£ | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ |
|---|--------------|--------------|--------------|--------------|--------------|
| Cost Pressures  | 1,042,500    | 860,000      | 385,000      | 335,000      | 335,000      |
| (Reduction)/ Increase in contribution to Earmarked Reserves | (458,916)    | 40,000       | 137,000      | 166,000      | 100,000      |
| Savings and additional income                               | (157,000)    | (286,000)    | (145,000)    | (76,000)     | -            |

## 6. OVERALL POSITION – BUDGET GAP

- 6.1 Appendices A and B illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £8.9 million in 2018/19. A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if Council Tax is increased by the higher of 2.99% or £5 (Appendix B).

- 6.2 The following table illustrates the predicted budget gap from 2019/20 onwards for the Council as shown in Appendices A and B:

| Cumulative Budget Gap  | 2019/20<br>£ | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ | Total Aggregated Budget Gap<br>£ |
|--|--------------|--------------|--------------|--------------|--------------|----------------------------------|
| Modelling in Appendix B (assumes no -ve RSG in 2019/20 and no Pilot) | 638,348      | 1,503,674    | 1,654,447    | 1,742,691    | 1,829,803    | 7,368,963                        |

- 6.3 In the modelling in Appendix B, the total budget gap is £638,348 in 2019/20 and this is predicted to rise to £1,503,674 in 2020/21 (the £1,503,674 assumes the budget gap in 19/20 of £638,348 has not been closed). The aggregated Budget Gap is £7.4 million over the five years.

## 7 FINANCIAL SUSTAINABILITY AND TIMESCALES

- 7.1 The Council is progressing various options for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability. The table below sets out a timescale for those options and the various strands that the Council is exploring.

| Option  | Possible Budget Impact      | Timescale   |
|---|-----------------------------|---|
| <p><b>Pensions Strategy</b><br/>The Council is obtaining specialist pensions advice on its Pensions position and progress on this will be reported to the Audit Committee. The Council will look at options to reduce its revenue contribution for pensions, to aid affordability.</p>  | Up to £200,000              | Report to the Audit Committee in January 2019.              |
| <p><b>Waste Procurement</b><br/>The Council is currently in a waste procurement process through competitive dialogue. The procurement process will now continue to the 'Final Solutions' stage, with a further final report being brought to the Council meeting of 6<sup>th</sup> December 2018. Any financial implications of this are not included in the Modelling in Appendices A and B.</p> | To be quantified            | Report to the Council meeting 6 <sup>th</sup> December 2018 |
| <p><b>Council Tax Reduction Scheme</b><br/>The grant to Town and Parish Councils has been reduced by 9.85% over the four year period of the finance settlement. Members have an option over whether to withdraw funding in 2020/21.</p>   | £74,000 for 2020/21 onwards | Executive/Council February 2019.                            |
| <p><b>Asset Review</b><br/>On 14 June 2018, the Executive considered a report on Council</p>  | To be quantified            | As soon as the work on the                                  |

| <b>Option</b>   | <b>Possible Budget Impact</b>  | <b>Timescale</b>  |
|---|--|---|
| Owned Asset Investment and Development opportunities. The Council will prepare detailed business cases on the opportunities in the report and report back to Members.   |  | business cases is complete.   |
| <b>Commercial Property Strategy</b><br>There is a separate report on the Council agenda with regard to a Commercial Property Strategy.  | To be quantified   | Council 27 <sup>th</sup> September  |
| <b>Savings identified by the Extended Leadership Team (ELT)</b><br>The ELT held a Budget session on 15 <sup>th</sup> August. ELT were directed by the Executive to present further budget options to Members for Income Generation/savings/reduced expenditure, as part of the Budget Setting Workshop arranged for Thursday 11 <sup>th</sup> October, taking into consideration the Council's corporate strategy.          | To be quantified   | Members' Budget Workshop arranged for 11 <sup>th</sup> October  |
| <b>Funding Options</b>  |  |   |
| <b>Negative Revenue Support Grant</b><br>The Council is hopeful the Government will reverse Negative RSG in 2019/20, as this is the Government's preferred option in the consultation. The Medium Term Financial Strategy assumes that Negative RSG will be reduced to zero in 2019/20. It is also assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards. | The Medium Term Financial Strategy assumes that negative RSG will be reduced to Nil in 19/20 | Anticipated to be known by December 2018 when the Draft Local Government Finance Settlement is published. |
| <b>Business Rates Pilot status for 2019/20</b><br>If the Devon Business Rates Pilot were to be successful for 2019/20, this could give further one-off extra business rates income in 19/20. Based on a 75% growth retention  | £250,000 in 2019/20 (one-year only)  | December 2018 when the Draft Local Government Finance   |

| Option   | Possible Budget Impact | Timescale  |
|--|------------------------|--|
| scheme, this could yield up to £250,000.   |                        | Settlement is published.   |
| <p><b>New Homes Bonus allocations for 2019/20</b></p> <p>The NHB allocation for 2019/20 is anticipated to be around £880,000, of which £500,000 is currently projected to be used to fund the Revenue Base Budget. The Council could chose to use a higher amount to fund the Revenue Base Budget but this would leave little funding available for the Capital Programme.</p> | Up to £380,000         | NHB allocations will be announced around December 2018. Decisions around its use will be made as part of the Budget Process. It is highly likely the baseline will be increased from 0.4%. |
| <p><b>Contributions to Earmarked Reserves</b></p> <p>The Council could decide not to contribute some of the amounts per annum into Earmarked Reserves. This will be considered in more detail as part of the budget process.</p> <p>Contributions to Earmarked Reserves are shown in Appendix E.</p>   | To be assessed         | To be decided as part of the Budget Process  |
| <p><b>Use of Reserves as a temporary measure</b></p> <p>The Council has £1.85 million in Unearmarked Reserves. The Council could temporarily utilise Reserves to balance an element of the 2019/20 budget, whilst longer term solutions are being implemented. This would be a very short term solution though.</p>  | To be assessed         | To be decided as part of the Budget Process  |

- 7.2 The diagram below shows the Government timetable of key dates. The key dates will be in May 2019 when more details will be known about the Funding Reform and Spending Review 2019. In November 2019, the baseline funding for business rates and the impact of transitional arrangements will be known.



## 8. CAPITAL PROGRAMME 2019/20 AND PRUDENTIAL BORROWING

- 8.1 The Capital Programme is set by the Council annually and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. Capital Bids are being requested from Project Managers and a proposed Capital Programme for 2019/20 onwards will be presented to Members in a future report.
- 8.2 **Commercial Property Acquisition Strategy** – A separate report is on the Council agenda for a Commercial Property acquisition strategy. Purchases made within the strategy will be capital expenditure and will be in addition to the projects outlined in the annual Capital Programme.
- 8.3 The Audit Committee considered the Commercial Property Strategy on 6<sup>th</sup> September 2018. Minute A.17/18 refers. The view of the Audit Committee was that, subject to suitable governance arrangements being in place, a total borrowing limit of £60 million (capped at £30 million before 30 April 2019) be agreed for the Commercial Property Strategy. This is based on the independent borrowing advice shown in Exempt Appendix G.
- 8.4 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.
- 8.5 A Recommendation has been made as part of this report on the overall Borrowing Limit (£75 million) for the Medium Term Financial Strategy, with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements.

## 9. Sensitivity Analysis and Risk Analysis

9.1 The Council carries out sensitivity analysis and risk analysis of its Budget Proposals and this is shown in Appendix F.

## 10 NEXT STEPS

10.1 This Medium Term Financial Strategy is the starting point for developing a meaningful five year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions. The different elements that make up a Medium Term Financial Strategy are shown in the diagram below. This report is asking Members to set the strategic intention for each of these components of the MTFS.

10.2 Section 7 sets out the potential timescales against each of the areas identified.

## 11. IMPLICATIONS

| Implications                                 | Relevant to proposals Y/N | Details and proposed measures to address  |
|--|---------------------------|---|
| Legal/Governance                             | Y                         | <p>The preparation of the Budget annually is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p> <p>Appendix G to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.</p> |
| Financial                                    | Y                         | The financial implications are summarised in Appendices A and B of the report. Appendix B shows that in 2019/20, the Council has a predicted £0.638m budget gap.  |
| Risk   | Y                         | Each of the budget options taken forward by Members will consider the risks of the option.  |
| Comprehensive Impact Assessment Implications |                           |   |

|                                      |  |  |
|--------------------------------------|--|--|
| Equality and Diversity               |  | Comprehensive Impact Assessments are completed for the budget proposals. |
| Safeguarding                         |  | None directly arising from this report.                                  |
| Community Safety, Crime and Disorder |  | None directly arising from this report.                                  |
| Health, Safety and Wellbeing         |  | None directly arising from this report.                                  |
| Other implications                   |  | None directly arising from this report.                                  |

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B –Modelling of the MTFS Position

Appendix C – Components of a MTFS

Appendix D – Schedule of Reserves (Earmarked and Unearmarked)

Appendix E – Contributions to Reserves

Appendix F – Sensitivity Analysis

EXEMPT Appendix G – Borrowing Advice from Treasury Management Advisers



**BUDGET PROPOSALS 2019/20 SEPTEMBER 2018**  
**(This shows the changes to the existing Base Budget)**

APPENDIX A

|  | <b>BASE<br/>2018/19</b> | <b>Yr1<br/>2019/20</b> | <b>Yr2<br/>2020/21</b> | <b>Yr3<br/>2021/22</b> | <b>Yr 4<br/>2022/23</b> | <b>Yr 5<br/>2023/24</b> |
|--|-------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|
|  | <b>£</b>                | <b>£</b>               | <b>£</b>               | <b>£</b>               | <b>£</b>                | <b>£</b>                |
| <b>BUDGET PRESSURES</b>  |                         |                        |                        |                        |                         |                         |
| Inflation and increases on goods and services  | 220,000                 | 220,000                | 220,000                | 220,000                | 220,000                 | 220,000                 |
| Torr Quarry Transfer Station   | 137,500                 | 142,500                |                        |                        |                         |                         |
| Triennial Pension revaluation  |                         |                        | 75,000                 |                        |                         |                         |
| Salaries - provision for pay award at 2%   | 255,000                 | 280,000                | 90,000                 | 90,000                 | 90,000                  | 90,000                  |
| National Living Wage and National Insurance  | 60,000                  | 50,000                 | 25,000                 | 25,000                 | 25,000                  | 25,000                  |
| Devon aligned service for waste  |                         |                        | 175,000                | 175,000                |                         |                         |
| Implementation costs for Devon aligned service for waste (one-off)   |                         |                        | 125,000                | (125,000)              |                         |                         |
| Reduction in recycling income  |                         | 125,000                |                        |                        |                         |                         |
| Blue and Clear recycling bag processing (safe working practice requirement)  |                         | 75,000                 |                        |                        |                         |                         |
| Haulage contract   |                         | 60,000                 |                        |                        |                         |                         |
| Salaries provision for steady state review   | 30,000                  |                        |                        |                        |                         |                         |
| Reduction in Housing Benefit administration subsidy and Council Tax Support Admin Grant  | 20,000                  | 15,000                 |                        |                        |                         |                         |
| Planning - legal fees  | 20,000                  |                        |                        |                        |                         |                         |
| Cost of lease renewal (car park lease)   | 23,000                  |                        |                        |                        |                         |                         |
| Car parking costs - collection fees  |                         | 25,000                 |                        |                        |                         |                         |
| ICT future service provision   |                         |                        | 150,000                |                        |                         |                         |
| ICT support contracts - increase the budget to better align to actual expenditure  | 40,000                  | 50,000                 |                        |                        |                         |                         |
| Reduce the income target for income from business rated domestic properties for trade waste collection - to reflect actual income being achieved | 40,000                  |                        |                        |                        |                         |                         |
| IT - Replace ageing network switches (£15K) and fixed line to Ivybridge Depot (£6K)  | 21,000                  |                        |                        |                        |                         |                         |
| Waste service - Train staff to be HGV drivers  | 16,000                  |                        |                        |                        |                         |                         |
| Fees and Charges report - review of Taxi Licensing fees - Licensing Committee on 11 January  | 11,200                  |                        |                        |                        |                         |                         |
| Increase the contribution to Ivybridge Ring and Ride   | 2,000                   |                        |                        |                        |                         |                         |
| <b>TOTAL BUDGET PRESSURES</b>  | <b>895,700</b>          | <b>1,042,500</b>       | <b>860,000</b>         | <b>385,000</b>         | <b>335,000</b>          | <b>335,000</b>          |

**Changes to contributions to Earmarked Reserves**

|   |                |                  |               |                |                |                |
|---|----------------|------------------|---------------|----------------|----------------|----------------|
| Reduce the contribution from the New Homes Bonus Reserve (£641,084 in 2018/19 - assumes a contribution of £500,000 in 19/20 with reduced contributions thereafter e.g. to £400,000 in 2020/21 and £250,000 21/22) | (91,503)       | 141,084          | 100,000       | 150,000        | 100,000        | 100,000        |
| Vehicle Fleet Replacement Reserve (Table 6 Executive report 20/10/16)   | (197,000)      |                  |               | (13,000)       | 66,000         | 0              |
| Contribution to Economic Regeneration Projects Reserve (Business Rates Pilot gain). This contribution is one-off for 2018/19 only.  | 475,000        | (475,000)        |               |                |                |                |
| Contribution to Planning Policy and Major Developments Reserve (shows annual contribution increasing by £25,000 per annum)  | 25,000         | 25,000           |               |                |                |                |
| Reduce contribution from the Strategic Issues Reserve as the reserve is Nil   | 7,000          |                  |               |                |                |                |
| Transformation Project (T18) - Approved at 11 December 2014 Council Contribution to Strategic Change Reserve to meet pension strain costs   | (75,000)       | (150,000)        | (60,000)      |                |                |                |
| <b>Total changes in contributions to Earmarked Reserves</b>   | <b>143,497</b> | <b>(458,916)</b> | <b>40,000</b> | <b>137,000</b> | <b>166,000</b> | <b>100,000</b> |

**BUDGET PROPOSALS 2019/20 SEPTEMBER 2018**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

| <b>SAVINGS AND INCOME GENERATION IDENTIFIED</b>  | <b>BASE<br/>2018/19<br/>£</b> | <b>Yr1<br/>2019/20<br/>£</b> | <b>Yr2<br/>2020/21<br/>£</b> | <b>Yr3<br/>2021/22<br/>£</b> | <b>Yr 4<br/>2022/23<br/>£</b> | <b>Yr 5<br/>2023/24<br/>£</b> |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| Increase Batson Boat Storage Fees  | (6,100)                       |                              |                              |                              |                               |                               |
| Increase Winter Boat Storage Fees  | (8,200)                       |                              |                              |                              |                               |                               |
| Income from fees and charges report (Parks, Open Spaces and £200 for play area inspect and insure service to community groups and Town and Parish Councils | (3,000)                       |                              |                              |                              |                               |                               |
| Income from fees and charges report (Environmental Health fees £15,300 plus Planning fees of £15,000)  | (30,300)                      |                              |                              |                              |                               |                               |
| Public Conveniences - pay on entry   | (16,000)                      | (20,000)                     |                              |                              |                               |                               |
| Develop Beach Huts   |                               |                              | (31,000)                     |                              |                               |                               |
| Food hygiene rating scheme revisits  | (1,250)                       |                              |                              |                              |                               |                               |
| Increase in car parking charges (2%)   | (38,000)                      |                              |                              |                              |                               |                               |
| Additional car parking income - increase income projection to reflect actual income being achieved   | (70,000)                      |                              |                              |                              |                               |                               |
| Car Parking - Withdrawal of weekly parking tickets   | (15,000)                      |                              |                              |                              |                               |                               |
| Duty Planning - charged appointment basis  | (5,000)                       |                              |                              |                              |                               |                               |
| Savings from re-procurement of contracts (e.g. leisure contract)   | 0                             | (22,000)                     | (165,000)                    | (105,000)                    | (76,000)                      | 0                             |
| Planning fee income  | (110,000)                     |                              |                              |                              |                               |                               |
| Income from commercial developments  | (30,000)                      |                              |                              |                              |                               |                               |
| Licensing income - shellfish export certificates   | (30,000)                      |                              |                              |                              |                               |                               |
| Housing Benefit recoveries of overpayments - increase income projection to reflect actual income being achieved  | (40,000)                      |                              |                              |                              |                               |                               |
| Dartmouth Lower Ferry  | (75,000)                      | (25,000)                     |                              |                              |                               |                               |
| Reduce RNLI Contracted Lifeguarding provision  | (40,000)                      |                              |                              |                              |                               |                               |
| Public Conveniences - Transfer to Parish Council/ closure 1.9.2019 where agreement has not been reached for transfer                                       | 0                             | (50,000)                     | (90,000)                     | (40,000)                     |                               |                               |
| Public Conveniences - obtain 75% cost contribution from cafes  | (10,000)                      |                              |                              |                              |                               |                               |
| Other budget savings (e.g. concessions)  | (4,000)                       |                              |                              |                              |                               |                               |
| Reduce partnership grant funding to the CVS and South Devon AONB - report to the Overview and Scrutiny Panel on 6th September 2018                         | (20,000)                      | (32,000)                     |                              |                              |                               |                               |
| Cessation of accepting cash and cheques (and other banking changes)  | (35,000)                      |                              |                              |                              |                               |                               |
| Savings from the re-procurement of the Insurance contract  | (77,000)                      |                              |                              |                              |                               |                               |
| Saving on External Audit Fees  | (10,000)                      |                              |                              |                              |                               |                               |
| Cessation of South Devon Green Infrastructure Partnership (£6,500)   | (6,500)                       |                              |                              |                              |                               |                               |
| Council Tax reduction scheme - 9.85% reduction in Town and Parish Grant  | (9,000)                       | (8,000)                      |                              |                              |                               |                               |
| <b>TOTAL SAVINGS AND INCOME GENERATION</b>   | <b>(689,350)</b>              | <b>(157,000)</b>             | <b>(286,000)</b>             | <b>(145,000)</b>             | <b>(76,000)</b>               | <b>0</b>                      |

| Line     | <b>Appendix B - Council Tax is increased by the higher of £5 or 2.99% each year</b>   | BASE             | Yr 1             | Yr 2             | Yr 3             | Yr 4             | Yr 5             |
|----------|---|------------------|------------------|------------------|------------------|------------------|------------------|
| No.      | Modelling for the financial years 2019/20 onwards   | 2018/19          | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|          |   | £                | £                | £                | £                | £                | £                |
| 1        | Base budget brought forward   | 8,346,074        | 8,983,194        | 8,771,429        | 8,520,104        | 8,746,331        | 9,083,086        |
| 2        | Budget pressures (as per Appendix A)  | 895,700          | 1,042,500        | 860,000          | 385,000          | 335,000          | 335,000          |
| 3        | Savings already identified (as per Appendix A)  | (689,350)        | (157,000)        | (286,000)        | (145,000)        | (76,000)         | 0                |
| 4        | Changes in contributions to Earmarked Reserves (App A)  | 143,497          | (458,916)        | 40,000           | 137,000          | 166,000          | 100,000          |
|          | <b>Reverse Use of Reserves to close 2017/18 Budget gap</b>  |                  |                  |                  |                  |                  |                  |
| 5        | Transfer from Budget Surplus Contingency Earmarked Reserve  | 287,273          |                  |                  |                  |                  |                  |
| <b>6</b> | <b>Projected Net Expenditure:</b>   | <b>8,983,194</b> | <b>9,409,778</b> | <b>9,385,429</b> | <b>8,897,104</b> | <b>9,171,331</b> | <b>9,518,086</b> |
|          | <b>Funded By:-</b>  |                  |                  |                  |                  |                  |                  |
|          | (See Note 1 below regarding New Homes Bonus funding)  |                  |                  |                  |                  |                  |                  |
| 7        | <b>Council Tax income</b> - Modelling a £5 increase in 2019/20  | 6,072,207        | 6,335,905        | 6,604,104        | 6,880,331        | 7,167,086        | 7,464,974        |
| 8        | Collection Fund Surplus   | 73,000           | 112,000          | 70,000           | 70,000           | 70,000           | 70,000           |
| 9        | Revenue Support Grant (RSG - Nil from 2018/19 onwards)  | 0                | 0                | 0                | 0                | 0                | 0                |
| 10       | Localised Business Rates (baseline funding level - includes Rural Services Delivery Grant of £408,055 in 2018/19 due to Pilot status) | 2,262,987        | 1,896,073        | 1,946,000        | 1,996,000        | 2,046,000        | 2,096,000        |
| 11       | Tariff/Top Up Adjustment amount (negative RSG)  |                  |                  | (400,000)        | (500,000)        | (500,000)        | (500,000)        |
| 12       | Business Rates Pilot Gain plus estimated growth for 2018/19   | 575,000          |                  |                  |                  |                  |                  |
| 13       | Business Rates - estimated growth   |                  | 100,000          |                  |                  |                  |                  |
| 14       | Rural Services Delivery Grant   | 0                | 327,451          | 300,000          | 300,000          | 300,000          | 300,000          |
| 15       | <b>Total Projected Funding Sources</b>  | <b>8,983,194</b> | <b>8,771,429</b> | <b>8,520,104</b> | <b>8,746,331</b> | <b>9,083,086</b> | <b>9,430,974</b> |
|          | <b>Budget Gap per year</b>  |                  |                  |                  |                  |                  |                  |
| 16       | (Projected Expenditure line 6 - Projected Funding line 15)  | 0                | 638,348          | 865,325          | 150,773          | 88,244           | 87,112           |
|          | <b>Actual Predicted Cumulative Budget Gap</b>   | 0                | 638,348          | 1,503,674        | 1,654,447        | 1,742,691        | 1,829,803        |
|          | <b>Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)</b>                         | 0                | 638,348          | 2,142,022        | 3,796,469        | 5,539,160        | 7,368,963        |

| Modelling Assumptions:  | <i>An assumption of an additional 450 Band D equivalent properties per year has been included in the Tax Base and modelling above for 2019/20 onwards</i> |           |           |           |           |           |
|---|---|-----------|-----------|-----------|-----------|-----------|
| Council Tax (Band D) (Modelling the higher of £5 or a 2.99% increase) | 160.42  | 165.42    | 170.42    | 175.51    | 180.75    | 186.15    |
| Council Tax Base  | 37,851.93   | 38,301.93 | 38,751.93 | 39,201.93 | 39,651.93 | 40,101.93 |

**Note 2 - New Homes Bonus Funding**

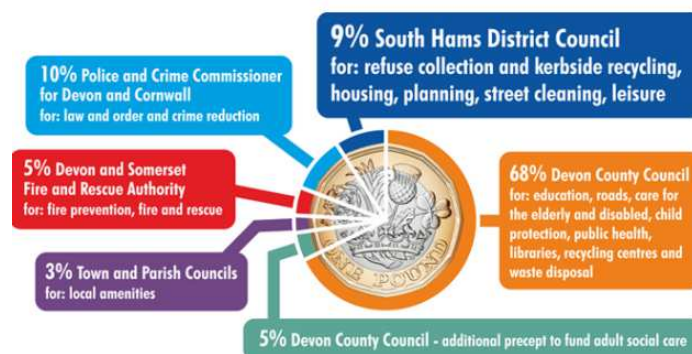
The modelling for 2019/20 includes a contribution of £500,000 from New Homes Bonus funding to fund the Base Budget. This is shown in Appendix C and Appendix A shows the movement between years of the funding from New Homes Bonus. Funding from NHB has decreased from £641,084 in 18/19 to £500,000 in 19/20 - a decrease of £141,084.

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## Council Tax



- Average Band D total bill was £1,822 for 2018-19 (SHDC Band D of £160.42 equates to a 9% share of the council tax bill)



- 2018/19 increase of £5 to £160.42 (3.2%) – a 1% increase raises £61,000
- Government Council Tax referendum threshold higher of £5 or 2.99% for 2018-19 (2.99% was set to track CPI inflation) – The Government are currently consulting on applying the same thresholds for 2019-20. Latest CIP July 18 – CPI 2.5%, RPI 3.2%
- The Government has not announced any plans to change the council tax system or to carry out a council tax revaluation within the near future. In 2017/18 the Council had 43,644 properties on the Valuation List, the make of up of which was 4,966 (Band A), 8,575 (Band B), 8,533 (Band C), 7,919 (Band D), 6,643 (Band E), 3,677 (Band F), 2,995 (Band G) and 336 properties in Band H. There are more Band B properties in the District than any other Band (representing 20%). Council Tax Reduction Scheme for claimants will be a separate report on the September Executive agenda.

**Council Tax Strategy Options:** Members have options to either freeze council tax or to raise council tax anywhere between zero and £5 (or 2.99%). Anything above £5 (or 2.99%) currently requires a council tax referendum, which is a costly exercise. Recent funding settlements from the Government are based on the assumption that Councils increase council tax by the maximum allowed.

**Recommendation 1: To set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable the continued delivery of services.**

If this recommendation were to be agreed, it would have the following impact on council tax:

| Council Tax       | 2018/19<br>CURRENT<br>YEAR | 2019/20<br>Year 1 | 2020/21<br>Year 2 | 2021/22<br>Year 3 | 2022/23<br>Year 4 | 2023/24<br>Year 5 |
|-------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Band D</b>     | £160.42                    | £165.42           | £170.42           | £175.51           | £180.75           | £186.15           |
| <b>£ Increase</b> | <b>£5.00</b>               | <b>£5.00</b>      | <b>£5.00</b>      | £5.09             | £5.24             | £5.40             |
| <b>% Increase</b> | 3.22%                      | 3.12%             | 3.02%             | <b>2.99%</b>      | <b>2.99%</b>      | <b>2.99%</b>      |



## Business Rates

- Self-sufficient local government: Business Rates Retention (BRR) of **growth above the business rates baseline**. The Government introduced the BRR system in April 2013 with the aim of providing a direct link between business rates growth (economic growth) and the money councils have to spend on local services.
- The title of the scheme (Business Rates Retention) has caused public confusion – as it implies that Councils are able to keep 40% of **all of** the business rates that they collect. This is not the case. Councils are only able to keep a share of any business rates growth above a baseline set by the Government.
- The baseline is the amount of money that the Government has assessed that the Council needs to keep to fund its services, based on a needs formula. The Baseline is around £1.9 million for South Hams for 2019/20. Out of the total business rates of £31 million, the Council currently keeps approximately 6 pence in every £1 (£1.8m for 17/18) to run its services. The rest is paid back to the Government and a proportion goes to Upper Tier Councils e.g. the County Council, to pay for their services.
- There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. The Council retains a Business Rates Volatility Earmarked Reserve to cope with any fluctuations in business rates.
- In 2013/14, Business Rates Retention of growth was introduced with a 50% scheme. The Council has been part of a Devonwide Business Rates Pool which has included all of the Devon District Councils (except South Hams for some of the latter years - being 15/16 onwards - due to the risk of business rates appeals), Plymouth City Council (Lead Authority), Devon County Council and Torbay Unitary Council. The Pool has made Pooling gains every year. The table below shows the business rates position from the 2017/18 Accounts.

|  |                    |
|--|--------------------|
| Business Rates Income receivable 2017/18 (collected)       | £26,677,003        |
| Add on Section 31 Grants and Small Business Rates Relief   | £4,652,200         |
| TOTAL  | £31,329,203        |
| <b>SHDC share (40% - see next page)</b>                    | <b>£12,531,681</b> |
| Less Tariff (amount deducted and paid to Government)       | £(10,705,584)      |
| Total Business rates remaining after the Tariff (A)        | £1,826,097         |
| <b>Funding Baseline 17/18 (money retained by SHDC) (B)</b> | <b>£1,800,829</b>  |
| Growth (Business Rates achieved over the Baseline) (A-B)   | £25,268            |
| Levy paid of (50%)   | £(12,634)          |

**Therefore the income from Business Rates which South Hams District Council retained in 2017-18 was the funding baseline of £1,800,829. The Council was not part of the Devon Pool in 2017-18 due to the risk of business rates appeals, but South Hams is part of the Business Rates Pilot in 2018-19.**



## Business Rates Pilot 18/19

- In 2018/19 the Devon Authorities applied to the Government to be a business rates Pilot area and Devon was chosen by the Government to be one of ten Pilot areas nationally.
- Financial modelling showed that the Devon business rates area could benefit by somewhere in the region of up to £19 million by becoming a pilot in 2018/19. This is Councils' share of the level of growth above the business rates baseline which is estimated for Devon. The modelling showed that South Hams could benefit by approximately £575,000. This is one-off additional revenue money for the year of the pilot only (2018-19). Of this amount, £100,000 is being used to fund the revenue base budget in 2018/19, with the remainder (£475,000) being transferred into an Economic Regeneration Projects Earmarked Reserve, to meet the primary aims of the Pilot bid which are to achieve higher levels of investment in economic regeneration in Devon and encourage further business rates growth.
- South Hams is a low growth area as shown overleaf (growth above baseline in 2017/18 was £25,000). South Hams is a beneficiary of the pooling and pilot arrangements as the growth across the whole of Devon is divided up amongst all Devon Councils. In order to share financial rewards more evenly across the Pilot area, the 2018/19 Devon Pilot includes minimum funding levels for Districts (£0.5m) and the Unitaries/DCC (£1.5m). SHDC benefits from the minimum funding levels.
- As Council funding is more reliant on business rates income, it puts South Hams in a more precarious position than most Councils due to its low growth and it is extremely important that the Council remains within the Devon pooling and pilot arrangements.
- The bid set out how pilot status for Devon would meet the principles of assisting financial sustainability for the District Councils, higher levels of investment in economic regeneration in Devon and support for Upper Tier Councils with the growing financial cost pressures of areas such as adult social care and children's services.
- The diagram below compares the split of business rates income under the 50% scheme (from 2013/14 to 2017/18) to the 100% scheme (Pilot status in 2018/19) to the 75% scheme (recommendation to apply for Pilot status for 2019/20). The 75% scheme will be rolled out nationally from 2020/21 onwards.

| <b>Split of business rates income</b>   | <b>50% scheme (Devon Pool)</b><br>From 2013/14 | <b>100% scheme (Devon Pilot status)</b><br>2018/19 only | <b>75% scheme (Application for Pilot status)</b><br>For 2019/20 |
|---|--|---|---|
| SHDC (see note)   | 40%  | 40%   | 40%   |
| Central Government  | 50%  | Nil   | 25%   |
| DCC   | 9%   | 59%   | 34%   |
| Fire  | 1%   | 1%  | 1%  |
| <b>Total</b>  | <b>100%</b>                                    | <b>100%</b>   | <b>100%</b>   |
| NOTE: Even though South Hams starts off with a 40% share, a tariff is then deducted and paid over to Central Government, and therefore the amount of money South Hams ends up keeping is its business rates baseline funding amount plus any Pooling or Pilot Gain each year. |  |   |   |

## ENTERPRISE

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and business to grow



## Business Rates Pilot 19/20

- The Government has invited applications for Business Rates Pilots for 2019/20 for Councils to pilot 75% Business Rates Retention. The deadline is 25<sup>th</sup> September 2018. There will be less Pilots allowed for 2019/20 than 2018/19 and less funding available. There will be lots of competition from other areas around the country.
- As shown overleaf, this does not mean that South Hams would be able to retain 75% of its business rates income. South Hams District Council would retain its business rates baseline income (of £1.9 million for 19/20) plus the Pilot gain.
- Modelling which has been carried out on the application for 19/20 Pilot status shows that **South Hams could gain approximately £250,000** of the projected £10 million 19/20 Devon Pilot gain. This is approximately half of the 18/19 predicted SHDC gain of £575,000. This additional funding of £250,000 would be a one-off amount for 2019/20 only.
- The 2019/20 Pilots will not have a ‘no detriment’ clause applied. However the safety net has also been increased to 95% (it is 92.5% currently), to reflect the additional risk locally that the 75% retention introduces and this will apply pilot wide and not to individual authorities. The modelling undertaken on the 19/20 Pilot position shows that the Devon Councils would receive a higher level of minimum resources under a Pilot (£224m) than under Pooling arrangements (£220m). Therefore the risks of the no detriment clause have been considered and are assessed as low risk.
- The Government will make available safety net payments if a Council’s business rates income falls by a certain amount. This will provide support if, for example a major local employer closes. The safety net payments will be funded by a levy paid by those Councils whose business rates revenue increases by a disproportionate amount compared to their needs.
- Business Rates reliefs will be kept under review and the Council will actively pursue a strategy to ensure that all businesses that should be paying are paying.

**Recommendation 2: To submit an application for Pilot status for 2019/20 and to agree a 40% District/34% Devon County Council/1% Fire split for the 75% scheme, with the agreement to remain part of the Devon Business Rates Pool for 2019/20 if the Pilot bid is not successful.**

**Recommendation 3: To actively lobby Central Government and Devon MPs to support a 2019/20 Devon Pilot bid**



## Business Rates Baseline Re-set for 2020-21 onwards



### The future for Business Rates in 2020 onwards

- One of the largest financial risks that the Council is facing is around how the Government will re-set the Business Rates Baseline for the Council in 2020 onwards when the 75% scheme is rolled out nationally. Many factors will influence this, including the Government's Fairer Funding Review.

**Recommendation 4: To actively lobby and engage with the Government, Devon MPs and other sector bodies such as the District Councils Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2020 onwards.**

## Rural Services Delivery Grant



- Rural Services Delivery Grant – The 2018/19 funding was increased from £65m to £81m. This has meant the Council's allocation increased to £408,055. The £408,055 has been built into the Council's business rates baseline due to the Council's Pilot status. The amount of RSDG for 2019/20 is anticipated to be £327,451 as per Appendix B. The Government has not indicated what RSDG allocations will be post 2019/20 (£300K assumed post 2020).
- The Strategy for Rural Services Delivery Grant (RSDG) is that the Council will continue to provide local evidence of the cost of delivering services in rural areas, in order to lobby for higher allocations of RSDG as has happened in previous years.

## Negative Revenue Support Grant



### Business Rates Tariff Adjustment in 2019/20 (Negative Revenue Support Grant)

- The Business Rates Tariff Adjustment is an amount in 2019/20 which increases an authority's tariff. It is applied where cuts to a Council's Settlement Funding Assessment (SFA) cannot be achieved through further cuts to the Revenue Support Grant (RSG), as the RSG is already zero. In effect the Tariff Adjustment is negative Revenue Support Grant which the Government chose to reflect through a change to the tariff, although this change has nothing to do with the business rates system and has caused confusion.
- In a technical consultation issued on 24 July 2018, the Government has set out its preferred option to eliminate Negative Revenue Support Grant in 2019/20. This would cost the Government £153m as negative RSG affects 168 Councils (with both South Hams and West Devon being affected).
- The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £399,900. **If the Government eliminates this, as an outcome of the consultation process, the Council's budget position is bettered by £400K for 2019/20.** The Council is hopeful the Government will reverse it, as this is the Government's preferred option in the consultation.
- **The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20** and this reduced funding pressure has been built into the latest modelling set out in this report. If the position changes, the MTFS will be updated to reflect this.
- It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.

**Recommendation 5: That SHDC responds to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.**



## COMMUNITIES

Council and residents working together to create strong and empowered communities

## New Homes Bonus

- The New Homes Bonus was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local Councils for additional homes added to the council tax base, as well as long term empty properties brought back into use. The Council receives £1,272 per property over the baseline plus £280 per affordable home. The Council has modelled an extra 450 properties per annum in its Taxbase (estimate of housing growth).
- Following consultation, the Government has implemented reforms to the scheme to sharpen the incentive for housing growth. The length of New Homes Bonus payments was reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19.
- From 2017-18 the Government has introduced a national baseline for housing growth of 0.4% below which New Homes Bonus will not be paid, which the Government has said reflects a percentage of housing that would have been built anyway. The baseline equated to 177 Band D Equivalent properties for South Hams. **So for the first 177 extra properties per annum the Council receives no NHB.**
- **The Government released a consultation in July which stated their intention to increase the 0.4% baseline. They have also stated that 2019-20 represents the final year of NHB funding** and from 2020 onwards they will explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. The Government will consult widely on any changes prior to implementation.
- The table below shows possible levels of NHB (or an alternative introduced post 2020) and how this could be used.

|   | 2018-19   | 2019-20 | 2020-21 | 2021-22 |
|---|-----------|---------|---------|---------|
| Amount of NHB                             | 1,109,065 | 880,858 | 494,483 | 299,749 |
| To fund Capital (e.g. affordable housing) | 417,700   | 350,000 | TBA     | TBA     |
| To fund the Revenue Base Budget           | 627,904   | 500,000 | 400,000 | 250,000 |
| Other                                     | 59,000    | 27,000  | TBA     | TBA     |
| Funding remaining/shortfall               | 4,461     | 3,858   | TBA     | TBA     |

**Recommendation 6: To use £500,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then reduce to £400,000 by 2020-21 and £250,000 by 2021-22 for modelling purposes.**

COUNCIL

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## Reserves Policy

- Current Levels of Reserves: £1.849 million Unearmarked Reserves and Earmarked Reserves of £8.321 million (excluding the Business Rates Volatility Earmarked Reserve).
- The Council's Net Budget is £8.98 million for 2018/19. Therefore Unearmarked Reserves equate to 20% of the Council's Net Budget.
- The Council currently makes annual contributions to Earmarked Reserves of £722,300 and these are shown in Appendix E.
- It is recommended that the annual level of contributions to Earmarked Reserves (£722,300 as per Appendix E) and the adequacy of the existing level of Earmarked Reserves (£8.3 million) is reviewed by Members as part of the budget setting process. This will assess their adequacy in light of future plans and pressures.

### Minimum level of Reserves to be held

- As part of the Medium Term Financial Plan report to Members in July 2018, it was approved to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £1.5 million. The Unearmarked Reserves (General Fund) balance of £1.849 million stands above the minimum balance of £1.5 million and acts as a safeguard against unforeseen financial pressures. Given the increase in financial risks which the Council faces, the Council should consider increasing this level through a stepped increase over the next five years, to reflect the new level of risks.
- Further detail on the Council's Unearmarked and Earmarked Reserves is set out in Appendix D of the Medium Term Financial Strategy.

**Recommendation 7: That the annual level of contributions to Earmarked Reserves (£722,300 as per Appendix E) and the adequacy of the existing level of Unearmarked Reserves (£1.8 million) and Earmarked Reserves (£8.3 million) is reviewed by Members as part of the budget setting process. This will assess the adequacy of Reserves levels, in light of future plans and pressures.**

## Pension Strategy (Actuarial Valuation)

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- SHDC currently pays a 14.6% employer pension contribution for staff in the Local Government Pension Scheme. This is called the future service contribution rate. This is the anticipated cost to the Council of the pension rights that staff will accrue in the future and is expressed as a percentage (%) of pensionable payroll. Employees pay a separate amount out of their salary into the Pension Fund (the employee contribution).
- In addition to the 14.6%, the Council pays an annual sum of £210,000 into the Pension Fund as a past service deficit annual contribution. This cost arises where the cost of pension rights that have already been accrued turn out to be higher than expected. This happens where the Fund experience differs from previous assumptions.
- The Pension Fund has an Actuarial Valuation every 3 years which re-calculates the employer contributions that need to be paid for the next three years and the deficit contributions. Below are the results of the 2016 Actuarial Valuation. The Council is currently paying the Deficit off over a 24 years recovery period. One option the Council could consider is paying off some of the Deficit in a lump sum.
- The Council has currently included a £75,000 cost pressure for 2020/21 for the Triennial Pension Valuation and the Council will take specialist advice on this.

| SHDC Pension Fund       | 2016 Actuarial Valuation |
|-------------------------|--------------------------|
| Assets                  | £78.4 million            |
| Liabilities             | £(82.3) million          |
| Deficit                 | £(3.9) million           |
| Funding Level           | 95%                      |
| Deficit Recovery Period | 24 years                 |

**Recommendation 8 - That the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with DCC and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. Options will be taken back to the Council's Audit Committee in January 19 to consider.**

## Treasury Management /Borrowing Strategy



The Council's Treasury Management Strategy details its borrowing limits and specifies approved institutes for investment, (with maximum limits), based on credit ratings and other pertinent factors. It also publishes Prudential Indicators which set investment and borrowing performance indicators to ensure that the Council stays within these guidelines.

- **Borrowing Limits**

The Commercial Property Strategy was considered at the Overview and Scrutiny Committee on 6<sup>th</sup> September 2018 and the Audit Committee on 6<sup>th</sup> September 2018. Their recommendations will be considered by the Council on 27<sup>th</sup> September. It is recommended that the borrowing limit for the Strategy is £60 million, based on the independent borrowing advice shown in Exempt Appendix G.

A total borrowing limit of £75 million is being recommended (for all of the Council's operations and services), with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements. The Council has already borrowed £5.5 million for Leisure Investment, which is being reimbursed by the contractor over the life of the contract.

The Council will need to approve a revised Treasury Management Strategy which would increase the borrowing limits of the Council (depending on the recommendations from the various bodies), to facilitate implementation of the commercial property strategy. Note the Council may also wish to undertake borrowing for community housing schemes.

- The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels and this advice is attached in Exempt Appendix G. Their recommendation is that the Council limits its overall borrowing envelope for its whole operations and services to £75 million. This advice is based on a range of benchmarking of indices that they have undertaken. Borrowing needs to be proportionate and affordable and with always having regard to the risks involved in the repayment of the debt. The next Treasury Management Strategy for 2019/20 (presented in December 2018) would look to increase the Operational Boundary Limit to £75 million if Recommendation 9 below is approved. Members are able to set a higher borrowing limit if they wish to do so. The S151 Officer's advice is to keep borrowing levels within the £75 million limit advised.
- The Council will have to publish new indicators for Investments in 2018-19 and these include indicators such as the following:
  - Level of debt compared to Net Service Expenditure (proportionality)  
(This indicator would be £75 million/ £9.2 million = a factor of 8.2)
  - Gross and Net income from investment portfolios
  - Vacancy levels and tenant exposures

Net income from property investments, compared to interest costs on debt

**Recommendation 9 – That the Council sets an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million as per Exempt Appendix G.**

- The Council maintains regular engagement with our Treasury Management advisors and constantly seeks their advice on our strategic direction and key operational decisions. The Council's Borrowing Strategy will be to borrow appropriately to meet the Council's objectives as a form of financing. The key is affordability criteria and the Council being able to service that borrowing.
- The Council will set a framework around the borrowing through its annual Treasury Management Strategy. There will be regular (at least annual) reviews of the Council's borrowing levels and the Council will weigh up opportunities against that borrowing limit. The key borrowing mechanism is through the PWLB. However the Council will continue to explore other sources e.g. Municipal Bonds Agency

**Minimum Revenue Provision (repaying the Principal element of debt repayments)**

The Council considered a Commercial Property Strategy at the Overview and Scrutiny Committee on 6<sup>th</sup> September 2018 and the Audit Committee on 6<sup>th</sup> September 2018. Their recommendations will be considered by the Council on 27<sup>th</sup> September. It is recommended that the borrowing limit for the Strategy is £60 million, based on the independent borrowing advice shown in Exempt Appendix G. A total borrowing limit of £75 million is being recommended (for all of the Council's operations and services), with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements.

- The Council has currently approved the following Minimum Revenue Provision Policy through its Treasury Management Strategy for 2018/19. The MRP Policy for the commercial property strategy is that capital repayments will seek to repay a minimum of 50% of the capital value of any acquired property.

| <b>Borrowing</b>   | <b>MRP Methodology</b>   |
|--------------------|--|
| Leisure Investment | <b>Asset Life Method</b><br>MRP is charged using the Asset Life method – based on the estimated life of the asset. (For the Leisure investment, MRP will be charged over the 25 years – therefore 4% per annum). This option provides for a reduction in the borrowing need over approximately the asset's life. |

**Investments**

The Council has widened its use of approved counterparties from countries with a minimum sovereign credit rating of AA-. The criteria, time limits and monetary limits applying to institutions are set out within the Council's treasury management strategy approved at Council on 29<sup>th</sup> March 2018.



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## Future Cost Pressures

- The Council's Strategy is to identify cost pressures as early as possible. Cost pressures can be annual or one-off and can arise for a variety of reasons e.g. legislative changes, increase in demand, factors beyond the Council's control e.g. market conditions such as recycling rates, economic conditions or natural events.
- Appendix A of the Medium Term Financial Strategy (MTFS) sets out the cost pressures which have been identified for the next five years and these total £1,042,500 for 2019/20.
- The Medium Term Financial Position has included a cost pressure of £220,000 for Inflation and increases on Goods and Services. The main items are £80,000 for staff salary increments, £40,000 for Business Rates increases, £30,000 for Utilities inflation, £20,000 for fuel inflation and an amount of £50,000 is to fund a 2.5% uplift on other expenditure budgets (£2 million).
- The strategy takes account of a 1% rise in pay, however, the Council needs to respond to national pay bargaining. The Council has built the 2% pay award for 2019/20 which has already been agreed into the MTFS and this equates to £280,000. Thereafter 1% has been profiled each year for years 2 to 5 of the MTFS.
- Consideration should be given during any review of the MTFS as to whether to continue with the Local Government terms and conditions of employment Green Book. It is recommended to continue with the Local Government terms and conditions of employment Green Book for at least 2019/20. It is further recommended to review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/19.
- **Devon Aligned service for Waste** – Members have previously agreed the principles of the Waste and Resource Strategy for Devon (aligned service) but with the exception of charging for garden waste. In order for the Council to move to the Devon aligned service, a cost pressure of £175,000 in 2020/21 and £175,000 in 2021/22 (totalling £350,000 p.a. from 2021/22 onwards) is estimated. The implementation date would be September 2020.
- If the Council reneges on its commitment to move to the Devon aligned service, Devon County Council would likely consider other ways of recouping the additional expenditure that has been generated through higher disposal costs caused by the current South Hams service design (for example the mixed collection of food and garden waste means that this material has to be hauled to Oxfordshire for composting, as opposed to the local composting facilities enjoyed by all other Devon Districts). Income from recycling credits may be compromised. In addition, South Hams is losing potential income from recycle sales because of the current sack collection method. This is now unsustainable due to demand from global recycling markets for 'clean' materials.





## Future Cost Pressures

- **Devon Aligned Service for Waste (continued)** - There would also be £125,000 of one-off implementation costs. These are indicative prices worked up by officers and are separate to the current procurement process. These prices are based on other Councils' experiences of moving to the Devon Aligned Service. It should be recognised that each Council starts from a different base which will affect the final figures.
- This additional expenditure can be mitigated if, for example, the Council were to charge for garden waste collection and/or reduce residual household waste collection frequencies.
- **Reduction in recycling income** – There is a recycle income pressure of £125,000 due to a fall in market prices.
- **Blue and Clear recycling bag processing (safe working practice requirement at Torr Quarry)** – There is a cost pressure of £75,000 identified for this.
- **Waste and Recycling Haulage contract** – A report was presented to the Executive on 14<sup>th</sup> June 2018 regarding the new contract. A cost pressure of £60,000 has been built into the financial modelling.
- **ICT** - A cost pressure of £50,000 has been included in 19/20 for ICT Support contracts, to better align the budget to actual expenditure. The ICT budget was set assuming that the Civica solutions introduced by the T18 Transformation Programme would perform as required. In practice, additional solutions were procured in order to maintain services where using the Civica solution was not practical. This was explained in detail in the Medium Term Financial Position report to the Executive on 19<sup>th</sup> July 2018.
- A further cost pressure for £150,000 has been shown in 2020/21 for ICT future service provision. A separate report for IT procurement was also on the agenda for the September Executive for consideration.
- The strategy will be to state cost pressures as they come onto the horizon and to put mitigation in place through the budget setting process on an annual basis.

**Recommendation 10: To continue with the Local Government terms and conditions of employment Green Book for at least 2019/20. To review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/19.**

## Income Generation / Savings

### Fees and Charges



- The Council's Extended Leadership Team have been directed by the Executive to present further budget options to Members for income generation/savings/reduced expenditure, as part of the Budget Setting Workshop scheduled for Thursday 11<sup>th</sup> October, taking into consideration the Council's corporate strategy.
- The Extended Leadership Team will bring forward business cases to Members to invest in technology to make savings or reduce costs in the base budget. This could also be through working with Partners e.g. Town and Parish Councils.
- During 2019/20, there will be a report to Members on options on the restructure of the Senior Leadership Team which will be reviewed. This will be for a decision within the first six months of the new Council.
- Income from Fees and Charges will be annually reviewed and set. Some fees and charges are set by statute (e.g. planning fees) and others are set on a cost recovery basis e.g. licensing.
- The Council's strategy is that COP Leads will work with Executive Lead Members to review fees and charges on a regular (at least annual) basis and these will be presented to the relevant Committee or Council for approval as part of the budget setting process.
- For those not prescribed, fees will be set at a realistic rate following appropriate consultation e.g. car parking tariffs or charging for public conveniences (20p).
- Some income will be incidental e.g. recycling and will be market led in terms of income received.
- The Council will continue to carry out paid consultancy work for other Local Authorities for example business transformation (T18), Human Resources (carrying out assessments using the behavioural framework) – to generate income for SHDC.
- Assets and Estate Management – the strategy is that rental income will be at market rates and rents are reviewed in a timely manner with active debt recovery. The Council has target occupancy levels, though rent free periods can also be allowed in limited circumstances where there is a business need.

**ENVIRONMENT**

Protecting, conserving and enhancing our built and natural environment

## Procurement

- The Council's strategy is to market test its services through a pragmatic and rational approach and to look at the whole value for money case in terms of whether or not to procure. This would include soft market testing and taking procurement advice around the legislative framework.
- Where the Council does go out to procurement, there will be a balance between cost and quality. The Council's strategy is to build flexibility and risk sharing into the Council's contracts, whilst retaining value for money and having the ability to make potential changes on the contract.
- The Council will procure some services externally, where appropriate, keeping risk in mind. Where the Council doesn't have the necessary in-house expertise, the cost of using external advisers will be included within the cost of the project.
- The Council will also future proof its services. For example ICT contracts are much more dynamic and ever-changing and more suited to shorter contracts. Other services such as waste are more suited to longer term contracts.
- The Council is currently procuring its waste collection, recycling and cleansing services through a competitive dialogue process. The latest report was to Council on 26<sup>th</sup> July. Council Minute 25/18 refers. The procurement process will now continue to the 'Final Solutions' stage, with a further final report being brought to the Council meeting of 6<sup>th</sup> December 2018. Members will decide at this stage whether or not to award a contract.

**COMMUNITIES**

Council and residents working together to create strong and empowered communities

## Partnership Funding/Grants

**WELLBEING**

Supporting positive, safe and healthy lifestyles and helping those most in need

- The Community Task & Finish Group has proposed funding reductions of £32,316 to the South Devon CVS and the South Devon AONB. This was considered by the Overview and Scrutiny Panel on 6<sup>th</sup> September 2018 and recommended.
- The Council's SeaMoor Lotto (Community Lottery) will help certain projects / groups. Partners will be able to join the Lottery facilitated by the Council in order to raise funding.

## Review of Assets



### COMMUNITIES

Council and residents working together to create strong and empowered communities

### ENTERPRISE

Creating places for enterprise to thrive and business to grow



- The Council's Asset Base is £75 million at 31 March 2018. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.
- On 14th June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council will prepare detailed business cases on the opportunities in the report and report back to Members. Members will then be asked to attach an order of prioritisation for delivery to the business cases.

### Commercial Property Strategy

- The Council considered a Commercial Property Strategy at the Overview and Scrutiny Committee on 6<sup>th</sup> September 2018 and the Audit Committee on 6<sup>th</sup> September 2018. Their recommendations will be considered by Council on 27<sup>th</sup> September. It is recommended that the borrowing limit for the Strategy is £60 million, based on the independent borrowing advice shown in Exempt Appendix G.
- A total borrowing limit of £75 million is being recommended (for all of the Council's operations and services), with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements. The overall objectives of the commercial property strategy are as shown below:

### Overall Objectives:

The Council's commercial property strategy has multiple objectives as stated below:

To support regeneration and the economic activity of the District

To enhance economic benefit & business rates growth

To assist with the financial sustainability of the Council as an ancillary benefit

To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives.

**Desired Outcomes:**

The following outcomes are desired by the application of the commercial property strategy. Each acquisition or development opportunity will be assessed on its fit with meeting the objectives stated above and should deliver one or more of the following outcomes (benefits):

- ✓ Job creation or safeguarding
- ✓ Health & Wellbeing
- ✓ Town centre regeneration
- ✓ Tourism / Increased footfall
- ✓ Business rate growth
- ✓ Improved asset utilisation
- ✓ A minimum Net yield of 1%

This strategy will be achieved by acquisitions and developments within the South Hams District. This will include the focussed acquisition of existing commercial property assets and the development of new properties which are to be let to third parties.

South Hams District Council is a business rates pilot area for 2018/19, which sets out the economic objectives of the pilot area.

- New property acquisitions will be assessed against the Council's multiple objectives and the criteria which are set out in the Strategy.

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## EARMARKED AND UNEARMARKED RESERVES

1.1 The Council's Net Budget is £8.98 million in 2018/19. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £1.5 million.

1.2 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £1.5 million, the following have been taken into account:

- The size of the authority
- The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
- The risks faced by the Council with regard to funding unforeseen events
- Uncertainty over future Government funding and Business Rates
- Uncertainty over future New Homes Bonus allocations

1.3 The Unearmarked Reserves (General Fund) balance of £1.8 million stands above the minimum balance of £1.5 million and acts as a safeguard against unforeseen financial pressures.

1.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance).

1.5 The purpose of some of the more significant earmarked reserves are shown below:

**Community Housing Fund** – This reserve was set up to hold the Community Housing Fund Grant. We are working on developing a community housing initiative, which is designed to help local residents to determine and deliver appropriate and affordable housing for their communities.

**Business Rates Retention Scheme** - The business rates reserve covers any possible funding issues from the new accounting arrangements and smoothes volatility of business rates income due to appeals. At Council on 22<sup>nd</sup> February 2018, Members agreed to ring-fence £3.5 million from the Business Rates Retention Earmarked Reserve for employment for the creation of local jobs and to better support the local economy.

**New Homes Bonus** – This reserve was established to show how New Homes Bonus funding has been used on an annual basis.

**Affordable Housing** – This reserve helps to support the funding of affordable housing.

**Vehicles and Plant Renewals** - This reserve is used to purchase vehicles and heavy plant to maintain a modern and efficient Council fleet, and to ensure Contract conditions are met.

**Planning, Policy and Major Developments** - This was set up to help smooth out annual expenditure on review and preparation of the local plan. It has developed to help deal with costs associated with the Sherford development, planning policies and planning related activities.

**Capital Programme** – This reserve helps to support the funding of the Capital Programme.

1.6 A schedule of Earmarked Reserves for 17/18 is shown below.

| <b>2017/18<br/>EARMARKED RESERVES</b>       | <b>Balance at<br/>31 March<br/>2017<br/>£000</b> | <b>Transfers<br/>Out<br/>£000</b> | <b>Transfers<br/>In<br/>£000</b> | <b>Balance at<br/>31 March<br/>2018<br/>£000</b> |
|---|--|-----------------------------------|----------------------------------|--|
| <b>General Fund</b>                         |  |                                   |                                  |  |
| Affordable Housing                          | 770  | (2)                               | 230                              | 998  |
| Community Parks and Open Spaces             | 97   | (3)                               | 17                               | 111  |
| Pension Fund Strain                         | -  | (99)                              | 99                               | -  |
| Repairs and Maintenance                     | 403  | (309)                             | 155                              | 249  |
| Members Sustainable Community               | 41   | -                                 | 12                               | 53   |
| Marine Infrastructure Reserve               | 94   | -                                 | 58                               | 152  |
| Land and Development                        | 205  | (255)                             | 117                              | 67   |
| Ferry Repairs and Renewals                  | 400  | (28)                              | 87                               | 459  |
| Economic Initiatives                        | 77   | (28)                              | -                                | 49   |
| Vehicles and Plant Renewals                 | 489  | (153)                             | 687                              | 1,023  |
| Pay and Display Equipment                   | 81   | -                                 | 21                               | 102  |
| On-Street Parking                           | 44   | -                                 | -                                | 44   |
| ICT Development                             | 122  | (32)                              | 50                               | 140  |
| Sustainable Waste Management                | 3  | (24)                              | 25                               | 4  |
| District Elections                          | 58   | -                                 | 10                               | 68   |
| Beach Safety                                | 14   | -                                 | -                                | 14   |
| Planning Policy & Major Developments        | 147  | (44)                              | 125                              | 228  |
| Building Control                            | 436  | (436)                             | -                                | -  |
| Section106 Agreements (no conditions)       | 38   | -                                 | -                                | 38   |
| Revenue Grants                              | 316  | (125)                             | 181                              | 372  |
| Capital Programme                           | 1,116  | (507)                             | 182                              | 791  |
| New Homes Bonus                             | 474  | (1,053)                           | 1,448                            | 869  |
| Renovation Grant Reserve                    | 7  | -                                 | -                                | 7  |
| Business Rates Retention                    | 4,527  | (13,168)                          | -                                | (8,641)  |
| Homelessness Prevention Reserve             | 25   | -                                 | 57                               | 82   |
| Strategic Change                            | -  | (285)                             | 285                              | -  |
| 16/17 Budget Surplus Contingency            | 559  | (534)                             | -                                | 25   |
| Innovation Fund (Invest to Earn)            | 279  | (254)                             | -                                | 25   |
| Community Housing Fund                      | 1,881  | (210)                             | -                                | 1,671  |
| Leisure Services Reserve                    | -  | -                                 | 87                               | 87   |
| Support Services Trading Reserve            | -  | -                                 | 20                               | 20   |
| Environmental Health Initiatives Reserve    | -  | -                                 | 20                               | 20   |
| S106 Monitoring Reserve                     | -  | -                                 | 137                              | 137  |
| <b>Sub Total</b>                            | <b>12,703</b>                                    | <b>(17,549)</b>                   | <b>4,110</b>                     | <b>(736)</b>                                     |
| <b>Specific Reserves – Salcombe Harbour</b> |  |                                   |                                  |  |
| Pontoons                                    | 130  | (30)                              | 62                               | 162  |
| Harbour Renewals                            | 85   | (8)                               | 34                               | 111  |
| General Reserve                             | 156  | (47)                              | 34                               | 143  |
| <b>Sub Total</b>                            | <b>371</b>                                       | <b>(85)</b>                       | <b>130</b>                       | <b>416</b>                                       |
| <b>TOTAL EARMARKED<br/>REVENUE RESERVES</b> | <b>13,074</b>                                    | <b>(17,634)</b>                   | <b>4,240</b>                     | <b>(320)</b>                                     |



1.7 The Earmarked Reserves position as at 31 March 2018 needs to be looked at in conjunction with the Council's share of the Business Rates Collection Fund surplus as shown in the table below:

| <b>The Impact of the Business Rates position on the Earmarked Revenue Reserves</b>   | <b>Balance at 31 March 2017<br/>£000</b> | <b>Balance at 31 March 2018<br/>£000</b> |
|--|--|--|
| <b>Total Earmarked Revenue Reserves</b>  | <b>13,074</b>                            | <b>(320)</b>                             |
| The Council's share of the Business Rates Collection Fund surplus  | 232                                      | 13,477                                   |
| <b>Aggregated Earmarked Revenue Reserves incorporating the Council's share of the Business Rates Collection Fund surplus</b> | <b>13,306</b>                            | <b>13,157</b>                            |

In 2015/16 there was a £26.7 million increase in the provision for business rates appeals within the Collection Fund for some significant business rates appeals. In 2016/17 a large part of these outstanding appeals were settled and the significant appeals risk did not materialise.

The Local Government Accounting Regulations for Business Rates and the operation of the Collection Fund are set by the Government. These national regulations mean there is a two year timing delay between a business rates appeals provision being released back into the Collection Fund and in turn into the General Fund.

The Business Rates Retention Earmarked Reserve in 2017/18 shows a deficit position of £8.641 million at 31 March 2018. However, in order to assess the overall financial position of the Council at 31 March 2018, the funds held in the Business Rates Collection Fund of £13.477 million also need to be taken into account (as shown in the table above). The aggregated Earmarked Revenue Reserves position, incorporating the Council's share of the Business Rates Collection Fund surplus is £13.157 million at 31 March 2018.

The £13 million of funds held in the Business Rates Collection Fund are being released back into the General Fund of the Council during 2018/19. Therefore this is a short term timing issue which has occurred due to the way that the Local Government Accounting Regulations for Business Rates operate. In 2018/19, the Business Rates Retention Earmarked Reserve will be back to a positive balance in excess of £4 million. This reserve, alongside the appeals provisions created in 2017/18, are in place to protect the Council's financial position against business rates volatility and has placed the Council in a better position in future years.

South Hams District Council's share of the Business Rates Collection Fund has increased from a surplus of £232,000 in 2016/17, to a surplus of £13.477 million in 2017/18. This reflects the additional business rate income that is held in the Collection Fund in 2017/18 due to the unwinding of the business rates appeals provision made in previous years. This income will be released to the Council's General Fund in 2018/19.

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## ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

| Estimate<br>2018/19 |             |   | Estimate<br>2019/20 |             |
|---------------------|-------------|---|---------------------|-------------|
| To<br>£             | (From)<br>£ |   | To<br>£             | (From)<br>£ |
| 475,000             |             | Economic Regeneration Projects (pilot gain) |                     |             |
| 181,600             |             | Capital Programme                           | 181,600             |             |
| 16,900              |             | Community Parks & Open Spaces               | 16,900              |             |
| 10,000              |             | District Elections                          | 10,000              |             |
| 87,000              |             | Ferry major repairs & renewals              | 87,000              |             |
|                     | (641,084)   | New Homes Bonus                             |                     | (500,000)   |
| 20,800              |             | Pay & Display Equipment                     | 20,800              |             |
| 99,000              |             | Pension Fund Strain Payments                | 99,000              |             |
| 55,000              |             | Repairs and maintenance                     | 55,000              |             |
| 210,000             |             | Strategic Change Reserve                    | 60,000              |             |
| 0                   |             | Strategic Issues                            | 0                   |             |
| 490,000             |             | Vehicles & Plant Renewals                   | 490,000             |             |
| 50,000              |             | Land and Development Reserve                | 50,000              |             |
| 50,000              |             | IT Development Reserve                      | 50,000              |             |
| 25,000              |             | Sustainable Waste Management                | 25,000              |             |
| 50,000              |             | Planning Policy and Major Developments      | 75,000              |             |
| 2,000               |             | Interest credited to reserves               | 2,000               |             |
| 1,822,300           | (641,084)   | <b>TOTALS</b>                               | 1,222,300           | (500,000)   |
| <b>1,181,216</b>    |             | <b>GRAND TOTAL</b>                          | <b>722,300</b>      |             |

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**Sensitivity analysis and risk analysis of the Medium Term Financial Strategy (MTFS)**

1. The budget assumes approximately £7.5 million of income from fees and charges, recycling and investments. Whilst this assumption is realistic, given the position of the economy there is a risk that income could fall or be less than anticipated. A 5% reduction in income would result in a loss of £375,000.
2. The MTFS relies on proposed savings over the next 5 years of £664,000. A 5% reduction in the savings would equate to £33,200.
3. The MTFS assumes budget pressures over the next 5 years of £2.96 million. A 5% increase in the budget pressures would equate to £148,000.
4. Council Tax Income and New Homes Bonus have been modelled based on an extra 450 Band D Equivalent properties per annum increase. Each extra property attracts £1,272 in NHB. If this figure were to actually be say 400 properties (i.e. 50 properties less), this would mean that Council Tax Income would be £8,300 less and New Homes Bonus income would be £64,000 less.
5. Council Tax has been assumed in the MTFS to increase by the higher of £5 or 2.99% over each of the five years. For example, for 2019-20 this would equate to a Band D of £165.42 (an increase of £5). The additional council tax income this would generate is £192,000. If council tax for 2019/20 were to remain at £160.42, the income from council tax would be overstated by this amount in the MTFS.
6. If Council Tax income collection fell by 1% (collection in 17/18 was 98.15%), this would mean a reduction of council tax income of around £60,000. Similarly if Business Rates income collection fell by 1% (collection in 17/18 was 97.68%), this would mean a reduction in business rates income of £19,000.
7. Income from investments has been assumed to increase in line with the expected interest rate forecasts in Section 3.3. A 0.25% variation in interest rates on investment income equates to £60,000.

## Borrowing Levels

Exempt Appendix G gives advice on the borrowing level for the Council and the Interest payments on the borrowing as a percentage of available Reserves. The tables below show the impact that a change of Interest payable at 2.5% on borrowing to 3% on borrowing has on this Indicator.

| <b>Total Borrowing</b> | <b>Interest repayments at 2.5%</b> | <b>Level of Reserves<br/>(£1.85m Unearmarked and £8.32m Earmarked)</b> | <b>Interest payments (at 2.5%) as % of available Reserves</b> |
|------------------------|------------------------------------|--|---|
| <b>£50m</b>            | £1,250,000                         | £10,170,000  | 12.3%   |
| <b>£75m</b>            | £1,875,000                         | £10,170,000  | 18.4%   |

| <b>Total Borrowing</b> | <b>Interest repayments at 3%</b> | <b>Level of Reserves £m<br/>(£1.85m Unearmarked and £8.32m Earmarked)</b> | <b>Interest payments (at 3%) as % of available Reserves</b> |
|------------------------|----------------------------------|---|---|
| <b>£50m</b>            | £1,500,000                       | £10,170,000   | 14.75%  |
| <b>£75m</b>            | £2,250,000                       | £10,170,000   | 22.1%   |

8. An allowance of 2.5% for inflation is included in the budget. Inflation costs are being managed through cost effective procurement.
9. The capital programme is funded by receipts, grants, and contributions. Realistic assumptions about these have been made for the future.
10. Known liabilities have been provided for and there are no significant outstanding claims.

## **Summary & conclusion**

Sensitivity analysis and risks are identified above with a potential total adverse revenue effect for 2019/20 of **£959,500**. However, revenue reserves are recommended to be maintained at a minimum of £1.5 million. I therefore confirm the robustness of the Medium Term Financial Strategy and the adequacy of the reserves.

**Mrs Lisa Buckle, Strategic Finance Lead (S151 Officer)**

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# Agenda Item 9

## Not for Publication

The appendix to this report contains exempt information as defined in Paragraph 3 of Schedule 12A of the Local Government Act 1972 (information relating to the financial and business affairs of the Council).

**Report to:** Council  
**Date:** 27 September 2018  
**Title:** Public Toilet Pay on Entry Contract Award  
**Portfolio Area:** Environment Services  
**Wards Affected:** All

**Relevant Scrutiny Committee:** Overview and Scrutiny Panel

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

**Date next steps can be taken:** Immediately following this meeting

Author: Cathy Aubertin Role: COP Lead – Environment Services

Contact: Cathy.Aubertin@swdevon.gov.uk

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### **Recommendations:**

- 1. That the Council approves the recommendation to award the contract for the provision and installation of Public Toilet Pay on Entry equipment to the highest scoring bidder (Bidder B); and**
- 2. That any changes considered necessary to the terms, or type of equipment used at each facility, are delegated to the Environment Services COP Lead, in consultation with the Lead Executive Member for Commercial Services.**

### **1. Executive summary**

- 1.1 Following the resolution to undertake a procurement exercise in respect of the supply and installation of Pay on Entry equipment at various public toilets in the South Hams, Bidder B has been evaluated to have provided the most economically advantageous tender for this service.

- 1.2 This report recommends that the Council approve the decision to award the contract for Pay on Entry equipment to Bidder B. The Part II Contract Award Report provides detail regarding the process used and how submissions were evaluated and scored.

## **2. Background**

- 2.1 South Hams District Council resolved to make at £226,000 saving from its public toilet budget, with £36,000 of this coming from Pay on Entry schemes at its higher footfall facilities, with effect from 1<sup>st</sup> April 2019.
- 2.2 Officers have opened discussions with Town and Parish Councils so that all are aware of the proposal to install Pay on Entry equipment well in advance of the roll out.
- 2.3 The tender was explicit in informing bidders that no decisions had yet been made in respect of where Pay on Entry may be required, and requested a price per facility in order to allow a flexible approach once consultation with towns, parishes and Ward Members had been completed.
- 2.4 If the recommendation is approved by Council, the CoP Lead for Environment Services will be in a position to make further recommendations to the Executive in respect of which facilities should be fitted with Pay on Entry equipment, having also considered the views of Town and Parish Councils, and consulted with the Lead Hub Member for Environment Services.

## **3. Outcomes/outputs**

- 3.1 Two submissions were received and both were evaluated in accordance with the criteria set out in the tender documentation.
- 3.2 Bidder B was evaluated to have provided the most economically advantageous tender.
- 3.3 Should the recommendation be approved, officers will meet with Bidder B to ensure that all aspects of the contract are covered as expected and, at the appropriate time, agree the roll out programme, and ensure that ICT security is as required by the Council's Senior Specialist (ICT information security).

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

- 4.5 In order to generate income from public toilets, to contribute towards the cost of running the service, it is imperative that Pay on Entry equipment is installed, particularly at facilities which have higher footfall.

## 5. Proposed Way Forward

- 5.1 It is proposed that the Council approves the recommendation to award the contract for the supply and installation of Pay on Entry equipment to Bidder B.
- 5.2 The procurement ties in with the 'Council' corporate priority as it will allow the continued delivery of efficient and effective services.

## 6. Implications

| Implications                                 | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance                             | Y                         | As the contract to be awarded falls within scope of Public Contract Regulations 2015 (PCR 2015), it must be awarded in full compliance with the same.  |
| Financial                                    | Y                         | Costs of the contract, and how this was evaluated, are outlined in Part II Contract Award Report.<br><br>A capital sum has been allocated for this project of £130,000.  |
| Risk   | Y                         | The main risk will be in connection with adverse reaction from members of the public to this proposal. However, press releases and communication with Town and Parish Councils have, and will continue to, highlight the fact that this step will help to ensure that the Borough Council is financially able to continue to provide this non-statutory service. |
| Comprehensive Impact Assessment Implications |                           |  |
| Equality and Diversity                       | Y                         | A Comprehensive Impact Assessment has been carried out, which demonstrates that no group is disaffected by this proposal.<br><br>Disabled customers will have the option of using disabled facilities, which are accessed with RADAR keys in most locations.   |
| Safeguarding                                 | N                         |  |
| Community Safety, Crime and Disorder         | Y                         | It is anticipated that Pay on Entry schemes will contribute to the Council's desire to design out crime in public toilets.   |
| Health, Safety                               | Y                         | As above.  |

|                    |   |  |
|--------------------|---|--|
| and Wellbeing      |   |  |
| Other implications | N |  |

**Supporting Information**

**Appendices:**

Appendix A - Contract Award report (Exempt)

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Report to: **Council**

Date: **27 September 2018**

Title: **South Devon AONB Management Plan Review 2019-24 Consultation Draft**

Portfolio Area: **Customer First**

Wards Affected: **Wembury and Brixton, Newton and Noss, Yealmpton, Erme Valley, Charterlands, Thurlestone, Salcombe and Malborough, Westville and Alvington, Alvington and Loddiswell, Avon and Harbourne, Saltstone, Stokenham, Skerries, Dart and Kingswear, West Dart, East Dart, Dartmouth Townstal, Dartmouth and Kingswear**

Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

Author: **Tom Jones** Role: **COP Lead Place Making**

Contact: **Tel. 01803 861404**

**Email: [thomas.jones@swdevon.gov.uk](mailto:thomas.jones@swdevon.gov.uk)**

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## Recommendations:

### That the Council

- 1. Notes the content of the Consultation Draft of the Management Plan and Members send any comments to the author of the report for incorporation into a formal Council consultation response before the end of October 2018;**
- 2. Delegates to the CoP Lead for Place Making the final content of the formal Council consultation response; and**
- 3. Notes that the final Management Plan for 2019-2024 will be brought to Council for adoption in early 2019.**

## **1. Executive summary**

- 1.1 This report outlines the process of the review of the Management Plan for the South Devon AONB, the issues identified for consideration within the Plan review. It details the method by which Members can contribute to the formal consultation response by the Council, with a view to bringing the final Plan to Executive Committee for adoption in early 2019.

## **2. Background**

- 2.1 Under the Countryside and Rights of Way Act (2000), it is a statutory requirement for Local Authorities to produce Management Plans for AONBs in their area, and to review adopted plans at periods of not more than five years.
- 2.2 The South Devon AONB falls within the South Hams (Wembury and Brixton, Newton and Noss, Yealmpton, Erme Valley, Charterlands, Thurlestone, Salcombe and Malborough, Westville and Alvington, Alvington and Loddiswell, Avon and Harbourne, Saltstone, Stokenham, Skerries, Dart and Kingswear, West Dart, East Dart, Dartmouth Townstal, Dartmouth and Kingswear Wards). The previous plan for the South Devon AONB was adopted in 2014 for the period until 2019 and is now due its statutory five year review.
- 2.3 The District Council as well as the other three relevant Local Authorities has delegated the authority to review the South Devon AONB Management Plan for the next five years to the South Devon AONB team.
- 2.4 The reviewed Management Plan must be sent to the Secretary of State by March 2019. Defra considers that previous Guidance documents on AONB Management Plans are still fit for purpose but, together with Natural England and the National Association for AONBs, had produced a paper outlining the collective steer to AONB Partnerships in taking forward the next round of Management Plans.
- 2.5 A light touch approach has been promoted building on the common format, structure and timetable agreed between the AONBs, with a view to reflecting changes in the statutory and legislative background, changing circumstances and resources, new knowledge and agendas, and lessons learned from implementation of previous Plans.
- 2.6 The consultation draft of the Management Plan is out for formal consultation for a 6 week period between 17/09/18 and 05/11/18 with a view to seeking adoption by the relevant Local Authorities in early 2019.
- 2.7 Member comments are requested before the 5<sup>th</sup> November 2018 to be incorporated into a formal District Council response to the consultation draft to be submitted to the AONB team by the end of November.

### **3 Updates and changes in the Management Plan review**

- 3.1 The Consultation Draft of the Management Plan adopts the common format and structure agreed for all the reviewed AONB Management Plans with strategic themes for 'Place, People and Prosperity, and Communication and Management.' From these themes flow a range of considerations (e.g. Landscape character, Historic environment, Communities and culture) each with their own objectives, policies and priorities for action.
- 3.2 Some of the issues identified for consideration within the Plan review are:
  - The changes to the planning landscape with the recently revised National Planning Policy Framework (2018);
  - changes to the status of relevant Local Plans since 2014 (namely the Plymouth and South West Devon Joint Local Plan); and
  - the implications for existing and new planning policies for the AONB.

### **4 Proposed Way Forward**

- 4.1 Comments from Members and relevant officers (namely from the Place Making and Development Management CoPs) are being sought before the end of October. It is noted that the content of the Management Plan is wide ranging, and touches upon all of the Council's Themes and Priorities to varying degrees.
- 4.2 It is proposed that the CoP Lead for Place Making will have delegated authority to agree the final content of the formal Council response to the Consultation Draft of the Management Plan.
- 4.3 Officers will assist the SDAONB team with review of consultation responses as appropriate during December 2018. The final Management Plan will be presented to the SDAONB Executive and Partnership Committees for agreement in late 2018/beginning of 2019.
- 4.4 The final Management Plan will be presented to the District Council Executive Committee in Jan/Feb 2019 for adoption, and will follow due procedure at the other relevant Local Authorities, with a view to sending the new Management Plan to the Secretary of State in March 2019.

## 5 Implications

| Implications                                 | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance                             |                           | Section 89 of the Countryside and Rights of Way Act (CRoW Act, 2000) sets out the statutory requirement for Local Authorities to produce Management Plans for AONBs in their area, and to review adopted plans at periods of not more than five years. The Council (as well as other constituent Local Authorities – these Devon County Council Plymouth CC and Torbay. SHDC has delegated the authority of reviewing the Management Plan to the SD AONB team. |
| Financial                                    |                           | <p>The Council makes an annual contribution to the SD AONB, which along with constituent Local Authority contributions amounts to 25% of the budget, a further 75% being provided by Defra.</p> <p>This contribution meets the cost of the core AONB team and their production and delivery of the AONB Management Plan. The Council currently also provides project funding.</p>  |
| Risk   |                           | Failure to publish a plan and submit to the Secretary of State by end of March 2019 would result in the Council failing to meet the statutory duty set out in Section 89 of the CRoW Act.  |
| Comprehensive Impact Assessment Implications |                           |  |
| Equality and Diversity                       |                           | No direct implications.  |
| Safeguarding                                 |                           | No direct implications.  |
| Community Safety, Crime and Disorder         |                           | No direct implications.  |
| Health, Safety and Wellbeing                 |                           | No direct implications.  |
| Other implications                           |                           | No direct implications.  |

Appendix A: South Devon Area of Outstanding Natural Beauty Consultation Draft Management Plan 2019-24

## **South Devon Area of Outstanding Natural Beauty Consultation Draft Management Plan 2019-2024**

**Our vision is of an inspirational landscape that is valued, recognised and treasured forever for its nationally important natural beauty and distinctive character.**

The South Devon AONB is one of Britain's finest protected landscapes - loved for its rugged cliffs, sandy coves, peaceful countryside, picturesque villages, rolling hills, colourful hedge banks, and secretive estuaries. It is an ancient countryside with strong links to the sea and generations of human activity etched into the landscape. The AONB is a thriving and dynamic work place, a centre for active and creative community life and a popular visitor destination.

This Management Plan seeks to ensure that the area is conserved, managed and enhanced to support and benefit present and future generations. It also serves the purpose of a plan for the South Devon Heritage Coast, which is fully embraced within the AONB and, as a result, shares many of its special qualities.

## **Ministerial Foreword**

photo, signature and Defra logo to be included here

**Orientation Map** To be inserted here and including the South Devon Heritage Coast boundary and other minor amendments

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## **Contents** TBC

## **The South Devon AONB Management Plan**

This document, annexes and delivery plan respond to current pressures and opportunities in the South Devon AONB and its setting. They provide detail on strategy, policy, special qualities and the actions of others who influence or make decisions affecting the area.

The plan essentially relates to the AONB landscape and designation. It is of relevance to local authorities, local communities, businesses, landowners and farmers, organisations and groups working within, or with an interest in, the area. Use of the Plan offers a transparent means by which Government, statutory undertakers and any public body or person holding public office can ensure they are fulfilling their Section 85 'duty to have regard to the purpose of conserving and enhancing the natural beauty' of the South Devon AONB.

The AONB Partnership Committee is committed to the delivery of this strategic plan and will work with a wide range of stakeholders to ensure that the outstanding natural beauty of South Devon is conserved and enhanced for future generations. Implementing the plan is beyond the resources or remit of any single agency and will require the continued support and involvement of many organisations and partners. This plan formulates local authority policy and action in relation to the management of the South Devon AONB as required under Part IV, Section 89 of the Countryside and Rights of Way Act 2000.

The plan is grouped into 3 sections:

- **Place**
- **People and prosperity**
- **Communication and management**

14 themes cover the issues relevant to the whole South Devon AONB area and its setting.

The plan objectives are what we want to achieve for the AONB and its communities. The plan policies are the AONB Partnership Committee's position and approach to issues, providing a framework to guide projects and actions. The policies respond to forces for change and key policy influences, guiding partners and stakeholders towards sustainable development whilst conserving and protecting natural beauty and special qualities. How we will achieve this is detailed in the annual delivery plan.

### **The AONB Partnership Committee**

The Partnership Committee provides a strategic lead in the protection, conservation and enhancement of the South Devon AONB and consists of 18 representatives:

- Local authorities: Devon County Council, South Hams District Council, Torbay Council, Plymouth City Council
- Agencies: Natural England, Environment Agency, Historic England
- Organisations: The National Trust, Field Studies Council, Plymouth University
- Community representatives: landowning or farming community, the business community, parish councils, community or voluntary organisations, professional environmental NGOs, the tourism sector, amenity groups and an estuary and marine representative.

The AONB Unit is committed to providing value for money in delivering an efficient and effective service. It aims to be transparent and responsive to key policy influences, partners and communities whilst being open minded and embracing change.

### **Management plan purpose**

AONB Management Plans are formulated to coordinate policy, investment and action in these nationally important landscapes in order to achieve the legal purpose of 'conserving and enhancing natural beauty' for the benefit of current, and future generations. Natural England is responsible for advising on AONB designation and its 1991 policy statement confirms 'this duty should not be implemented in isolation. Socio-economic needs and recreation are to be taken into account in furthering this primary aim in an integrated approach to the management of an AONB'.

### **Plan requirement and 'duty of regard'**

Part IV of the Countryside and Rights of Way Act 2000<sup>1</sup> consolidates earlier legislation regarding the designation and purposes of AONBs. It also adds some important provisions that require 'relevant authorities' (public bodies etc) to 'have regard' to the purpose of conserving and enhancing the natural beauty of the AONB<sup>2</sup>. This Plan fulfils the statutory requirement that relevant local authorities prepare and publish an AONB Management Plan and review it in not less than five-year intervals.

Statutory duties in relation to AONBs are provided for in Section 85 of the Countryside and Rights of Way Act 2000. Specifically, they state that, 'in exercising or performing any functions in relation to, or so as to affect, land in these areas, relevant authorities 'shall have regard' to their purposes'. The AONB Management Plan is a mechanism for public bodies to support AONB purposes and demonstrate 'duty of regard' compliance.

<sup>1</sup> HMSO (2000)

<sup>2</sup> Section 114 of the 1949 National Parks and Access to the Countryside Act stated, "References in this Act to the preservation, or conservation of the natural beauty of an area shall be construed as including references to the preservation or, as the case may be, the conservation of its flora, fauna and geological or physiological features." Also, Section 99 of the Natural Environment and Rural Communities Act 2006 clarified Natural beauty in the countryside as follows: The fact that an area in England or Wales consists of or includes— (a)land used for agriculture or woodlands, (b)land used as a park, or (c)any other area whose flora, fauna or physiological features are partly the product of human intervention in the landscape, does not prevent it from being treated, for the purposes of any enactment (whenever passed), as being an area of natural beauty (or of outstanding natural beauty).

## **National and regional context**

### **National**

In England, Wales and Northern Ireland, our finest landscapes have been conserved through designation as National Parks and Areas of Outstanding Natural Beauty. AONBs were brought into being by the same legislation as National Parks – the National Parks and Access to the Countryside Act of 1949.

### **Regional**

The richness and diversity of the South West environment differentiates it from other English regions, making it attractive as a place both to live and work. It is a rural region with some 80% of the land in agricultural use and higher than average numbers of people engaged in agricultural employment. Approximately 38% of the region is classified by the International Union for the Conservation of Nature (IUCN) as Category V Protected Landscapes. A protected area is defined by the IUCN as "A clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values".



The protected landscapes in the South West include:

- 12 AONBs and parts of 2 others cover around 30% of the region
- 638 km of defined Heritage Coast
- 60% of England's undeveloped coastline
- 2 National Parks
- The South West Coast Path National Trail
- 4 World Heritage Sites
- 2 Community Forests
- 1 Biosphere reserve and a Global Geopark

Devon's natural and historic environment is particularly notable for its high quality. Over 50% of the county is designated for its environmental quality, encompassing 5 AONBs.

### **Policy framework**

The AONB Management Plan has been reviewed and updated to take account of current policy and strategies ranging from European and national scale down to local development plans and local authority corporate strategies. Some of the most significant of these include:

- A Green Future: Our 25 Year Plan to Improve the Environment (DEFRA, 2018)
- Natural England Framework Document (2017)
- Countryside and Rights of Way Act 2000
- Marine and Coastal Access Act 2009
- Biodiversity 2020 (DEFRA, 2011)
- The National Planning Policy Framework (MHCLG, 2018)
- Water Framework Directive (EU, 2000)
- European Landscape Convention (Council of Europe, 2000)
- Government Forestry Policy Statement (DEFRA, 2013)

## **Partnerships**

The AONB will require the continued support and involvement of many other organisations and partnerships. In addition to the AONB Partnership Committee, a few other significant local partnerships are critical to its future including:

### **Local Nature Partnerships**

Established in 2012, Natural Devon has been working to ensure that a healthy natural environment underpins a high quality of life across Devon, with a strong green economy and healthy communities.

### **Heart of the South West Local Enterprise Partnership**

The Local Enterprise Partnership for Devon, Plymouth, Somerset and Torbay is a powerful economic alliance with the primary objective to improve economic growth and create jobs. The South West Rural Productivity Commission report (2017) is of particular relevance.

## **Strategic Planning and Development Management**

Strategic planning and decision-making on development applications within or affecting the South Devon AONB are undertaken by the local planning authorities - South Hams District Council, Torbay Council, Plymouth City Council, Devon County Council and the Marine Management Organisation.

The AONB Management Plan is a material consideration in plan-making and development management processes. It also provides further detail in support of planning policies specific to the South Devon AONB. See the Planning Guidance document (Annex 2).

## **What makes South Devon special**

The high level, over-arching term **Natural Beauty** includes landscape and scenic quality, relative wildness and tranquillity, natural heritage features and cultural heritage, that come together to make an area distinctive.

Special Qualities distil the key attributes that make the area special and worthy of designation as an AONB. Distinctive Characteristics are those components that define what it is that gives South Devon its sense of place and generally apply to areas smaller than the AONB as a whole. Key Features are specific and include detailed locations, places, landmarks, occurrences, events etc. that are of particular significance to South Devon and help illustrate how or where the special qualities, distinctive characteristics and natural beauty can be seen.

Each component of natural beauty identifies what is special about the landscape and should be afforded 'great weight' in planning decisions. The Plan, its policies and special qualities set criteria against which policy and actions can be assessed for compliance with Section 85 of the CROW Act 2000.

Ten special qualities define the unique "natural beauty" for which the South Devon AONB is designated as a nationally important protected landscape.

- Fine, undeveloped, wild and rugged coastline.
- Ria estuaries (drowned river valleys), steep combes and a network of associated watercourses.
- Deeply rural rolling patchwork agricultural landscape.
- Deeply incised landscape that is intimate, hidden and secretive away from the plateau tops.
- Iconic wide, unspoilt and expansive panoramic views.
- A landscape with a rich time depth and a wealth of historic features and cultural associations.
- A breadth and depth of significant habitats, species and associated natural events.
- An ancient and intricate network of winding lanes, paths and recreational routes.
- Areas of high tranquillity, natural nightscapes, distinctive natural soundscapes and visible movement.
- A variety in the setting to the AONB formed by the marine environment, Plymouth City, market and coastal towns, rural South Hams and southern Dartmoor.

## **South Devon Heritage Coast**

### **This AONB Management Plan serves as a Management Plan for the South Devon Heritage Coast**

Heritage Coasts are the finest stretches of undeveloped coastline in England and Wales. Their natural beauty and their enjoyment by the public give them a special claim for both protection and sensitive management. Since 1973, 45 stretches have been defined, covering more than one-third of the coastline of England and Wales (1,525km in total, with 1,027km in England).

The South Devon AONB incorporates the South Devon Heritage Coast, forming 77% of the AONB's coastline. This non-statutory designation was defined by the Countryside Commission in 1984: it covers the 75 kilometres (49 miles) of coastline between Wembury Beach in the west of the area and Sharkham Point in the east. The Heritage Coast boundary extends 2km out to sea. Around the Yealm and Erme estuaries the boundary reaches over 5km inland, whilst in other areas the boundary is just 300m inland.

The inshore waters and wider marine component of the designation is considered as one of the special qualities that define the unique “natural beauty” for which the South Devon AONB is designated as a nationally important protected landscape.

Heritage Coasts are given explicit mention in paragraph 173 of the National Planning Policy Framework: ‘Within areas defined as Heritage Coast (and that do not already fall within one of the designated areas mentioned in paragraph 172), planning policies and decisions should be consistent with the special character of the area and the importance of its conservation. Major development within a Heritage Coast is unlikely to be appropriate, unless it is compatible with its special character.’ and the closely related footnote 55 ‘For the purposes of paragraphs 172 and 173, whether a proposal is ‘major development’ is a matter for the decision maker, taking into account its nature, scale and setting, and whether it could have a significant adverse impact on the purposes for which the area has been designated or defined.’

### **Forces for change and key policy influences**

AONBs and their communities are dynamic and subject to constantly changing impacts and factors. Most forces for change are out of the control of the AONB partnership and are only broadly considered as part of this review. The Government’s 25 Year Environment Plan, published in March 2018, states that AONBs comprise some of our most unique, cherished and valuable natural assets, and that Government will make sure that they continue to be conserved and enhanced. However, AONBs are facing unprecedented and unsustainable pressure from development, which threatens to erode the character, special qualities, and purpose of designation of AONBs.

The large scale, long term shift in weather patterns and global temperatures is creating a far reaching change to landscape and the way people live and work. We are already experiencing more extreme weather events and noticing changes in recreation and tourism patterns whilst the natural world is suffering from more plant diseases, invasive species and habitat fragmentation.

Economic development and the market forces that surround the way we live, work and spend our time are creating tangible and hidden changes that are being felt in both the short and long term. The decision of the United Kingdom to leave the European Union has significant implications for how our land-based sectors are funded, with the emphasis shifting from paying farmers to farm to paying landowners to deliver ‘public goods’. This could result in major changes to the way land is managed in the AONB, potentially threatening vital family farms and traditional agricultural practices but also creating opportunities to enhance the landscape and habitats and the ability of people to appreciate it.

The Management Plan aims to help guide these changes in a way that conserves and enhances the natural beauty of the South Devon AONB using updated objectives and policies.

## **Aims, objectives and policies**

This plan is a cross cutting strategy containing policies that relate to the statutory purpose of the AONB designation 'to conserve and enhance natural beauty' whilst recognising that the natural world underpins our prosperity and wellbeing. The policies can be used to guide environmental land management and assess the impact of development or other changes on the AONB. Where the ambition is to achieve net environmental gain, or assess potential harm, the Plan provides a framework for identifying actions that may enhance or damage the AONBs natural and cultural assets.

### **Place: To conserve and enhance the natural beauty of the AONB.**

**Theme 1: Landscape Character** fundamentally links with landscape management practices and policy; what makes and maintains its character, heritage and local distinctiveness.

The landscape is changing under a host of social, economic and environmental pressures. Activities such as land use, planning and the changing climate, all have an influence on the character and condition of the landscape.

The cumulative impact of small scale changes is being felt at a landscape scale across the South Devon AONB. Approaches to change that respect distinctive local character are increasingly needed to avoid further damaging cumulative impacts. It is likely that levels of tranquillity, particularly around the urban fringes of the AONB are being reduced due to the pressures of development and growth in car usage.

Natural cyclical processes such as the shifting channels in our estuaries will give rise to future changes and the impact of our changing climate will over the period of the plan may give rise to changes in the character of the landscape.

**Key policy objective:** Improved coordination and influence in the management of landscape features to ensure they are maintained, enhanced, understood and appreciated.

#### **Lan/P1** Character

The special qualities, distinctive character and key features of the South Devon AONB landscape and South Devon Heritage Coast will be conserved and enhanced.

#### **Lan/P2** Technical assessments

The use of Landscape and Seascape Character Assessments and Historic Landscape and Seascape Characterisation will be advocated so that land use and marine planning and management decisions respect, maintain and where possible enhance the special qualities of the South Devon AONB.

### **Lan/P3** Landscape condition

Opportunities will be sought to strengthen landscape character by improving the condition of existing landscape features in poor condition and reinstating landscape features identified as missing or fragmented.

### **Lan/P4** Tranquillity

Levels of tranquillity throughout the South Devon AONB will be maintained and, where practicable enhanced, in order to ensure this special quality is not further devalued.

### **Lan/P5** Skylines & visual intrusion

The character of skylines and open views into, within and out of the South Devon AONB will be protected. Suitable alternatives to infrastructure responsible for visual intrusion will be promoted together with improvements to reduce the visual impact of unsightly past development. Priorities include protection against intrusive energy generation, transmission and communications infrastructure; external lighting that creates night time scenic intrusion; and visually dominating buildings that are inconsistent with landscape character.

### **Lan/P6** Seascape

The open undeveloped seascape seen from the coast forms a defining setting for the South Devon AONB: the long uninterrupted views, wild character and natural horizons will be protected and sustained.

### **Lan/P7** Setting to the AONB

The deeply rural character of much of the land adjoining the AONB boundary forms an essential setting for the AONB and care will be taken to maintain its quality and character.

**Theme 2: Natural resources & climate** relates to the natural capital of the AONB. The Partnership has a key role in the management of land and water but also covers the issue of air quality and climate change.

*Natural capital is the sum of our ecosystems, species, freshwater, land, soils, minerals, our air and our seas. These are all elements of nature that either directly or indirectly bring value to people and the country at large. They do this in many ways but chiefly by providing us with food, clean air and water, wildlife, energy, wood, recreation and protection from hazards.*

Climate change is having an impact on the AONBs special qualities and key features, especially shoreline and intertidal habitats. Increased extreme weather events, localised flooding, coastal erosion, sea level rise, bypasses of waste water treatment works, soil loss, low river



flows and damage to habitats and species from pests and diseases. Difficult harvesting conditions and weather damage to cereal crops is affecting the local farming community.

Development in water catchments is increasing nutrient loadings, storm water runoff rates, siltation and pollution incidents. Diffuse agricultural pollution and nutrient enrichment, algal blooms, endocrine disruptors, antibiotics, medicine by-products and local pollution from boating activities are all affecting our waters and threaten the viability of commercial shellfisheries.

**Key policy objective:** The sustainable management of the natural capital of the AONB.

**NatRes/P1** Natural capital.

A landscape scale natural capital approach will be taken where practicable to sustainably use and manage primary resources in the AONB.

**NatRes/P2** Water quality

The highest standards of water quality will be secured throughout the South Devon AONB. The effective integration of land, freshwater and estuary management will be sought at a river catchment scale, to address sustainable soil, waste and nutrient management, point source and diffuse pollution, and the abstraction, supply and use of water.

**NatRes/P3** Pollution

Effective contingency planning will be maintained to guide emergency responses to pollution incidents affecting land, sea and air.

**NatRes/P4** Climate change

Communities will be assisted to develop resilience in adapting to climate change whilst ensuring that the special qualities of the South Devon AONB are conserved and enhanced working with physical processes where practicable.

**NatRes/P5** Waste

Domestic and commercial waste reduction, management and recycling initiatives will be supported and promoted, where they conserve natural resources and enhance landscape character.

**NatRes/P6** Energy

Initiatives will be supported that increase energy efficiency and the use of renewable heat and power sources particularly from local woodfuel supply chains, where these initiatives conserve and enhance the special qualities of the South Devon AONB and promote the principal of good environmental stewardship of resources.

**NatRes/P7** Flooding & erosion

Approaches to flood risk management and erosion control which work with natural processes, conserve the natural environment and improve biodiversity will be advocated and supported.

### **Theme 3: Biodiversity & geodiversity** relates to the wildlife, habitat and geological assets of the AONB.

Some agricultural practices are thought to be contributing to a continuing gradual decline of many formerly common wildlife species and their habitats. The medium sized mixed farms traditional in South Devon are well suited to supporting diverse wildlife, but the future for these enterprises is uncertain. On the coastal and inland plateaux much of the agricultural land is highly productive and under competing pressures. Conversely, under-management of non-farmed areas and a reduction in overall livestock numbers are causing the gradual decline of some grassland, scrub and coastal habitats.

The fragmentation of habitats has reduced the ability of less mobile species to move successfully, leading to isolation and loss. The extent, condition and integrity of the network of 'local sites' that generally receive lower levels of protection, resources and attention continue to be of concern. The large number of sites, associated costs of re-survey and limited strategic support all present difficulties. As our current "climate space" moves northwards, habitats and species will be significantly affected. Invasive non-native species continue to expand and alter the balance of natural biodiversity throughout all of the habitats in the AONB.

**Key policy objective:** The biodiversity and geological assets of the AONB are conserved and enhanced as part of a bigger, better and more connected landscape.

#### **BioGeo/P1** Designated sites

Designated sites of international, national and local importance for biodiversity and geodiversity will be protected, be managed effectively to achieve their conservation objectives, and be better linked to the wider habitat network.

#### **BioGeo/P2** Priority species

Priority species will be protected and conserved. Targeted action will be taken to support the recovery of priority species whose conservation is not delivered through wider habitat-based measures.

#### **BioGeo/P3** Ecological networks

A natural capital approach will be used to conserve and enhance the area at a landscape scale.

#### **BioGeo/P4** Geodiversity

The conservation and enhancement of significant geological and geomorphological features throughout the area will be sought, underpinned by a presumption in favour of sustaining natural processes.

#### **BioGeo/P5** Reconnecting people and wildlife



Opportunities will be sought to reconnect the AONB's residents, visitors and workforce with nature, to promote appreciation of the benefits nature provides to us and to inspire positive action.

**BioGeo/P6** Positive cumulative impacts

Opportunities will be sought to maximise the benefits for wildlife from the management of all types of land and water.

**BioGeo/P7** Damage and disturbance

Increased recreational pressure will be managed at locations where unacceptable damage or disturbance to vulnerable habitats and species is likely to arise.

**BioGeo/P8** Invasive non-native species

A strategic approach to the control, or eradication where feasible, of invasive non-native species will be taken where they threaten to damage local habitats and species, and where action is practicable. The provision of guidance and advice to landowners with the most damaging invasive non-native species will be central to this approach.

**Theme 4: Historic environment** relates to improved coordination and influence in the management of the historic environment features of the AONB, to ensure they are maintained, enhanced, understood and appreciated.

Continuing neglect is damaging certain types of historic features such as field barns and estuary and coastal features with no current use. The condition of nationally important scheduled monuments within the South Devon AONB is threatened by a number of factors including cultivation, scrub encroachment, burrowing animals and climate change.

Climate change continues to affect coastal and estuarine archaeology, where much has already been inundated by sea level rise. The remaining sites are fragile and poorly documented (if at all) and some are suffering loss and damage from storm and erosion, such as Salcombe Castle and Hallsands ruined village.

A number of non-scheduled features such as ponds and wells link back to past human activity and are important historic elements which reveal time-depth within the AONB landscape. There are also many historic designed landscapes (as well as associated structures and features) which are not currently designated, and which could be at risk of deterioration or loss through a lack of management, recognition and information relating to them.

**Key policy objective:** The AONB landscape, its historic features and distinctive vernacular buildings are conserved and enhanced as part of a living and working landscape for which there are mechanisms in place to ensure their continued long-term management and care.

**Hist/P1** Cultural and historic environment

The identification, protection and active conservation of the AONB's cultural and historic environment will be promoted and supported.

#### **Hist/P2** A heritage asset

The South Devon AONB landscape will be regarded as a single unified heritage asset of national importance.

#### **Hist/P3** Public access

Public access will be encouraged to archaeological and historic sites that able to withstand visitor pressure without undue harm to their nature conservation interests and physical features.

#### **Hist/P4** Statutory protection

Statutory protection together with appropriate management will be sought for the most important historic monuments and buildings.

#### **Hist/P5** Community participation

Local community participation will be encouraged in the research, recording, celebration, promotion, care and conservation of cultural heritage and historic features.

#### **Hist/P6** Technical resources

The use of Historic Landscape and Seascape Characterisation, the Historic Environment Record, Tithe Maps and other tools and information resources will be promoted in order to inform projects, policies and activities.

#### **Hist/P7** Coastal heritage

Coastal heritage sites will be incorporated into adaptation plans and realignment measures through recording, promoting, understanding and recognising their contribution to coastal landscape character.

#### **Hist/P8** Land management

The protection and enhancement of historic environment assets shall be integrated into other land management initiatives in the AONB.

**Theme 5: Farming & land management** is concerned with the sustainable farming, forestry and land management sector that helps to conserve and enhance the character of the AONB.

The agriculture sector is entering a period of major change especially the funding uncertainty while arrangements for post Brexit environmental land management schemes are awaited. Existing government direct payments to farmers will be phased out and a new system will recognise and value the broader benefits with payments being based on the provision of public goods.

The decline in farming incomes and increased financial pressures are leading land owners to seek alternative land uses, such as the use of agricultural land for caravan parks, tourist attractions, flood alleviation and the creation of wildlife habitats.

Wider issues in the sector include the trend that farms are becoming larger, more specialised and industrialised, while the number and profitability of traditional small mixed farms continues to decline. Adapting to modern agricultural practices has the potential to damage the traditional agricultural landscape.

Concerns are expressed over the depletion of soil organic matter, soil compaction and erosion, diffuse pollution and the neglect of hedge banks. The decline in family mixed farms is accompanied by an ageing farming population, a shortage of new entrants to the industry, and an increasing burden of regulation and administration. The recent spread of plant and animal diseases represent an increased threat to business viability and the cost of precautionary measures and restocking are significant.

Prices for bulk timber are poor and provide little incentive for owners to manage woodlands productively. Most woodland in the AONB are in small units with poor road access, steep slopes and low quality timber: they are generally unprofitable although the management of Ash Dieback *Chalara fraxinea* to produce wood fuel could provide a business opportunity from some land managers.

Traditional field boundaries are suffering through lack of management, removal and amalgamation of fields, hedges are increasingly being managed by flailing as opposed to more traditional methods. The creation of horse paddocks, with associated division of fields, and infrastructure (e.g. stables, shelters, jumps, electric tape and wire fences) is affecting land which was formerly used for livestock grazing.

**Key policy objective:** A sustainable farming, forestry and land management sector that helps to conserve and enhance the character of the AONB.

**LanMan/P1** Critical to the AONB's future

A profitable, sustainable and environmentally beneficial farming and land management sector providing high quality food, fuel, timber and benefits to people and wildlife will be fostered as one of the principal means of maintaining the special qualities and distinctive landscape of the AONB.

**LanMan/P2** Farming with nature

Support will be sought for farmers and land managers who sustain land of exceptional landscape and nature conservation interest in recognition of the additional costs incurred in operating these farming systems.

**LanMan/P3** Hedgebanks, trees, woodlands and orchards

The retention and sensitive management of trees and woodlands will be promoted, especially the hedge banks, hedgerow trees, historic parkland trees, ancient woodlands, small woods, orchards, veteran and ancient trees which are of particular importance in the AONB. The planting of orchards, specimen trees and some new woods will be encouraged, subject to existing biodiversity interests and the careful selection of sites and species to reflect and strengthen local landscape character.

**LanMan/P4** Environmental land management

High quality environmental land management will be promoted to help conserve and enhance the special qualities and distinctive agricultural landscape of the AONB.

**LanMan/P5** Communities, farming and our environment

Wider community engagement with the farming and land management sector will enable a deeper understanding of the important role played by land managers in maintaining the AONB's special qualities, and providing the food, produce and natural environment services we all rely on.

**LanMan/P6** Evolving farms

The evolution of farm types, modernisation activities, diversification enterprises and added value operations that conserve and enhance the South Devon AONB's special qualities will be supported.

**LanMan/P7** Land management support

Well-co-ordinated advisory, training and contracting services will be promoted to support new and existing land managers in maintaining a productive and environmentally sustainable landscape.

**LanMan/P8** Land management support

Offer support and assistance to deliver environmental outcomes developed through collaboration and consultation, creating local priorities that deliver on national themes.

**LanMan/P9** Land management support

Support farmers and land owners to deliver locally focussed environmental outcomes from agri-environment payment schemes.

**Theme 6: Coast & Marine** relates to the conservation and enhancement of the high quality and internationally significant coastline of the AONB, including the South Devon Heritage Coast.

There is continued pressure for infrastructure and other developments, including coast defence around individual properties and highway repair. Sea level rise coupled with extreme storm events is creating significant challenges for some coastal locations in the AONB.

Some prominent coastal sites are spoiled by past poor-quality development, compounded by growing pressure for commercial activities, intensive recreational use and erosion. Recreational conflicts and disturbance of tranquil areas are sometimes caused by motorised craft and at a small number of beaches users compete for safe launch and water space.

Litter is widely perceived as a problem in the AONB, with even a small amount having a marked effect on people's perception of a wild and unspoilt coastline. High levels of beach litter is brought in by the tides, reflecting a wider issue with marine litter. Marine plastics are a growing concern, as evidence increases about the harm these cause to marine wildlife and fish stocks.

**Key policy objective:** The South Devon Estuaries Management Plan (Annex1) covers in detail the Avon, Dart, Erme, Salcombe - Kingsbridge and Yealm Estuaries.

**Mar/P1** Coastal character

The tranquil and undeveloped character of the coast will be protected. Opportunities will be sought for improvements in the condition of degraded sites.

**Mar/P2** Coast and marine management

The effective integration of AONB management with the management of the adjoining marine environment will be sought to ensure that the development of Marine Plans for the South and Southwest areas, and access to the coastal margin under the Marine and Coastal Access Act 2009, have regard for the purpose of conserving and enhancing the natural beauty, special qualities and key features of the AONB.

**Mar/P3** High quality marine environment

The special qualities associated with these areas and the Heritage Coast will be reflected and promoted throughout AONB literature, campaigns, awareness and communication programmes.

**Mar/P4** Coast protection

The South Devon and Dorset Shoreline Management Plan provides a policy framework for the area and covers the next 100 years. For areas identified as requiring no active intervention, there will be a presumption that natural coastal processes will be allowed to act. For other policy areas requiring intervention and wherever practicable, soft engineering solutions that work with natural physical processes will be preferred together with the realignment of coastal infrastructure to more suitable locations where there is space to accommodate it.

**Mar/P5** Recreational pressure

Information, education and awareness campaigns will be used in managing recreational pressures and conflicts at the coast. Where demonstrable problems and safety issues remain, relevant organisations will carefully consider the most appropriate steps to be taken in order to address the situation.

**Mar/P6** Protective public ownership

The acquisition of undeveloped coastline for protective public ownership will be supported. The management of newly acquired sites will be supported where this accords with the purpose of conserving and enhancing the natural beauty, special qualities and key features of the South Devon AONB.

**Theme 7: Rivers and Estuaries** relates to the conservation and enhancement of the high quality and internationally significant rivers and estuaries of the AONB, including the South Devon Heritage Coast.



The increased number of extreme storm events and sea level rise is impacting on river and estuary infrastructure and some settlements. There is significant pressure for further built development along estuary shorelines, with cumulative impacts on landscape, habitats, species and water quality. Established maritime businesses have been gradually displaced from their traditional premises, undermining the viability of essential shore-side support services and increasing pressure on other undeveloped estuary-side locations to accommodate boating uses.

There is strong recreational demand for moorings and marina spaces within the estuaries and pressure on key access points. There are requirements for improved shore-side infrastructure for the fishing and mariculture sector and better launch facilities for small recreational craft. Estuary trails offer great potential for countryside access although this has the potential to increase disturbance of sensitive wildlife.

**Key policy objective:** The South Devon Estuaries Management Plan (Annex1) covers the Avon, Dart, Erme, Salcombe - Kingsbridge and Yealm Estuaries. An Estuaries Biosecurity plan for each estuary is available via the AONB website.

#### **Est/P1** Estuary character

A thriving maritime economy contained within the existing developed harbour areas will be promoted, complimented by high quality boating facilities and infrastructure. The more remote parts of the estuaries will be managed for their tranquil and unspoiled character and safeguarded from moorings spread and development.

#### **Est/P2** Maritime services

Boat maintenance, repair and storage facilities will be encouraged within harbour areas and the loss of relevant shore-side infrastructure by conversion to other uses will be resisted through the planning system.

#### **Est/P3** Mariculture

Sustainable mariculture enterprises will be retained and encouraged in appropriate locations, both as a traditional feature of the AONB economy and as a “driver” for further improvements to water quality.

#### **Est/P4** Climate change

The adaptation of habitats and species to climate change and sea level rise will be promoted through sustaining natural processes wherever practicable, while protecting settlements from flooding.

#### **Est/P5** Coordination and management

The effective coordination and management of the rivers and estuaries will be developed through the AONB Estuaries Partnership, community forums, and the Catchment Based Approach.

#### **Est/P6** Environmental management

Harbour Authorities will be supported in maintaining effective arrangements for managing moorings, navigation, dredging and waste, underpinned with good environmental practices which ensure the conservation and enhancement of the South Devon AONB's special qualities.

**Est/P7 Fisheries management**

The populations of resident and migratory fish in the AONB estuaries and rivers will be given effective protection from poaching and over-exploitation through more effective byelaws, information, reporting and enforcement.

**Est/P8 Foreshore management**

All foreshore, seabed and tidal waters developments will be challenged to conclude with a net gain in extent health of foreshore, seabed and open water habitat. Advising and working with developers and relevant authorities is central to achieving this action.

**People and Prosperity: Encourage and support sustainable economic development, social engagement and recreational activity that conserve and enhance the natural beauty of the AONB.**

**Theme 8: Access, Recreation & Tourism** relates to sustainable activity that is compatible with the protected landscape and the needs of agriculture, forestry and other uses.

Intense recreational pressure is exceeding the carrying capacity at some popular sites during peak periods, causing erosion, landscape degradation, damage to habitats and archaeology, and conflict between users.

There is increasing demand for certain types of recreational activity imposing a greater need for maintaining infrastructure and information, and for managing safe and sustainable usage.

Many people actively enjoy the health benefits of countryside access and recreation, but significant elements of the population do not.

These include people disadvantaged by poor health or disability, lack of access to information and transport, and lack of opportunity and confidence. Some noisy and intrusive recreational activities disturb the tranquillity of the AONB and spoil the enjoyment of others.

Trespass, noise, disturbance of wildlife, car obstruction and the poor management of dogs continue to be a focus of concern.

The growth of housing, population and visitor numbers in the AONB continue to increase pressure on recreational facilities and vulnerable sites, at a time when there is shrinking funding to maintain and repair them. Whilst it is recognised that sustainable forms of tourism can make valuable contributions to the local economy and sustainable rural development, increasing visitor pressure also has the potential to affect the character of the area's natural and historical assets.

**Key policy objective:** Improved access to services and facilities and the active participation in community and appropriate landscape related social enterprise.

**Acc/P1** Recreation, leisure and sports

The quiet enjoyment of the South Devon AONB by the public will be promoted through recreation, leisure activities and sports that respect other users and the area's natural beauty, special qualities and land management.

**Acc/P2** Rights of Way

A well-connected network of paths and strategic recreational routes will be sensitively maintained and promoted. Opportunities will be sought to extend them and improve linkages where this is compatible with conserving and enhancing natural beauty.

**Acc/P3** Naturally healthy

Opportunities to use the natural environment resource of the South Devon AONB to benefit the health and well-being of residents and visitors will be sought and promoted, particularly where this coincides with opportunities to enhance the area's special qualities.

**Acc/P4** Noisy or intrusive recreational activities

In remote and tranquil countryside areas, noisy or intrusive recreational activities will be discouraged. The conservation and enhancement of natural beauty and the protection of vulnerable wildlife will be given priority in the promotion of access and recreation.

**Acc/P5** Access to beaches and the coastal corridor

A public right of access to beaches and the undeveloped coastal corridor will be sought in consultation with landowners that avoids disturbance and safeguards sensitive wildlife sites. Supporting coastal margin projects as part of the Marine and Coastal Access Act 2009.

**Acc/P6** Popular sites

The provision of sustainable visitor facilities, recreational infrastructure and information will be promoted at the most heavily used destinations. Management resources, promotion and marketing will be concentrated on the more popular and developed sites which are best able to accommodate and contain intensive recreational pressure.

**Acc/P7** Developer contributions

Where new developments are likely to increase recreational pressures on the countryside, coast or estuaries, developers will be expected to provide suitable recreational facilities on-site as well as contributing to improving carrying capacity and facilities in the surrounding area.

**Acc/P8** Information

Co-ordinated information and interpretation about countryside, coastal, marine and estuarine recreation and access will be promoted through a range of media, to help foster greater understanding, appropriate expectations and considerate behaviour. Car parks and principal access points such as slipways will be used as locations wherever possible to minimise signage proliferation.

**Acc/P9** Tourism



A sustainable, year-round tourism industry which benefits from and contributes to the environmental quality of the area will be supported. The loss of accommodation and facilities for visitors and recreational users will be resisted. Activities and initiatives to extend the main tourism season and to assist in promoting the area to overseas visitors will be supported.

**Theme 9: Planning and Sustainable Development** relating to its key role in the conservation and enhancement of the AONB, its wildlife and communities.

There is a recognised need for affordable housing within the AONB and to meet this need, a certain amount of new housing and development will be required. There is also pressure for market housing and other forms of development. It is very important for any development to take place in a way that minimises detrimental impacts upon the character of individual settlements and the landscape character of the AONB.

The AONB remains under intense pressure for development both inside the boundary and in the adjoining urban and rural setting. The development types currently having most impact include: new housing on green field sites and the conversion of business, tourism and employment land to other uses. The constraints on available land mean that areas both immediately adjacent to the AONB boundary and within come under increasing pressure for housing development.

The scale of new development in the sub-region is bringing a range of indirect impacts to its surrounding area including additional traffic, light pollution, waste water, recreational pressures and disturbance to wildlife.

**Key policy objective:** Applying the mitigation hierarchy and using planning policy to conserve and enhance AONB special qualities for compatible sustainable development.

**Plan/P1** Plan-making

Planning policies will give great weight to the purpose of conserving and enhancing the natural beauty and special qualities of the South Devon AONB; while supporting small scale development that is appropriate to its setting, is in keeping with its character, and meets the economic and social needs of local communities.

**Plan/P2** Decision-taking

Development management decisions will give great weight to the purpose of conserving and enhancing the natural beauty of the South Devon AONB; and support development that is appropriate and proportionate to its setting within or adjacent to the South Devon AONB by following the mitigation hierarchy.

**Plan/P3** Planning protocol

Local Planning Authorities will consult the AONB Unit on planning policy and significant planning applications following the agreed planning protocol and use the South Devon AONB Management Plan as a material consideration to inform plan-making and decision-taking.

#### **Plan/P4** Representations

The AONB Unit will provide representations to Local Planning Authorities preparing Local Plans, Neighbourhood Plans and Minerals and Waste Development Frameworks; and to the Marine Management Organisation in respect of Marine Plans; to ensure that they; have had regard to the purpose of conserving and enhancing the natural beauty of the South Devon AONB throughout the plan preparation process and secure consistent and robust policies giving great weight to conserving and enhancing the natural beauty and special qualities of the South Devon AONB.

#### **Plan/P5** Consultees

Natural England will continue to be the principal statutory consultee on planning and sustainable development matters affecting Areas of Outstanding Natural Beauty. The AONB Unit will continue to provide a local perspective on the sensitivity to change in specific locations of the South Devon AONB's natural beauty and special qualities.

#### **Plan/P6** Providing advice

Advice on development proposals will increasingly be provided through standing advice and supporting documents including the South Devon AONB planning guidance document.

**Theme 10: Transport & Highways** relate to sustainable transport, opportunities for improved access and highway design that contributes towards conserving character and tranquility.

Intense traffic pressure, particularly in the summer months, causes congestion at certain locations and creates an intrusion into the quality of the countryside and its tranquility. The degradation of roadside hedge banks and verges continues, through direct vehicle damage, the wearing of passing places, slumping, flailing, the loss of soil and stone facings, and the spread of invasive species.

There is a legacy of obtrusive lighting, concrete post and wire fencing, missing hedge banks and unsympathetic road alignments, while modern specifications for kerbing, signage, lining and traffic calming can have a urbanising impact on the rural road network. The increase in motorised traffic has rendered many rural roads unsuitable for use by walkers, horse riders and cyclists.

**Key policy objective:** The impact on the landscape, environment and enjoyment of the AONB is considered in the planning and provision of transport networks and services.

#### **Trans/P1** Highway management

Highway network maintenance and will be undertaken in a manner which is sensitive and appropriate to the rural character of the AONB and compatible with its special qualities will be supported.

### **Trans/P2** Features of the road network

The landscape and cultural features of the AONB's road network will be protected and conserved.

### **Trans/P3** Parking

Car-borne pressures will generally be contained within existing locations and the construction of significant additional car parking capacity at remote coastal sites will be resisted. Landscape improvements will be sought for existing carparks which are visually intrusive or in poor condition.

### **Trans/P4** Green Lanes

The legal and responsible use of unmetalled roads by pedestrians, cyclists, horse-riders and carriage drivers will be promoted.

### **Trans/P5** Large vehicles

Traffic management measures will be supported which reduce the pressure of large and heavy vehicles on the most minor roads.

### **Trans/P6** Public transport

The provision of sustainable public transport services and convenient alternatives to the use of the car will be supported.

**Theme 11: Rural Economy and Services** is all about a living and working landscape, with wide range of business and economic activity taking place. The social needs of local communities vary from towns to isolated rural hamlets.

The high demand for residential development is causing a continued loss of business, tourism and service premises by conversion. The cost of living and below-average wages in the AONB create an obstacle to the recruitment and retention of a local workforce, particularly young people and skilled manual workers. This position also contributes toward a significant net daily commuter out-migration of skilled workers to nearby urban centres.

The higher cost of products and services, austerity measures and changes in global market forces have served to accentuate deep-rooted challenges already facing rural businesses in the area. The rate of closure of essential rural services continues to affect the sustainability of smaller rural settlements in the AONB.

**Key policy objective:** Improved access to services and facilities and the active participation in community and appropriate landscape related social enterprise

### **Econ/P1** Green economy

The growth of the area's green economy will be supported where sustainable economic growth and the health of our natural resources sustain each other. Employment sectors having a traditional association with the AONB and which conserve or enhance the AONB's special qualities will be promoted and supported.

#### **Econ/P2** Supply chains

Improvements will be sought to the processing and supply chains of products which are sustainably harvested from the land and waters of the AONB; developing nearby markets, revitalising rural incomes and supporting the land management sector. Sustainable initiatives will be encouraged that result in residents, retailers and visitors purchasing locally sourced, high quality food, woodfuel, materials and produce.

#### **Econ/P3** Rural business

Sustainable rural business and farm diversification initiatives will be supported where these maintain or enhance the special qualities or distinctive landscape character of the AONB and contribute to employment and prosperity.

#### **Econ/P4** Environmental performance

High standards of environmental performance by local companies, and the development and use of “clean” technologies which create prosperity and employment with positive impacts on the local environment, will be promoted.

#### **Econ/P5** Local services

The retention and improvement of viable, accessible, essential local services such as shops, post offices and pubs will be sought, together with associated community infrastructure in market towns and villages. The loss of business premises and local services by conversion to other uses will be resisted. Effective use will be made of the Community Asset Register under the Localism Act 2011 to secure the future of valued community facilities.

#### **Econ/P6** Capacity and skills

Economic capacity and skills in the area will be supported through training opportunities, community enterprise, business networking and cooperation especially where these assist businesses to contribute to AONB purposes.

**Theme 12: Community and Culture** relates to opportunities to develop local community initiatives and activity in partnership with others to help develop skills, improve health, raise awareness and encourage cohesion.

South Devon continues to provide an attractive retirement and second home destination, and young adults are leaving the area to go to higher education and job opportunities elsewhere. Young people find it extremely difficult to afford a home in the AONB because of below average wage levels and the high cost of housing.

Many rural support services and community organisations are thinly stretched and face difficulty recruiting volunteers. A high quality of life does not extend to all. Social and cultural exclusion, poor health, poverty and isolation are still experienced, particularly amongst the elderly in hidden pockets of deprivation.

Communities are becoming increasingly divorced from land management and farming traditions reflected in the growing disconnection between children and the natural environment, reflected in obesity, sedentary lifestyles, and the loss of independence and confidence in decision making.

**Key policy objective:** A sustainable rural economy that serves to conserve and enhance the character of the landscape by increased local participation and volunteering opportunities.

**Comm/P1** Special qualities

Initiatives that engage local communities in understanding, exploring, celebrating, conserving and enhancing the special qualities and distinctive characteristics of the AONB will be promoted and developed.

**Comm/P2** Sustainable lifestyles

Community-based initiatives that promote sustainable lifestyles will be supported and promoted where they are compatible with the conservation and enhancement of the AONB.

**Comm/P3** Resilience

People will be supported in building vibrant, healthy and resilient communities enjoying a high quality of life with good access to facilities.

**Comm/P4** Cultural traditions

Activities which reinforce the cultural traditions of the AONB such as events, fairs, regattas, competitions, parish maps, clubs, arts, crafts and trades will be supported and fostered, especially where these strengthen the link between people and landscape.

**Comm/P5** Community planning

Initiatives will be supported which promote community planning and action, community cohesion and voluntary services, and which address isolation and deprivation.

**Communication and Management: the AONB is recognised and valued as a national, regional and local asset and is effectively managed in partnership with our stakeholders.**

**Theme 13: Awareness and Communication** is an activity of the AONB Partnership and its supporters helping to develop understanding of the countryside, awareness of the AONB designation, its purposes and the work of the Partnership.

South Devon does not have a clear geographical place in the public imagination or provide an obvious boundary for the AONB. Natural beauty is a difficult term to communicate effectively to different audiences, especially as most of the South Devon AONB is a cultural,



working landscape shaped and managed by people. Many residents of the area, especially the young and those in adjoining urban areas, are not engaged with the AONB for a range of reasons - cultural, financial, mobility and social exclusion.

Austerity and the emphasis on economic growth are challenging the relevance and value of the AONB designation and management amongst some decision makers.

**Key policy objective:** A greater awareness of the AONB, the purposes of the designation, the role of the Partnership and range of opportunities for engagement.

**Aware/P1** AONB awareness

Awareness and understanding of the South Devon AONB and its special qualities will be promoted amongst residents, businesses, organisations and visitors in and around the AONB.

**Aware/P2** Caring for our AONB

Awareness, understanding and respect for people actively contributing to the care of the landscape features and natural resources of the AONB will be promoted.

**Aware/P3** Ecosystem services

An improved understanding of all the benefits the AONB provides for us will be at the core of communication activity, seeking to foster decisions and actions that value our natural environment.

**Aware/P4** Lifelong learning

People of all ages will be encouraged to investigate, record and celebrate their local places, and enjoy considerate and informed experiences of wildlife and the natural environment.

**Aware/P5** Goods and services

Local communities and visitors will be encouraged to make consumer choices to support local, high quality products and services that sustain the area's special qualities, landscape and the people who manage it and make a living from it.

**Aware/P6** Involving everyone

Organisations, groups and communities will be encouraged and supported in playing an active role in conserving and enhancing the special qualities of the AONB.

**Theme 14: Management, Organisation & Partnerships** addresses operational aspects of the AONB Partnership and Unit.

Some key partner organisations are finding it increasingly difficult to engage with partnerships and forums, as staff reductions and reorganisation take effect. The continuing squeeze on public sector funding and annual cuts to the AONB Unit budget mean that more time has to be diverted into fundraising. Project work has become more opportunistic and short term.

Despite Defra guidance that relevant public bodies should regularly report on their compliance with the statutory duty to have regard for the purpose of conserving and enhancing the natural beauty of the AONB, this is seldom being done in practice. The weakness of the legislation, and the fact that AONB Plans are not in themselves legally binding, limits the ability of the AONB Partnership to influence change.

**Key policy objective:** The AONB Partnership will act as ambassadors, influence policy and decision making affecting the area and work to secure funding for the long-term co-ordinated management of the area and report on its work.

**Part/P1** Legal duty of regard

Relevant authorities will have regard for the purpose of AONB designation in the conduct of their functions and decision making, as required by Section 85 of the Countryside and Rights of Way Act 2000.

**Part/P2** Management Plan implementation

The AONB Partnership, through its member organisations and the AONB staff unit, will seek to achieve its vision for the AONB by implementing the Strategic Delivery Plan.

**Part/P3** AONB Partnership arrangements

The AONB local and statutory authorities will maintain effective partnership arrangements including a dedicated locally based staff unit.

**Part/P4** Management initiatives

The AONB Partnership will direct management initiatives inside the AONB and in those adjoining hinterland and marine areas outside the boundary which have an important bearing on the AONB.

**Part/P5** Partnerships

The AONB Partnership will foster constructive links with partnerships and strategic initiatives at local, county, regional, national and international level.

**Part/P6** National Association for AONBs

The AONB Partnership will work closely with other protected landscapes and actively support the National Association of AONBs.

**Part/P7** AONB boundary

The AONB Partnership will keep the boundary of the AONB under review to ensure that the designation remains appropriate and fit for purpose in South Devon.

## Strategic delivery framework

This strategic delivery framework shows how the plan delivers actions relating to the Defra 25 Year Environment Plan. The annual delivery plan outlines how we aim to implement this Management Plan. We will report on progress annually and use it to inform our annual business planning process each year.

| Strategic delivery themes   | Relevant policies                                    | Project delivery that supports  | Timescale |   | Priority |
|---|--|---|-----------|---|----------|
|   |  |   | M         | L |          |
| Using and managing land sustainably   | LanP1 to P7, NatRes P1 to P8<br>PlanP1 to P8, PartP1 | Future land management system incentives  |           | M | L        |
| Recovering nature and enhancing the beauty of landscapes                                | BioGeoP1 to P8, HistP1 to P8                         | Planning responses recognising NPPF 172 – 174, p55<br>Projects that deliver 'environmental net gain'  | S         |   |          |
| Connecting people with the environment to improve health and wellbeing                  | AccP1 to P8  | Habitat and species management projects<br>Promoting health and wellbeing through the natural environment<br>Providing community volunteering opportunities |           | M | L        |
|   |  | Maintain clean recreational waters  |           |   |          |
|   |  | Encouraging people to be close to nature  | S         |   |          |
| Increasing resource efficiency and reducing pollution and waste                         | LanManP1to P9 TransP1 to P9                          | Working with farmers on soil health, fertilisers and pesticides   | S         |   |          |
| Securing clean, healthy, productive and biologically diverse rivers, estuaries and seas | MarP1 to P8, EstP1to P8                              | Developing natural flood management solutions, and improving biosecurity  |           | M |          |
|   |  | Reducing avoidable plastic waste and the impact of wastewater   | S         |   |          |
| Protecting and improving the wider environment  | NatResP1to P8  | Sustainable management practices  |           |   | L        |
|   |  | Resource efficiency and minimising environmental impact   | S         |   |          |
|   |  | AONB Unit and Partnership leading by example  | S         | M | L        |



## Measuring progress and change

A national protected landscape monitoring framework developed by Defra and Natural England involves the collection and distribution of data sets from several statutory organisations. The State of the AONB report (Annex 3) details the information currently available and progress on Management Plan implementation will be reported on the AONB website with summaries published in the AONB Unit Annual Report.

## Details of supporting annex documents

The following annexes form an integral part of the Management Plan.

1. South Devon AONB Estuaries Management Plan 2017 -2024
2. AONB Planning Guidance (V1)
3. State of the AONB report
4. What makes South Devon special report
5. Strategic Environmental Assessment, Sustainability Appraisal and Habitat Regulation Assessment
6. Statement of representation
7. Strategic context and background to AONBs (NAAONB 2018)

The annexes and other documents relating to AONB activity can be found on the AONB website [southdevonaonb.org.uk](http://southdevonaonb.org.uk). The AONB Unit and Partnership will refer to these and other documents in its responses to planning consultations and land management initiatives and will also seek to develop and implement the recommended areas for future research and activity.

## Acknowledgements

This Management Plan has been developed and produced by the South Devon AONB Unit on behalf of South Devon AONB Partnership Committee. All images, maps and photographs used in this Partnership Plan by kind permission and © copyright of the following: TBC

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Requests for alternatively accessible versions of this Plan will be accommodated where practical.

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**MINUTES OF THE MEETING OF  
THE SALCOMBE HARBOUR BOARD  
HELD AT CLIFF HOUSE, SALCOMBE ON MONDAY, 16 JULY 2018**

| <b>Members in attendance</b> |                          |                                      |                               |
|------------------------------|--------------------------|--------------------------------------|-------------------------------|
| <b>* Denotes attendance</b>  |                          | <b>∅ Denotes apology for absence</b> |                               |
| *                            | Cllr J Brazil (Chairman) | *                                    | Ms A Jones                    |
| *                            | Cllr J A Pearce          | *                                    | Mr M Long                     |
| ∅                            | Cllr K R H Wingate       | *                                    | Mr M Mackley                  |
| ∅                            | Cllr S A E Wright        | *                                    | Mr H Marriage (Vice-Chairman) |
|                              |                          | ∅                                    | Mr I Stewart                  |
|                              |                          | *                                    | Mr M Taylor                   |

| <b>Item No</b>   | <b>Minute Ref No below refers</b> | <b>Officers in attendance and participating</b>   |
|------------------|-----------------------------------|---|
| All agenda items |                                   | Salcombe Harbour Master; Deputy Monitoring Officer; Finance Community Of Practice Lead; and Senior Specialist - Democratic Services |
| 9                | SH.7/18                           | Community Of Practice Lead Assets; and Senior Specialist Assets   |

**SH.1/18 WELCOME**

On behalf of the Board, the Chairman welcomed Cameron Sims-Stirling to his first Board meeting since recently being appointed to the role of Salcombe Harbour Master.

**SH.2/18 MINUTES**

The minutes of the meeting of the Salcombe Harbour Board held on 6 November 2017 were confirmed as a correct record and signed by the Chairman.

**SH.3/18 CODE OF CONDUCT DISPENSATIONS**

The Deputy Monitoring Officer reminded the Board of the implications under the adopted Code of Conduct. She went on to advise that having a mooring or payment of harbour dues constituted a contract with the Council, and therefore should be declared as a Disclosable Pecuniary Interest (DPI). In the event of declaring a DPI, a Member would have to update their Register of Interest forms immediately.

As a number of Board Members were in this position, the Deputy Monitoring Officer granted a dispensation to all Members to enable them to take part in the meeting, (as stated in Paragraph 8.1 (c) of the Members Code of Conduct) as otherwise the meeting would be inquorate. This dispensation would be in force until the next Annual Council meeting in May 2019.

**SH.4/18      DECLARATIONS OF INTEREST**

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

Ms Jones, Mr Mackley, Mr Marriage and Mr Taylor each declared a disclosable pecuniary interest in all related agenda items by virtue of having moorings or paying harbour dues to the Council. As a result of the Solicitor granting each Board Member a dispensation, they were all able to take part in the debate and vote on any related matters (Minute SH.3/18 above refers).

Cllr J Brazil and Mr Taylor both declared a personal interest in agenda item 12: 'Update on the Egremont' (Minute SH.10/18 below refers). Cllr Brazil declared his interest by virtue of having previously been employed by the Island Cruising Club (ICC) and remained in the meeting and took part in the debate and vote thereon. Mr Taylor declared his interest by virtue of being a member of the ICC Committee and also remained in the meeting and took part in the debate and vote thereon.

**SH.5/18      PUBLIC QUESTION TIME**

In accordance with the Procedure Rules, the following members of the public addressed the Board:

**(a) Tim Tucker (South Sands Ferry)**

Mr Tucker stated his concerns over the recent dinghy races and the fact that the Harbour had been closed for a 50 minute time period. Whilst accepting that it was inappropriate for the Board to consider this matter further at this meeting, Mr Tucker asked that consideration be given in the future to implementing alternative measures rather than closing the Harbour (e.g. by imposing staggered start times).

**(b) Dick Martin (Egremont)**

Mr Martin highlighted agenda item 12 (Minute SH.10/18 below refers) and read a statement in support of the Egremont retaining its mooring. In urging the Board to reconsider its current stance on the return of the Egremont, Mr Martin's statement made specific reference to:-

- (i) the local economic benefits arising from the Egremont's return;
- (ii) the intention of the Egremont to offer sailing and other watersport opportunities to disadvantaged children. Mr Martin asked that the Board give consideration to the wellbeing of these children before making a final decision;

- (iii) his confidence that the Egremont would not become a noisy party ship. It was confirmed that the intention would be for a well-managed, tightly controlled facility to be created that would not be a nuisance in the Harbour;
- (iv) the intended corporate hospitality events would ensure the financial wellbeing of the business;
- (v) these proposals not constituting a new business start-up;
- (vi) the contents and tone of the Board letter having caused a crisis in confidence amongst the financial backers who were supporting the business venture. Furthermore, Mr Martin questioned whether it was fair for the Egremont to lose its rightful home especially when considering that £300,000 had already been spent on its restoration;
- (vii) the Egremont's Moorings having been paid up to and including March 2018. In addition, Mr Martin clarified that no further payments had been made since he had not received an invoice for payment beyond this period;
- (viii) the ship having previously been an eyesore and an embarrassment. Mr Martin reassured the Board that the returning ship would come back to the Harbour in an excellent condition;
- (ix) his guarantees that all aspects of the returning ship would be fully compliant with the safe running of the Harbour. Moreover, the ship would be an environmentally friendly vessel;
- (x) the Rivermaid. For clarity, Mr Martin informed that the viability of the Rivermaid was an important part of the overall project and its operation was financially unsustainable without the Egremont;
- (xi) it being his wish to present the financial modelling that underpinned the project to a future Board meeting. When questioned, Mr Martin reiterated that he had no reason to doubt the veracity of the finance that supported this project.

In conclusion, Mr Martin thanked the Board for enabling him the opportunity to make his address and he hoped that he could work with the Board to bring the Egremont back to Salcombe.

**(c) Stephanie Danby**

Ms Danby informed the Board that she had previously been an ICC instructor and had started a petition in support of the Egremont just five days before this meeting. At the time of this meeting, Ms Danby advised that the petition had already obtained 983 signatures and she urged the Board to support the project.

**(d) Martin Jenkins**

Mr Jenkins highlighted the Harbour's adopted Strategic Business Plan and emphasised that a number of facets within this document (e.g. supporting a thriving local economy, the importance of taking stakeholder engagement seriously and employment in the marine industry) were relevant to the Egremont project. Mr Jenkins proceeded to urge the Board to support the project.

**(e) Phil Pritchard**

Mr Pritchard expressed a contrary view to the previous speakers and questioned where the Board would stand in the event of the Egremont returning and the business not succeeding. In addition, Mr Pritchard made reference to the proposed future hospitality uses for the vessel and asked the Board to think very carefully before making its decision.

**(f) Martin Beck**

Mr Beck acknowledged that there was an emotional connection with the Egremont and was aware that vast amounts of money had been loaned and/or gifted to support it. Having taken a keen interest in the project, Mr Beck had not seen a Business Plan and was still to be convinced that the proposals would be financially viable. In order to generate revenue, Mr Beck emphasised the need for the operation to be highly commercial and a training school would not go far enough in this respect. Whilst expressing the view that times were changing, Mr Beck felt sorry for the Board and Mr Martin alike but remained of the view that, in the absence of a robust Business Plan, the vacant Egremont mooring should be reallocated. Finally, Mr Beck recognised that, despite there remaining a demand for a sailing school, the ICC required a new vision.

**(g) William Tucker (local landowner)**

Mr Tucker handed a letter to the Chairman that stated that, as a local landowner, he would not enter into any easement for services with any party without having previously consulted the Harbour Authority.

SH.6/18

**FEEDBACK FROM HARBOUR COMMUNITY FORUMS**

The Board received verbal update reports from those Members who attended the Harbour Community Forums. The updates were given as follows:

**Salcombe Kingsbridge Estuary Conservation Forum (SKECF)**

The representative advised that an issue had been raised regarding water quality that had consequently been addressed by the Environment Agency in September.

**South Devon & Channel Shellfishermen**

It was noted that Mr Stewart (the newly appointed Board Member) would become the Board representative on the Forum.



### **Kingsbridge and Salcombe Marine Business Forum**

The Forum had welcomed the appointment of the new Harbour Master and it was noted that dialogue between him and the local marine businesses was frequent.

### **Kingsbridge Estuary Boat Club (KEBC)**

The representative advised that he had no issues to report to this meeting.

### **East Portlemouth**

The representative advised that he had no issues to report to this meeting.

## **SH.7/18 UPDATE OF BATSON MASTERPLAN**

The Senior Specialist (Assets) conducted a presentation that made reference to 7 key elements:-

- A multi-deck car park at Shadycombe;
- New units being created alongside the south Quayside;
- The construction of a new Harbour Depot;
- The proposal for permanent boat parking to the north;
- The proposal for seasonal boat and car parking to the south;
- Exploration of community housing being built on Croft Hill; and
- The potential for buildings to be constructed on the back of the Quay for commercial units with residential use above.

In conclusion, the Senior Specialist (Assets) advised of the intention for a further community stakeholder event to be held in September.

In the ensuing debate, the following points were raised:-

- (a) With regard to the proposed commercial units, a Member questioned the apparent lack of parking provision in that area;
- (b) Some Members expressed their deep reservations over the loss of boat, car and trailer parking that would result from the current proposals. Indeed, such were the extent of these concerns, that some Board Members stated the need for these issues to be resolved before they would be able to support these proposals;
- (c) In respect of the multi-deck car park proposals for Shadycombe, a Member highlighted the detrimental visual impact and the extensive engineering works that would be required in order to achieve this element;
- (d) The Board reiterated its wish for some form of incentivised scheme to be in place to ensure that the proposed new commercial units be allocated to genuine local marine businesses. Furthermore, a Member requested that construction costs be kept as low as possible to ensure that the units remained affordable for such local businesses.

In conclusion, it was noted that an officer meeting was to take place in the upcoming weeks to discuss these matters further and the Harbour Master was asked to reflect the Board's concerns at this meeting.

## SH.8/18 **2017/18 YEAR END FINANCIAL REPORT**

Members were presented with a report that advised of the Harbour's final trading position in 2017/18 together with brief details of the main variations from the original Budget.

In discussion, reference was made to:-

- (a) the new environmental projects. A Member expressed his disappointment that only £1,893 of the £5,000 funding for environmental projects had been used in 2017/18;
- (b) the schedule of loans. Officers advised that there was one loan currently outstanding which the Board may deem appropriate to repay earlier than was required. Also, the Board noted the potential for an additional loan to be taken out to construct some new pontoons towards the end of 2018;
- (c) the security patrol fees. Whilst acknowledging that the contract ran for a further three years, some Members expressed their scepticism that the current security patrol was providing adequate value for money to the Authority.

It was then:

### **RESOLVED**

1. That the income and expenditure variations for the 2017/18 Financial Year be noted;
2. That the overall trading surplus of £33,784 be noted; and
3. That the surplus (as referred to at 2 above) be allocated to the Harbour's General Reserve Fund.

## SH.9/18 **HARBOUR MASTER'S REPORT**

A report was considered that summarised a number of topical issues that affected the Harbour.

In the ensuing discussion, reference was made to:-

- the Board being supportive of the intention to publish the Annual Report in September 2018;
- the Moorings Policy. The Board agreed the suggestion in the published agenda report to establish a Working Group to review the current Moorings Policy.

In terms of timescales, it was felt that this should be undertaken during the winter with the Group recommendations then being considered by the Board at its meeting on 25 February 2019. With regard to its membership, it was agreed that Cllr Brazil, Ms Jones, Mr Long and Mr Marriage would serve on this Working Group;

- the Board supporting the proposal, as part of the retention policy, for the Harbour Authority to request a current copy of the Council Tax bill of the facility holder;
- the noting of the appointment of the new 'Designated Person';
- amending the date of the 2019 Harbour Board Inspection. The Board agreed that the Inspection (and subsequent Board meeting) should be held on Monday, 24 June 2019;
- the creation of a one page performance report. In the future, the Board asked that a performance report be included in the Harbour Master report that included the latest statistical information relating to: yacht visitor nights; the number of launches from Batson; and the number of harbour dues paid at Batson.

It was then:

### **RESOLVED**

1. That the proposal to publish the Annual Report in September be supported;
2. That a Moorings Policy Review Working Group (comprising of Cllrs Brazil, Ms Jones and Messrs Long and Marriage) be established with the intention of reporting its findings to the Board meeting on 25 February 2019;
3. That the Board support, as part of the retention policy, the proposal for the Harbour Authority to write to every facility holder requesting a current copy of their Council Tax bill;
4. That the appointment of the new 'Designated Person' be noted;
5. That the 2019 Annual Harbour Inspection (and subsequent Board meeting) be held on Monday, 24 June 2019; and
6. That a one page performance report be included in future published editions of the Harbour Master's report to the Board.

### SH.10/18 **EGREMONT UPDATE**

A report was considered that presented the options for the Board in light of the publicity regarding the Egremont's return to a future mooring in Salcombe.

In discussion, the following points were raised:-

- (a) A number of Members made reference to the eloquent points that had been made during the Public Forum (SH.5/18 above refers) and recognised that this was a very emotive (and difficult) issue for the Board to determine. In particular, Members wished to put on record their gratitude to Mr Martin, who had worked tirelessly on this project;
- (b) One of the major issues for the Board to weigh up was the potential liability and risk implications that would be placed on the harbour should the vessel return. A Member also reminded the Board that the vessel was yet to become compliant with a number of regulations (including fire and rescue matters). In addition, it was the adopted policy of the Board that any application for a 'hotel vessel' in the Harbour would be refused and there was a consequent need to maintain the integrity of the Moorings Policy;
- (c) A further cause for concern was felt to be the continued absence of any due diligence or a robust business plan that was able to provide sufficient confidence to the Board that the project would be financially viable;
- (d) Some Members expressed the view that the vast majority of operational difficulties associated with the project would be resolved if the vessel was berthed alongside a Quayside;
- (e) To counter some of the local comments that had been expressed, Board Members emphasised that the argument that the primary reason for the recommendation was to enable for additional moorings to be placed in the Harbour was simply not true;
- (f) Whilst incredibly regrettable, a number of Members felt that they had no option other than to withdraw the vacant Egremont mooring for reallocation.

It was then:

**RESOLVED**

That, having considered the current business case information available, the Egremont Trust be advised that the vacant Egremont mooring is to be withdrawn and reallocated.

(Meeting commenced at 1.30 pm and concluded at 3.55 pm)

---

Chairman

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 26 JULY 2018**

|                               |                 |   |                                     |
|-------------------------------|-----------------|---|-------------------------------------|
| <b>Members in attendance</b>  |                 |   |                                     |
| * Denotes attendance          |                 |   |                                     |
| ∅ Denotes apology for absence |                 |   |                                     |
| ∅                             | Cllr I Bramble  | * | Cllr J A Pearce (Chairman)          |
| *                             | Cllr J Brazil   | * | Cllr J T Pennington (Vice-Chairman) |
| ∅                             | Cllr T R Holway |   |                                     |

|                                    |
|------------------------------------|
| <b>Members also in attendance:</b> |
| Cllr S A E Wright                  |

| Item No   | Minute Ref No below refers | Officers and Visitors in attendance  |
|-----------|----------------------------|--|
| All Items |                            | Head of Paid Service; Section 151 Officer; Finance Community Of Practice Lead; Senior Specialist – Accountant; KPMG Representatives; and Senior Specialist – Democratic Services |

**A.9/18 MINUTES**

The minutes of the meeting of the Committee held on 21 June 2018 were confirmed as a correct record and signed by the Chairman.

**A.10/18 URGENT BUSINESS**

The Chairman advised that she had no urgent items to be raised at this meeting.

**A.11/18 DECLARATIONS OF INTEREST**

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

**A.12/18 ANNUAL STATEMENT OF ACCOUNTS 2017/18**

The Committee considered a report that presented the audited Statement of Accounts and the audited Annual Governance Statement for the financial year ended 31 March 2018.

In introducing the report, officers informed that there had been minimal changes made to the Statement of Accounts and the Annual Governance Statement following the completion of the audit work. For clarity, it was confirmed that these changes that had been made primarily related to the presentation and format of these documents.

In discussion, the following points were raised:-

- (a) Those Members in attendance reiterated their previous tributes to the achievements of the Finance Community Of Practice in meeting the requirement to publish the Council's Accounts a month earlier than in 2016/17;
- (b) Since it was not directly evident in the Accounts, a Member questioned how he would be able to ascertain the total expenditure that the Council had spent on obtaining consultant advice. In reply, officers advised that the Council did not have a budget for external consultancy and such detail would be part of the business case for each specific project;
- (c) In response to a request, officers agreed to write to colleagues at Devon County Council to gain a breakdown of the overseas equities asset allocation for pensions;
- (d) A Member highlighted the comments in the Accounts relating to some of the repair and maintenance costs being incurred due to the vandalism of public conveniences. As part of the current pay on entry for using public conveniences proposals, officers confirmed that the potential for increased vandalism costs had been factored into the business case.

It was then:

### **RESOLVED**

1. That the wording of the Letter of Representation (as set out in Appendix A of the presented agenda report) be approved;
2. That the audited Statement of Accounts for the financial year ended 31 March 2018 (as outlined in Appendix B of the presented agenda report) be approved; and
3. That the Annual Governance Statement post audit (as detailed in Appendix C of the presented agenda report) be approved.

A.13/18

### **EXTERNAL AUDIT ISA260 REPORT 2017/18**

The Committee considered a report that had been produced by KPMG that was entitled: 'External Audit ISA260 Report 2017/18'.

The KPMG representatives introduced the report and wished to pay tribute to the Finance Community Of Practice for their support and timely responses to questions and issues raised.

In discussion, the following points were raised:-

- (a) With regard to Housing Benefit controls, the Committee was reminded that the problems had now been resolved and reconciliations were up to date and reported to the Finance Community Of Practice Lead on a monthly basis;
- (b) Members noted that the section of the KPMG report on Value for Money Arrangements focused on whether or not the Council had adequate arrangements in place as opposed to whether or not the authority had achieved value for money. As with all other local authorities, the representatives had identified that the delivery of a balanced budget was the key risk. Having considered all of the processes that the Council had put in place, the representatives were of the view that these were fit for purpose;
- (c) A Member questioned the lack of reference in the report to those recent significant projects (e.g. One Council and the Local Authority Controlled Company) that had not materialised. In response, the representatives advised that the outcomes of such projects were considered and KPMG had recognised that the associated risks had been highlighted as part of the risk assessments for these projects. Furthermore, the representatives were satisfied that the Council had taken its decisions on these projects having weighed up all of those identified risks;
- (d) As had been raised at the previous Committee meeting (Minute A.4/18 refers), a Member again expressed his surprise that there was a lack of reference in the report to the intrinsic links between the financial standing of West Devon Borough Council and the inevitable knock-on effects to this Council. In response, the Section 151 Officer informed that this point would be reflected in the strategic risk assessment report that would be presented to the Audit Committee meeting to be held on 11 October 2018.

In conclusion, the Committee recognised that the Council would soon be working with a new External Auditor and Members therefore wished to put on record their thanks and best wishes to KPMG and its representatives who had developed excellent working relationships with both Members and officers.

It was then:

**RESOLVED**

That the content of the ISA 260 Report for 2017/18 be noted.

(Meeting commenced at 10.00 am and finished at 10.50 pm)

---

Chairman



**MINUTES OF THE MEETING OF THE DEVELOPMENT MANAGEMENT COMMITTEE HELD AT FOLLATON HOUSE, TOTNES, ON WEDNESDAY, 1 AUGUST 2018**

|                              |                               |   |                           |
|------------------------------|-------------------------------|---|---------------------------|
| <b>Members in attendance</b> |                               |   |                           |
| * Denotes attendance         |                               |   |                           |
| ∅ Denotes apologies          |                               |   |                           |
| ∅                            | Cllr I Bramble                | * | Cllr J M Hodgson          |
| *                            | Cllr J Brazil                 | * | Cllr T R Holway           |
| *                            | Cllr D Brown                  | ∅ | Cllr J A Pearce           |
| *                            | Cllr P K Cuthbert             | * | Cllr R Rowe               |
| *                            | Cllr R J Foss (Vice Chairman) | * | Cllr R C Steer (Chairman) |
| *                            | Cllr P W Hitchins             | * | Cllr R J Vint             |

**Other Members also in attendance:**  
Cllr Wright

**Officers in attendance and participating:**

| Item No:         | Application No: | Officers:  |
|------------------|-----------------|--|
| All agenda items |                 | Planning Senior Specialist, Planning Specialists, COP Lead Place Making, Deputy Monitoring Officer, Specialist – Democratic Services |

DM.16/18

**MINUTES**

The minutes of the meeting of the Committee held on 4 July 2018 were confirmed as a correct record and signed by the Chairman, subject to minor corrections as follows:

- DM.10/18 corrected to read ‘minutes of the meeting held on 6 June, 2018’, rather than 2 May 2018;
- Cllr Hodgson was in attendance for the whole meeting (not pm only)

DM.17/18

**DECLARATIONS OF INTEREST**

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

Cllr R Steer declared a personal interest in application **1710/18/HHO**: Householder application for proposed alterations and extension – 21 Court Park Road, by virtue of the applicant having previously made a complaint about him. The complaint had been investigated and it was found that there was no case to answer. As a result, Cllr Steer remained in the room and took part in the debate and vote on this application;

Cllr D Brown declared a personal interest in the following planning applications that were sited within the South Devon AONB by virtue of being a Member of the South Devon AONB Partnership Committee and remained in the meeting and took part in the debate and vote thereon:

**0124/18/ARM:** Application for approval of reserved matters following outline approval 58/0791/15/O for demolition of store and shelter and construction of 1 no. residential dwelling (resubmission of 0428/17/ARM) – Proposed development site at SX 502 502, Bovisand Lane, Down Thomas

**1710/18/HHO:** Householder application for proposed alterations and extension – 21 Court Park, Thurlestone

DM.18/18

### **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman announced that there was one item of business on which to update the Committee. The COP Lead Place Making advised the Committee that Application **3475/17/OPA:** Outline application with some matters reserved (only access to be considered) residential development of up to 210 dwellings, public open space, green infrastructure, strategic landscaping and associated infrastructure – Proposed Development site SX 857 506, Land south of Townstal Road, Dartmouth, would be deferred from this meeting of the DM Committee. A late letter of representation had been received from the South Devon Area of Outstanding Natural Beauty (SD AONB) team and officers felt that more time was needed to assess the SD AONB response against the new NPPF. Officers also felt it appropriate to await the publication of the Inspector's response to the Joint Local Plan, which was expected imminently.

DM.19/18

### **PUBLIC PARTICIPATION**

The Chairman announced that a list of members of the public and town and parish council representatives, who had registered their wish to speak at the meeting, had been circulated.

DM.20/18

### **PLANNING APPLICATIONS**

The Committee considered the details of the planning applications prepared by the Planning Case Officers as presented in the agenda papers, and considered also the comments of Town and Parish Councils together with other representations received, which were listed within the presented agenda reports, and **RESOLVED** that:

**0124/18/ARM**                      **Proposed Development site SX 502 502, Bovisand Lane, Down Thomas**

**Parish: Wembury**

**Application for approval of reserved matters following outline approval 58/0791/15/O for demolition of store and shelter and construction of 1no. residential dwelling (resubmission of 0428/17/ARM)**

Case Officer Update: The application had been assessed in light of the new NPPF document and the new relevant chapter and paragraph numbers were given; an updated ecology report had been received and the outstanding on-going reptile survey would be completed by the end of August, hence the recommendation seeking approval subject to receipt of a satisfactory updated ecology report

Speakers included: Objector – Mr Bob Short: Supporter – Mr Garry Dimeck: local Ward Member – Cllr Brown

**Recommendation:** Authority delegated to COP Lead DM, in consultation with the Chairman, to grant conditional reserved matters approval for details of access, appearance, layout and scale (not landscaping), subject to an acceptable updated ecology report

However in the event that three months after this resolution, the ecology report raises issues not previously addressed or resolved, that the application is reviewed by the COP Lead DM in consultation with the Chairman of the Committee, and delegated authority is given to the COP Lead to refuse the application in the absence of the above required details being properly addressed

During discussion, the Ward Member asked that he agree the details of the Construction Environment Management Plan (CEMP). In response, he was advised that the planning authority would agree the CEMP in consultation with Cllr Brown.

**Committee Decision:** Authority delegated to COP Lead DM, in consultation with the Chairman, to grant conditional reserved matters approval for details of access, appearance, layout and scale (not landscaping), subject to an acceptable updated ecology report

However in the event that three months after this resolution, the ecology report raises issues not previously addressed or resolved, that the application is reviewed by the COP Lead DM in consultation with the Chairman of the Committee, and delegated authority is given to the COP Lead to refuse the application in the absence of the above required details being properly addressed

Cllr Brown would be consulted on the CEMP condition.

Conditions:

- In accordance with plans
- Time limit for Reserved Matters applications
- Compliance with the Recommendations of Ecology report
- External lighting
- Tree/Hedge retention
- Tree/Hedge protection
- Hedge height controls
- Garage/Parking Provision/ Retention
- CEMP

**1710/18/HHO          21 Court Park, Thurlestone**

**Parish: Thurlestone**

**Householder application for proposed alterations and extension**

Case Officer Update:          The wall to the west elevation that was the subject of condition 4 would be 2m high and not 1.8m high

Speakers included:          local Ward Members – Cllr Wright and Cllr Pearce (statement read)

**Recommendation:**          Conditional Approval

**Committee Decision:**      Conditional Approval

Conditions:

- In accordance with plans
- Time limit
- Materials
- Wall on west elevation installed prior to use of terrace

**DM.21/18          PLANNING APPEALS UPDATE**

Members noted the list of appeals as outlined in the presented agenda report.

**DM.22/18          AMENDMENT TO PUBLIC PARTICIPATION SCHEME**

Members were presented with a report that sought to recommend to Council that the Development Management Public Participation Scheme be amended to take account of General Data Protection Regulations.

During discussion, Members suggested minor amendments to the presented scheme, as it did not accurately reflect the current practice. Officers asked that an additional recommendation be included that would enable the Monitoring Officer to make minor amendments as necessary. It was then:

**RESOLVED** that Council be **RECOMMENDED**:

1. That the proposed amendments to the Development Management Committee Public Participation Scheme be approved, as set out in Appendix 1; and
2. That authority be delegated to the Monitoring Officer to make minor amendments to the Scheme, as necessary.

(Meeting commenced at 2.00pm and concluded at 3.50pm)

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Chairman

## Voting Analysis for Planning Applications – DM Committee 1 August 2018

| <b>Application No:</b> | <b>Site Address</b>   | <b>Vote</b>          | <b>Councillors who Voted Yes</b>   | <b>Councillors who Voted No</b>        | <b>Councillors who Voted Abstain</b> | <b>Absent</b>             |
|------------------------|---|----------------------|--|--|--------------------------------------|---------------------------|
| 0124/18/ARM            | Proposed Development Site at SX 502 502, Bovisand Lane, Down Thomas | Conditional Approval | Cllrs Rowe, Steer, Cuthbert, Foss, Hitchins, Holway (6)                                | Cllrs Brazil, Hodgson, Vint, Brown (4) | (0)                                  | Cllrs Bramble, Pearce (2) |
| 1710/18/HHO            | 21 Court Park Road, Thurlestone                                     | Conditional Approval | Cllrs Brown, Steer, Cuthbert, Foss, Hitchins, Holway, Brazil, Vint, Rowe, Hodgson (10) | (0)                                    | (0)                                  | Cllrs Bramble, Pearce (2) |

**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY PANEL  
HELD AT FOLLATON HOUSE, TOTNES ON  
THURSDAY, 2 AUGUST 2018**

| <b>Panel Members in attendance:</b> |                     |                               |                                  |
|-------------------------------------|---------------------|-------------------------------|----------------------------------|
| * Denotes attendance                |                     | ∅ Denotes apology for absence |                                  |
| ∅                                   | Cllr K J Baldry     | ∅                             | Cllr E D Huntley                 |
| *                                   | Cllr J P Birch      | *                             | Cllr D W May                     |
| *                                   | Cllr J I G Blackler | *                             | Cllr J T Pennington              |
| ∅                                   | Cllr B F Cane       | *                             | Cllr K Pringle                   |
| *                                   | Cllr J P Green      | *                             | Cllr M F Saltern (Chairman)      |
| *                                   | Cllr J D Hawkins    | *                             | Cllr P C Smerdon (Vice Chairman) |
| ∅                                   | Cllr M J Hicks      |                               |                                  |

| <b>Other Members also in attendance:</b>  |
|---|
| Cllrs H D Bastone, J Brazil, T R Holway, N A Hopwood, R C Steer, R J Vint, K R H Wingate and S A E Wright |

| <b>Item No</b> | <b>Minute Ref No below refers</b> | <b>Officers in attendance and participating</b>   |
|----------------|-----------------------------------|---|
| All            |                                   | Group Manager – Commercial Services; and Senior Specialist – Democratic Services          |
| 8              | O&S.20/18                         | Community Housing Lead  |
| 9              | O&S.21/18                         | Fusion Strategic Development Manager and Assets Specialist                                |
| 10             | O&S.22/18                         | Specialist – Performance and Intelligence; Contact Centre Manager; and Specialist Manager |
| 11             | O&S.23/18                         | Monitoring Officer  |
| 16             | O&S.27/18                         | Head of Building Control Partnership  |

**O&S.15/18 MINUTES**

The minutes of the meeting of the Overview and Scrutiny Panel held on 28 June 2018 were confirmed as a correct record and signed by the Chairman.

**O&S.16/18 DECLARATIONS OF INTEREST**

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

**O&S.17/18 URGENT BUSINESS**

The Chairman informed that he had no items of urgent business to be raised at this meeting.

**O&S.18/18 PUBLIC FORUM**

In accordance with the Public Forum Procedure Rules, the Chairman informed that there were no questions that had been received for consideration during this agenda item.

**O&S.19/18 EXECUTIVE FORWARD PLAN**

The Panel was presented with the most recently published Executive Forward Plan.

In addition to the requests that had previously been made, the Panel also formally asked to consider the 'Public Toilet Pay on Entry Contract Award' at its next meeting before its onward presentation to the Executive meeting on 13 September 2018.

**O&S.20/18 COMMUNITY HOUSING STRATEGY – SIX MONTHLY UPDATE**

The Panel considered a report that sought to provide it with an update on progress with the Community Housing Strategy and the programme of action going forward.

To expand upon the details in the report, the Community Housing Lead also conducted a presentation that outlined some of the design ideas that were being developed through one of the early development schemes at South Brent.

In the ensuing discussion, reference was made to:-

- (a) the close linkages to the 'Enabling Homes to Meet the Needs for All' agenda item. A Member highlighted the agenda item that had been considered by the Panel at its meeting on 3 May 2018 (Minute O&S.116/17 refers) that had presented a range of options for the purpose of delivering social/affordable housing. In expressing his surprise at the lack of reference to this item in both the agenda report and presentation, the Member emphasised the importance of the Council adopting a joined up and co-ordinated approach in this respect. As an assurance, the Panel was advised that these close linkages were recognised and lead officers were working in a co-ordinated manner. Furthermore, the potential use of Section 106 monies and the Wholly Owned Company proposals were also relevant to this Strategy and Members were reminded that updates on these matters were also due to be considered by the Panel at future meetings;
- (b) the standardised financial models. A Member highlighted the reference in the report to the financial models that had already been developed and asked to be in receipt of more information outside of this meeting;



- (c) the opportunities presented through this Central Government allocation of £1.88 million to the Council. A Member highlighted the Budget Summary (Appendix B of the presented agenda report refers) and expressed his concerns that one-third of this Fund had already been paid and/or committed without any housing yet being developed;
- (d) the potential for the Council to become a mortgage provider. Whilst there was a great deal of bureaucracy aligned to financial regulations, it was recognised that the Council could opt to become a mortgage provider in its own right;
- (e) the presentation. With regard to the development scheme referred to in the presentation, whilst the need for good design and construction was emphasised, it was also noted that there was a fine balance to be struck to ensure that build costs did not become too high. As a consequence, it was agreed that information relating to costs per unit would be circulated to Members.

It was then:

### **RESOLVED**

That the update on the progress with the Community Housing Strategy and the programme of action going forward be welcomed.

#### **O&S.21/18 SHWD SPORTS AND COMMUNITY DEVELOPMENT ANNUAL REPORT 2017 PRESENTATION (TO INCLUDE YOUTH LEISURE NIGHTS UPDATE)**

The Chairman introduced the Fusion Leisure Strategic Development Manager and the Assets Specialist who were in attendance to provide a presentation that focused on:

- the Fusion Strategic Community Development Team; and
- the Strategic Community Development Plan that included:
  - o means to increase regular participation;
  - o targeting older people, young people, disabled people and disadvantaged and deprived communities;
  - o sporting and community events;
  - o healthy living; and
  - o partnership working.

Upon the conclusion of the presentation, it was agreed that a copy would be circulated to all Members for their information and reference.

In the ensuing debate, the following points were raised:-

- (a) With regard to the latest situation regarding the Youth Leisure Nights, it was noted that:
- The scheme at Quayside Leisure Centre was working well;
  - Dartmouth Leisure Centre had established a scheme that had commenced on 11 May 2018;
  - The team was working with a number of local agencies in Totnes with a view to re-launching a scheme in September 2018; and
  - There was currently no provision in Ivybridge but this would be reviewed again in September 2018.
- (b) In terms of alternative funding streams, a Member highlighted that both County and District Council Members had their own Locality Funds which could be used to support some of the local initiatives referred to in the presentation. To progress this point further, the Community Development Team was encouraged to make contact with local Ward Members;
- (c) Members requested receipt of additional information in relation to participation numbers in the South Hams outside of this meeting. The representative also reiterated that Fusion would expect for its participation numbers to increase further upon the completion of its current centre development works. In reply to a specific query, the Panel was informed that Fusion was considering a complete renovation of the gym facilities at Totnes Pavilion as part of its Phase 2 renovation works;
- (d) When questioned, the representative informed that, to date, the outreach and engagement work in the smaller South Hams parishes had been limited. Whilst accepting the point and noting that resources were limited, Members still requested that progress be made that could be demonstrated when Fusion presented its next annual report.

## O&S.22/18 **QUARTER 1 2018/19 PERFORMANCE REPORT**

Members considered a report that presented the performance information for Quarter 1 2018/19.

In discussion, reference was made to:-

- (a) accessing the latest information on the performance dashboards. Some concerns were raised over difficulties that Members were experiencing in accessing the latest dashboard information and it was requested that officers follow up on this point outside of this Panel meeting;
- (b) the average number of missed bins. Whilst an improving picture, officers informed that the service was still aware of the need for further improvements to be made to this performance indicator;

- (c) the seemingly high number of abandoned telephone calls. Officers informed that they were currently looking at methods of capturing how many of those abandoned telephone calls were due to an increase in channel shift. However, officers did confirm that the overall trend was an increase in customer channel shift, which was directly resulting in a reduction in the total number of calls into the Contact Centre. This trend was subsequently welcomed by the Panel;
- (d) staff turnover in the Contact Centre. In reply to a question, officers advised that staff turnover was still felt to be too high in the Centre and remained an ongoing issue;
- (e) the Development Management (DM) performance information. A number of Members considered the presentation and format of the DM performance information within the published agenda to be unacceptable. It was therefore agreed that the information would be re-formatted and circulated to all Members following this meeting;
- (f) universal credit update. In light of some concerns over the additional workload arising from the universal credit initiative, it was agreed that lead officers would prepare a briefing note that would be sent to all Members.

It was then:

### **RESOLVED**

That the performance levels against target communicated in the Balanced Scorecard and the performance figures supplied in the Background and the Exception report be noted.

## **O&S.23/18 CODE OF CONDUCT HEARING PANEL RECOMMENDATIONS ON THE COMPLAINTS PROCESS**

Members considered a paper that presented the views and recommendations of the Code of Conduct Hearing Panel in response to concerns that had been raised over the Council's current complaints process.

In discussion, there was widespread support expressed for the recommendations and it was confirmed that the Council would be willing to host the suggested training session.

It was then:

## **RESOLVED**

That the Panel:

1. request that a full review of the Council's Code of Conduct be undertaken by the Monitoring Officer, in consultation with the Members of the Code of Conduct Hearing Panel, with the findings being presented back to a future meeting of the Overview and Scrutiny Panel;
2. ask officers to write to Town and Parish Council Clerks outlining the total number of town and parish councillor complaints that had been received by the District Council and the consequent costs that were associated with their administration;
3. **RECOMMEND** to Council that representations be sent to the Secretary of State and local MPs outlining the Council's concerns over the current regulations (e.g. the lack of any meaningful penalties and the unfairness of District Councils having to absorb the costs of administering the scheme for its local Town and Parish Councils);
4. promote to Town and Parish Council Clerks the benefits of informally resolving complaints before a formal process is instigated;
5. ask officers to convene a 'Code of Conduct and Councillor Behaviour' training session for town and parish clerks and councillors;
6. convene a meeting between the Hearing Panel Members; the Monitoring Officer; and the Devon Association of Local Councils County Solicitor to express the concerns of the District Council over the number of complaints that are being received against local town and parish councillors; and
7. encourage the Monitoring Officer to revisit the Council's pool of Investigating Officers in an attempt to build capacity to ensure that complaints are dealt with in a more timely manner.

**O&S.24/18 TASK AND FINISH GROUP UPDATES****(a) Drug and Alcohol Abuse**

By way of an update, it was confirmed that the Group would present its initial recommendations to the next Panel meeting on 6 September 2018 before then presenting its final concluding report to the Panel meeting on 4 October 2018.

**(b) Community Funding**

The Chairman advised that the Group had met on three separate occasions and it was intended that its concluding report would be considered by the Panel at its next meeting on 6 September 2018.

In light of the potential overlap, it was agreed that the Chairmen of this Group and the Drug and Alcohol Abuse Task and Finish Group would discuss the recommendations arising from these Reviews prior to their consideration by the Panel.

**O&S.25/18 ACTIONS ARISING / DECISIONS LOG**

The contents of the latest version of the Log was presented for consideration. In discussion, reference was made to:-

- the meetings to be held between relevant officers and Members on a ward by ward possible to investigate and ascertain possible opportunities to the Wholly Owned Company. A Member expressed his disappointment that these meetings had yet to be held and questioned how these would be arranged since the matter was to be re-considered by the Panel on 6 September 2018. In reply, it was noted that the lead officer would be tasked with progressing this matter upon his return to the office;
- the point again being made that the promised consultation with local Ward Members on the Public Conveniences charging proposals was still to take place;
- confirmation that rolling contracts that were managed by the Council were currently being reviewed.

**O&S.26/18 DRAFT ANNUAL WORK PROGRAMME**

In consideration of its Annual Work Programme, the following comments, additions and amendments were made by the Panel to the most recently published version:-

- (a) The Chairman invited a Member to introduce his formal Scrutiny Proposal Form that was entitled: '*The Future of Our Town Centres in South Hams*'. In so doing, the proposer highlighted the uncertain future being faced by town centres due to changes in retail activity and asked that a Task and Finish Group be set up with the initial task of presenting a draft set of terms of reference to the Panel meeting on 4 October 2018 for its approval.

Following a lengthy debate into the merits of this proposal, it was agreed that, as a way forward, the Community Of Practice Lead for Place Making would be tasked with producing a paper for consideration by the Panel at its meeting on 1 November 2018. It was intended that this paper would present the officer views as to how the Place Making Community Of Practice could have an impact on the Town Centre Regeneration agenda. In addition and, before this paper was considered, the Panel also agreed that the officer should convene four separate meetings with the local Ward Members for each of the four market towns;

- (b) In light of the request made at the Special Council meeting held on 26 July 2018, the Panel supported the suggestion for it to consider the proposed strategy for Commercial Property Acquisition and asset development within the South Hams at its next meeting on 6 September 2018.

#### O&S.27/18 **EXCLUSION OF PUBLIC AND PRESS**

It was then:

##### **RESOLVED**

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

#### O&S.28/18 **DEVON BUILDING CONTROL PARTNERSHIP UPDATE**

The Panel considered an exempt report that provided an overview of the performance of the Devon Building Control Partnership.

In discussion, assurances were given to the Panel that more information (including the agenda and published minutes) related to meetings of the Building Control Partnership Committee would now be distributed to the wider membership.

It was then:

**RESOLVED**

That the update report be endorsed.

(Meeting started at 10.00 am and concluded at 12.50 pm)

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Chairman

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## MINUTES OF THE MEETING OF THE LICENSING COMMITTEE HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 23 AUGUST 2018

### MEMBERS

\* Cllr D W May - Chairman

\* Cllr T R Holway - Vice-Chairman

∅ Cllr K Baldry

\* Cllr J I G Blackler

\* Cllr D Brown

∅ Cllr B F Cane

∅ Cllr P K Cuthbert

∅ Cllr R J Foss

∅ Cllr P W Hitchins

\* Cllr N A Hopwood

\* Cllr K Pringle

\* Cllr R Rowe

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

All Agenda Items: Senior Specialist – Licensing; Licensing Specialist; Deputy Monitoring Officer and Senior Specialist – Democratic Services

#### L.01/18 **MINUTES**

The minutes of the meeting of the Licensing Committee held on 11 January 2018 were confirmed as a correct record and signed by the Chairman.

#### L.02/18 **DECLARATIONS OF INTEREST**

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

Cllr D W May declared a personal interest in Item 6: *'Determination of whether to grant a Hackney Carriage and Private Hire Driver Licence, in effect to determine whether the applicant can be deemed a 'fit and proper person' in light of previous criminal convictions and other relevant motoring offences'* (Minute L.04/18 below refers) by virtue of having undertaken limited business involvement with the applicants' supporter who was in attendance and remained in the meeting and took part in the debate and vote thereon.

L.03/18      **EXCLUSION OF PUBLIC AND PRESS**

It was then:

**RESOLVED**

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraph 1 of Schedule 12A to the Act is involved.

L.04/18      **DETERMINATION OF WHETHER TO GRANT A HACKNEY CARRIAGE AND PRIVATE HIRE DRIVER LICENCE, IN EFFECT TO DETERMINE WHETHER THE APPLICANT CAN BE DEEMED A 'FIT AND PROPER PERSON' IN LIGHT OF PREVIOUS CRIMINAL CONVICTIONS AND OTHER RELEVANT MOTORING OFFENCES**

Consideration was given to an exempt report that sought to determine whether an applicant was a 'fit and proper person' to hold a joint Hackney Carriage and Private Hire Driver Licence with the Council in accordance with Sections 51 and 59 of the Local Government (Miscellaneous Provisions) Act 1976.

At the invitation of the Chairman, the applicant and her supporter provided background information relating to her previous convictions and offences and responded to Member questions.

At 2.20pm (once all parties were content that they had no further issues or points to raise), the Committee adjourned in the presence of the Council's Deputy Monitoring Officer and Senior Specialist Democratic Services.

At 2.50pm, the meeting was re-convened and the Chairman announced the decision.

**RESOLVED**

That the Committee has considered very carefully the application for a Hackney Carriage and Private Hire Driver Licence and has:

- read the Licensing Officer's report (which the applicant has also had sight of) and the Council's Taxi Licensing Convictions Policy;
- read the details on the Disclosure and Barring Certificate and DVLA record taking into consideration the nature of the offences and when these were committed;
- listened very carefully to the representations that have been made to the meeting;

- acknowledged that the main priority of the licensing regime is to ensure public safety. The Committee also recognises that, as a civil matter, the evidence of proof is based on the balance of probabilities; the onus being on the applicant to satisfy the Authority that they are a 'fit and proper person' to continue to drive a Hackney Carriage or Private Hire Vehicle.

The Committee has decided to REFUSE the application for a Joint Hackney Carriage and Private Hire Driver Licence. This decision is based on:-

1. Paragraph 22.3 of the Council's Policy referring to multiple convictions;
2. Paragraph 13.10 of the Council's Policy referring to the seriousness of driving without insurance; and
3. Failure to disclose an offence in the application which happened 6 years ago.

L.5/18 **RE-ADMITTANCE OF PUBLIC AND PRESS**

It was then:

**RESOLVED**

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

L.6/18 **CONSIDERATION OF AN AMENDMENT TO THE HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING POLICY TO ADOPT A PROCESS TO CHECK AND UPDATE THE NEW NATIONAL REGISTER OF TAXI LICENCE REVOCATIONS AND REFUSALS**

Consideration was given to a report that informed that the Local Government Association had written to all authorities in August 2018 with their guidance on adopting the National Register of Taxi Licence Revocations and Refusals.

The Committee noted that this guidance stipulated the procedure that a local authority would need to follow in order to provide data for the national register and to enable the Council to access it.

In discussion, some Members were of the view that, in light of the guidance having only just been received, it would be more appropriate to assess the likely impact and whether the benefits would outweigh the potential resource implications before taking a decision. The Committee therefore requested that this matter be deferred to a future meeting for further consideration.

It was then:

**RESOLVED**

That a decision on the amendment be deferred to a future Licensing Committee meeting.

L.7/18

**ADOPTION OF PROCEDURES AND FEES IN RELATION TO THE ANIMAL WELFARE (LICENSING OF ACTIVITIES INVOLVING ANIMALS) (ENGLAND) REGULATIONS 2018**

Members were presented with a paper that advised them that the Government had recently adopted the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018. The primary purpose of these Regulations had been to amalgamate (and replace) a number of pieces of legislation that governed the licensing of animals.

In discussion, reference was made to:-

- (a) the budgetary impact on the Council. Since the fee charged would be dependent upon the length of the licence, officers advised that it was impossible at this time to determine the budgetary impact of these Regulations. With regard to determining the length of a licence, it was noted that this would be based upon factors including: previous history and a risk assessment having been undertaken;
- (b) reviewing the fees. Members were assured that, in the event of the proposed fees proving to be inappropriate, then they could be reviewed (in the first instance) by the Committee.

It was then:

**RESOLVED**

That Council be **RECOMMENDED** to:-

1. adopt the Discretionary Powers contained within the Animal Welfare Act 2006 and the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018;
2. amend the Scheme of Delegation whereby decisions relating to the determination of licences and enforcement action be delegated to the Community Of Practice Lead for Environmental Health and Housing; and
3. adopt the proposed fees and charges (as outlined in the presented agenda report).

L.8/18

**AGREEMENT TO CONSULT ON THE ADVERTISING AND ADOPTION OF A NEW TAXI RANK AT CLIFTON PLACE, SALCOMBE**

The Committee considered a report that advised that, in July 2018, the Devon County Council Highways Traffic Orders Committee had determined to adopt a new Traffic Regulation Order creating a 'no waiting except for Taxis' bay on Clifton Place, Salcombe.

In discussion, some concerns were expressed over the potential noise nuisance arising from a Taxi Rank being located adjacent to residential properties. As a result, the Committee asked officers to undertake a consultation exercise and to:

- place an advert in the local newspaper;
- write to each of the local residents who lived on Clifton Place; and
- inform local Ward Members.

Upon the conclusion of this consultation exercise, the Committee also requested that they receive a report on the outcome at its next meeting on 1 November 2018 before making a final decision.

It was then:

**RESOLVED**

That a consultation exercise be undertaken on a proposal to adopt a new Traffic Regulation Order to create a 'no waiting except for Taxis' bay on Clifton Place, Salcombe, with the outcome being reported back to the next Committee meeting on 1 November 2018.

(Meeting commenced at 2.00 pm and concluded at 3.25 pm).

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Chairman



**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY PANEL  
HELD AT FOLLATON HOUSE, TOTNES ON  
THURSDAY, 6 SEPTEMBER 2018**

| <b>Panel Members in attendance:</b> |                     |                               |                                  |
|-------------------------------------|---------------------|-------------------------------|----------------------------------|
| * Denotes attendance                |                     | ∅ Denotes apology for absence |                                  |
| *                                   | Cllr K J Baldry     | *                             | Cllr E D Huntley                 |
| ∅                                   | Cllr J P Birch      | ∅                             | Cllr D W May                     |
| *                                   | Cllr J I G Blackler | *                             | Cllr J T Pennington              |
| *                                   | Cllr B F Cane       | *                             | Cllr K Pringle                   |
| ∅                                   | Cllr J P Green      | *                             | Cllr M F Saltern (Chairman)      |
| *                                   | Cllr J D Hawkins    | *                             | Cllr P C Smerdon (Vice Chairman) |
| ∅                                   | Cllr M J Hicks      |                               |                                  |

| <b>Other Members also in attendance:</b>   |
|--|
| Cllrs H D Bastone, I Bramble, J Brazil, R F D Gilbert, T R Holway, N A Hopwood, J A Pearce, R J Tucker, R J Vint, K R H Wingate and S A E Wright |

| <b>Item No</b> | <b>Minute Ref No below refers</b> | <b>Officers in attendance and participating</b>                                  |
|----------------|-----------------------------------|--|
| All            |                                   | Group Manager – Commercial Services; and Senior Specialist – Democratic Services |
| 7(a)           | O&S.33/18(a)                      | Section 151 Officer  |
| 7(b)           | O&S.33/18(b)                      | Community Of Practice Lead – Environment Services                                |
| 8              | O&S.34/18                         | Group Manager – Business Development and Section 151 Officer                     |
| 9              | O&S.35/18                         | Group Manager – Business Development and Senior Specialist – Place and Strategy  |
| 10             | O&S.36/18                         | Community Of Practice Lead – Environment Services                                |
| 11             | O&S.37/18                         | Monitoring Officer   |
| 12(a)          | O&S.38/18(a)                      | Senior Specialist – Environmental Health   |
| 12(b)          | O&S.38/18(b)                      | Commissioning Manager  |
| 16             | O&S.42/18                         | IT Community Of Practice Lead  |

**O&S.29/18 MINUTES**

The minutes of the meeting of the Overview and Scrutiny Panel held on 2 August 2018 were confirmed as a correct record and signed by the Chairman.

**O&S.30/18 DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting. These were recorded as follows:-

Cllr P C Smerdon declared a personal interest in Item 12(b): 'Task and Finish Group Updates: Community Funding' (Minute O&S.38/18(b) below refers) and specifically part 1 of the recommendation by virtue of being a Council appointed representative and trustee of the South Hams Community and Voluntary Service (CVS). Having sought the advice of the Council's Monitoring Officer, Cllr Smerdon advised that he would make an introductory statement before leaving the meeting room during the debate and vote on this item; and

Cllr K Pringle also declared a personal interest in Item 12(b): 'Task and Finish Group Updates: Community Funding' (Minute O&S.38/18(b) below refers) and specifically part 1 of the recommendation by virtue of being a Council appointed representative of the South Hams CVS and remained in the meeting and took part in the debate and vote thereon.

#### O&S.31/18 **URGENT BUSINESS**

The Chairman informed that he had no items of urgent business to be raised at this meeting.

#### O&S.32/18 **PUBLIC FORUM**

In accordance with the Public Forum Procedure Rules, the Chairman informed that there were no questions that had been received for consideration during this agenda item.

#### O&S.33/18 **EXECUTIVE FORWARD PLAN**

The Panel was presented with the most recently published Executive Forward Plan and proceeded to note the likelihood that the agenda items relating to the: 'Governance Arrangements Post JLP Adoption' and 'Peer Review Report' would now be considered at a later meeting of the Executive.

##### **(a) Medium Term Financial Strategy – Presentation**

Having formally requested that the Panel consider the Medium Term Financial Strategy (MTFS) before its onward consideration by the Executive, the Section 151 Officer conducted a presentation to Members that also contained ten recommendations.

In the ensuing debate, reference was made to:-

- (a) some concerns that Development Management Committee Members were disengaged from the process of developing the MTFS. To offset these concerns, officers confirmed that the MTFS would be a standalone item on the Council agenda for its meeting on 27 September 2018;



- (b) the Business Rates Pilot Scheme. Members considered that the Council had little option other than to submit an application for Business Rates Pilot status for 2019/20. That being said, the Panel felt it to be very unfair that those local authorities that were located in London did not have to re-apply;
- (c) negative Revenue Support Grant. It was confirmed that the District Council Network was working very hard to obtain a realistic business rates baseline for all District Councils from 2020 onwards;
- (d) the use of New Homes Bonus funding. Such was the level of detail that was contained within the presentation slides in relation to New Homes Bonus funding, that a Member did not feel in a position to reach a view at this meeting;
- (e) Earmarked Reserves. The Panel felt that there was a need for ongoing review of the projects that were allocated within the Earmarked Reserves. Furthermore, a Member felt that it would be good practice to impose deadlines on such projects;
- (f) the recommendations to take specialist pension advice and review the terms and conditions of the Employment Green Book. In support of the recommendations on the options for the Council's Pension position and the conditions of the Employment Green Book, Members considered these to be particularly important matters;
- (g) the Treasury Management recommendations. The Panel was of the view that any recommendations it made on External Borrowing levels would be pre-empting the views of the Audit Committee. As a result, the Panel did not feel it appropriate to make a recommendation on this part of the MTFs at this time.

It was then:

## **RESOLVED**

That the Executive **RECOMMEND** to Council that:

1. the strategic intention be set to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax Referendum, to enable continued delivery of services (NB. the actual Council Tax for any given year will be decided by the Council in the preceding February);
2. an application be submitted for Pilot status for 2019/20, with agreement being given to a 40% District / 34% Devon County Council / 1% Fire split for the 75% scheme. In the event of the Pilot bid not being successful, then agreement be given to remaining part of the Devon Business Rates Pool for 2019/20;
3. Central Government and Devon MPs be actively lobbied to support a 2019/20 Devon Pilot bid;

4. the Government, Devon MPs and other sector bodies such as the District Councils Network be actively lobbied and engaged with for a realistic business rates baseline to be set for the Council for 2020 onwards;
5. the Council responds to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision;
6. for modelling purposes, the Council use £500,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then reduce this level to £400,000 by 2020-21 and £250,000 by 2021-22;
7. the annual level of contributions to Earmarked Reserves (£722,300) and the adequacy of the existing level of Unearmarked Reserves (£1.8 million) and Earmarked Reserves (£8.3 million) be reviewed by Members as part of the Budget Setting process. (NB. this will assess the adequacy of Reserves levels, in light of future plans and pressures);
8. it takes specialist pension advice on the options for the Council's Pension position, with the aim of reducing the current contributions, increasing affordability, whilst best managing the pension deficit;
9. it continue with the Local Government Terms and Conditions of Employment Green Book for at least 2019/20. That a review be undertaken into all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report being presented back before the end of 2018/19.

#### **(b) Public Toilet Pay on Entry Contract Award**

At the request of the Panel, the Community Of Practice Lead – Environment Services provided an update on the Public Toilet Pay on Entry Contract Award. In so doing, she advised that two tender submissions had been received and, following their evaluation, clarification answers to queries had been sought and received. It was confirmed that the next step would now be to award the contract.

During the subsequent debate, the following points were raised:-

- (i) The Panel was assured that the tender documentation had been compiled in such a way to ensure that the Council was not committed to specific Public Conveniences becoming Pay on Entry facilities. Furthermore, the process of determining exactly which facilities would become Pay on Entry would only be completed following a consultation exercise with the relevant local Ward Members;

- (ii) In reply to a question, officers advised that the tenderers had been asked to provide a view on what they considered to be the most appropriate means of delivering a Pay on Entry solution at each of the Public Conveniences;
- (iii) Whilst the Council continued to lobby, the Panel noted that Business Rates were still payable on Public Conveniences. As part of an upcoming review, officers advised that each of the Rates would be assessed to see if a formal appeal on the Rateable Value should be made to the Valuation Office.

## O&S.34/18 **ACTIVITIES TO SUPPORT ECONOMIC GROWTH**

The Panel considered a report that sought to recommend that the Commercial Property Strategy be adopted. Furthermore, the report also sought to recommend that a total borrowing limit of £60 million be agreed for the Strategy.

During discussion, the following points were raised:-

- (a) As with the earlier comments during the debate on the Medium Term Financial Strategy (Minute O&S.33/18(b) refers), the Panel was reluctant to make any recommendations on the total borrowing limit and felt that it should be a matter for the Audit Committee to consider in detail at its next meeting;
- (b) With regard to the proposed Governance arrangements, some concerns were expressed. In particular, it became apparent that there were differing views over whether or not the Investment Member Group was to become a formal decision-making body. In the event of the Group becoming a constituted decision-making body, then serving non-Executive Members roles (that require independence) would be compromised. As a way forward, it was suggested that the non-Executive Members could attend meetings of the Group in a non-voting capacity.

Such was the extent of the concerns and differing views, that the Panel asked that further consideration be given to the Terms of Reference for the Member Group and the proposed delegated decision-making process. A recommendation to this effect was subsequently **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED**;

- (c) A debate ensued on the proposal for the Head of Paid Service to be given delegated authority, in consultation with the Section 151 Officer and the Leader of Council and the Chair of the Member Group. Some Members could not understand the suggestion whereby the Section 151 Officer (who was only a consultee in the decision) would then have a casting vote in the event of a 'split decision'. Furthermore, the point was raised on a number of occasions that the Council was a Member led authority and the governance arrangements should reflect this fact.

(d) To reflect his personal concerns, a Member formally **PROPOSED** that:-

*'In light of the lack of information available at this time, the Commercial Property Strategy should not be approved.'*

However, this proposal was not seconded and was therefore not debated.

It was then:

### **RESOLVED**

That the Overview and Scrutiny Panel wish to express the following views to the Executive:-

1. that the Panel endorse the principle of a Commercial Property Strategy that includes the following multiple objectives:
  - to support regeneration and the economic activity of the District;
  - to enhance economic benefit;
  - to grow business rate income;
  - to assist with the financial sustainability of the Council as an ancillary benefit;
  - to help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy and objectives; and
2. That the proposed Commercial Property Strategy be revised, with a detailed Terms of Reference for the Investment Member Group being drafted and further consideration being given to the proposed delegated decision-making process in time for consideration at the next Executive meeting on 13 September 2018.

(NOTE: in accordance with Council Procedure Rule 15.6, Cllr J T Pennington requested that his vote against this recommendation be formally recorded).

## **O&S.35/18 NEXT STEPS – ENABLING HOMES TO MEET THE NEEDS FOR ALL**

The Panel considered a report that set out a business case for the formation of a Housing Wholly Owned Company (WOC). The report concluded that, on balance, there was no requirement for the formation of a Council Housing Wholly Owned Company at this time.

In discussion, the following points were raised:-

- (a) In support of the intention to 'enable homes to meet the needs for all', a number of Members acknowledged that this could be achieved irrespective of whether or not a Wholly Owned Company was formed;

- (b) In expressing disappointment, some Members felt it regrettable that the Council had not built (or facilitated the building of) any genuinely affordable housing for local working people in recent years. In addition, these Members stated the need for the Council to reconsider its definition of the term 'affordable' and review its Affordable Housing Policy;
- (c) Despite receiving assurances to the contrary, a Member remained of the view that there was a need to set up a Wholly Owned Company as a means to overcome the right to buy provision.

It was then:

### **RESOLVED**

That the Panel **RECOMMEND** to the Executive agreement of the following principles:

1. That there is no requirement to form a South Hams District Council Housing Wholly Owned Company at this time;
2. That Council borrowing in order to acquire or develop affordable homes is acceptable in principle;
3. That affordable homes may be acquired or developed via the Community Housing Strategy OR through existing work with Registered Providers or Developers. (NB. these properties will be allocated in accordance with Local Lettings Plans and may be managed via the Council's Direct Lets Service; and
4. That the Council's affordable housing development / acquisition plans be guided as outlined in Section 5 of the presented agenda report.

(NOTE: in accordance with Council Procedure Rule 15.6, Cllr K J Baldry requested that his vote against this recommendation be formally recorded).

### O&S.36/18 **PAY & DISPLAY MACHINES**

The Panel considered a report that updated Members of the steps that had been taken by officers to improve the effectiveness of car parking equipment.

In discussion, reference was made to:-

- (i) the latest compensatory offer to the Council. Officers informed that the latest compensatory offer from the Metric Group to reflect the lost income incurred by the Council was unsatisfactory. In the event of the offer remaining unsatisfactory, Members requested that senior representatives from the Metric Group should then be invited to attend a future Panel meeting;
- (ii) future pay and display equipment. In recognition of the changing face of car parks, it was agreed that measures such as 'pay on exit'; construction of barriers; and flexible forms of payment should be considered as part of the 2019/20 Budget Setting process.

It was then:

### **RESOLVED**

1. That the actions taken be endorsed and the steps being taken by the Metric Group be noted; and
2. That, in the event of their compensation offer remaining unsatisfactory, then senior representatives of Metric Group be invited to attend a future Panel meeting.

#### **O&S.37/18 DECISION NOTICES RELATING TO ALLEGATIONS OF BREACHES OF THE CODE OF CONDUCT HEARING PANEL**

Members were presented with two formal decision notices arising from recent Hearing Panel meetings.

It was noted that these two Panel Hearings had been convened to consider allegations that Cllr Gina Coles (Dartmouth Town Council) and Cllr Rosie Adams (Totnes Town Council) had breached their respective Council's adopted Member Code Of Conduct.

It was then:

### **RESOLVED**

That Decision Notices SH 09 170817 and SH 11 071117 be formally noted.

#### **O&S.38/18 TASK AND FINISH GROUP UPDATES**

##### **(a) Drug and Alcohol Abuse – Interim Report**

An interim report of the Task and Finish Group was presented to the Panel that sought to:

- consider the contents of a Briefing Note on designing out intravenous drug use in South Hams District Council Public Conveniences; and
- recommended that works be undertaken to design out the use of intravenous drugs in the male toilets at Coronation Road, Totnes.

In the ensuing discussion, the contents of the interim report were supported and the Panel wished to extend its gratitude to the Task and Finish Group Members and lead officers for their work on this Review.

It was then:

### **RESOLVED**

1. That the Briefing Note on designing out intravenous drug use in South Hams District Council public conveniences (as outlined at Appendix A of the presented agenda report) be noted; and
2. That the Panel **RECOMMEND** that the Executive spend £2,500 from the Repairs and Maintenance Earmarked Reserve to pay for the works necessary to design out the use of intravenous drugs in the male toilets at Coronation Road, Totnes.

### **(b) Community Funding**

The Panel considered the concluding report of the Community Funding Task and Finish Group.

In discussion, reference was made to:-

- (i) the South Hams Community and Voluntary Service (CVS). As indicated when declaring his interest (Minute O&S.30/18 above refers), the Vice-Chairman made a statement in support of the CVS that included:
  - The significant impact of previous funding reductions and his hope for a period of stability for the organisation;
  - The organisation having relocated from the Council offices in March 2018. In making the point, the Member highlighted that the office had remained vacant since and stated that, had it been re-let, then the income generated could have helped to meet the financial reduction being proposed in this agenda report; and
  - The amount of work undertaken by the CVS that was closely aligned to the Council's wellbeing priority theme.

(Upon the conclusion of his statement, the Vice-Chairman left the meeting room.)

In agreement with these views, another Member felt that a one-off reduction from £22,616 to £0 was rather harsh. In disagreement, some of the Task and Finish Group Members felt the links to the Council's corporate priorities were rather tenuous and questioned the added value that was being obtained by the Council. This view was expanded upon, with reference being made to the close linkages between the work of the CVS and the social care sector. Furthermore, these Members also highlighted that, despite being invited to do so each year, 53 of the 59 town and parish councils still chose not to make any financial contributions to the CVS.

- (ii) the proposed funding reductions to the South Devon AONB. In support of the recommendation, Group Members advised that assurances had been sought whereby, despite the proposed reduction, the AONB would still have sources of funding to deliver projects;
- (iii) the South West Rotary Youth Games. It was confirmed that clarity was still being sought over the role of the Rotary Club in the Youth Games. This clarity was being sought in response to some Members being of the view that the Council should not be seen to be supporting organisations such as the Rotary Club. In the event of an unsatisfactory response being received, these Members advised that they may have a differing view when the proposal to retain funding at the existing level was presented to the Council for a final decision.

It was then:

### **RESOLVED**

That the Panel **RECOMMEND** that the Executive **RECOMMEND** to Council that:

1. the proposed funding reduction to the South Hams Community and Voluntary Service be endorsed in accordance with paragraph 5 of the presented agenda report; and
2. the proposed funding reduction to the South Devon Area of Outstanding Natural Beauty be endorsed in accordance with paragraph 5 of the presented agenda report.

(NOTE: in accordance with Council Procedure Rule 15.6, Cllr E D Huntley requested that her vote against recommendation 2 be formally recorded).

### **O&S.39/18 ACTIONS ARISING / DECISIONS LOG**

The contents of the latest version of the Log was presented for consideration. In discussion, it was agreed that the difficulties that Members were still experiencing in accessing the latest performance dashboard information on their iPads would be followed up.



O&S.40/18 **DRAFT ANNUAL WORK PROGRAMME**

The Panel noted the contents of its latest Annual Work Programme without any further comments, additions or amendments.

O&S.41/18 **EXCLUSION OF PUBLIC AND PRESS**

It was then:

**RESOLVED**

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

O&S.42/18 **IT PROCUREMENT**

The Panel considered an exempt report that provided an update on the IT Procurement exercise.

In discussion, the Panel expressed its support for the proposed way forward.

It was then:

**RESOLVED**

That the Panel endorse the IT Procurement exercise and **RECOMMEND** to the Executive that the proposed way forward (as outlined in the exempt agenda report presented to the Panel) be approved.

(Meeting started at 10.00 am and concluded at 1.00 pm)

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Chairman

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 6 SEPTEMBER 2018**

|                               |                 |   |                                     |
|-------------------------------|-----------------|---|-------------------------------------|
| <b>Members in attendance</b>  |                 |   |                                     |
| * Denotes attendance          |                 |   |                                     |
| ∅ Denotes apology for absence |                 |   |                                     |
| *                             | Cllr I Bramble  | * | Cllr J A Pearce (Chairman)          |
| *                             | Cllr J Brazil   | * | Cllr J T Pennington (Vice-Chairman) |
| *                             | Cllr T R Holway |   |                                     |

|   |
|---|
| <b>Members also in attendance:</b>              |
| Cllrs N A Hopwood, R J Tucker, and S A E Wright |

| Item No   | Minute Ref No below refers | Officers and Visitors in attendance  |
|-----------|----------------------------|--|
| All Items |                            | Section 151 Officer; Group Manager – Business Development; Community Of Practice Lead – Environment Services; Senior Specialist – Accountant; Devon Audit Partnership Manager; and Senior Specialist – Democratic Services |

**A.14/18 MINUTES**

The minutes of the meeting of the Committee held on 26 July 2018 were confirmed as a correct record and signed by the Chairman.

**A.15/18 URGENT BUSINESS**

The Chairman advised that she had no urgent items to be raised at this meeting.

**A.16/18 DECLARATIONS OF INTEREST**

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

**A.17/18 ACTIVITIES TO SUPPORT ECONOMIC GROWTH**

The Committee considered a report that sought to recommend that a Commercial Property Strategy be adopted. Furthermore, the report also asked that the Committee agree a total borrowing limit of £60 million for this Strategy.

In his introduction, the Leader of Council outlined the draft Strategy to the Committee and provided an update on the views of the Overview and Scrutiny Panel, who had considered this agenda item earlier in the day.

Following this introduction, it became evident that Members wished to ask questions on exempt Appendix B and it was therefore **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED**:

### **RESOLVED**

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

In addition to these questions being answered, the Leader of Council also provided the Committee with a confidential outline of some of the potential projects that were currently under consideration.

Once all Members were satisfied that they had no further issues to raise in exempt session, it was then **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED**:

### **RESOLVED**

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

That in accordance with

In the ensuing discussion, the following points were raised:-

- (a) The Committee was of the view that the aspects of the current Strategy relating to 'Development on Council Owned Land' and 'Commercial Property Acquisitions in the South Hams' were effectively separate strands. As separate strands, Members were of the view that the governance arrangements for these should be different.

In particular, the Committee recognised that the time constraints associated with open market competition were not so applicable for 'Development on Council Owned Land'. As long as they complied with the Council approved total borrowing limit and contained (as an appendix) a full and detailed Business Plan in each instance, then the Committee felt that such matters could be determined at a formal meeting of the Executive, with the appropriate delegations being in place from the Council. As a further level of assurance, a Member also made the point that such decisions would then be subject to the Scrutiny Call-In Procedure Rules.

With regard to decisions relating to 'Commercial Property Acquisitions in the South Hams', the potential need to act very quickly (and therefore outside of the formal decision making process) was recognised. That being said, Members shared some of the concerns that had been raised by the Overview and Scrutiny Panel in respect of the current proposals related to the delegated decision-making process being in need of further revision. As a result, the Committee asked that the Leader give further consideration to the proposed delegated decision-making process for 'Commercial Property Acquisitions in the South Hams' in time for the next Executive meeting on 13 September 2018;

- (b) Whilst Members did still have some reservations, the Committee felt that a number of its risks had been mitigated by the proposal now being to only acquire Commercial Property that was located within the South Hams;
- (c) A Member was of the view that a 1% net yield return was very slim given the levels of investment being proposed. Whilst accepting that a 1% return may be appropriate for proposals relating to Development on Council Owned Land, the Member felt that a 2% net yield return should be a reasonable assumption for Commercial Property Acquisitions in the South Hams;
- (d) A Member considered that it would be incredibly difficult to base any decisions on the ability to measure social factors and community gain;
- (e) In respect of a total borrowing limit, the Committee emphasised the importance of suitable governance arrangements being first put in place to underpin such decisions. Moreover, Members were supportive of the suggestion of the Leader whereby, in the event of a total borrowing limit being set at £60 million, this should be capped at £30 million before the upcoming May 2019 local elections. It was therefore **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED** that:-

*'Subject to suitable governance arrangements being in place, a total borrowing limit of £60 million (capped at £30 million before 30 April 2019) be agreed for the Commercial Property Strategy.'*

It was then:

### **RESOLVED**

That the Audit Committee wish to express the following views to the Executive:-

1. that the Committee endorse the principle of a Commercial Property Strategy that includes the following multiple objectives:
  - to support regeneration and the economic activity of the District;
  - to enhance economic benefit;

- to grow business rate income;
  - to assist with the financial sustainability of the Council as an ancillary benefit;
  - to help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy and objectives; and
2. that the proposed Commercial Property Strategy be revised to contain two separate strands to the governance arrangements (one part for 'Development on Council Owned Land' and one part for 'Commercial Property Acquisitions in the South Hams') with decisions relating to the 'Development on Council Owned Land' becoming a function of the Executive (through appropriate delegations from the Council and assuming that the proposed expenditure complies with the Council approved total borrowing limits) and further consideration being given to the proposed delegated decision-making process for 'Commercial Property Acquisitions in the South Hams' in time for consideration at the next Executive meeting on 13 September 2018; and
  3. that, subject to suitable governance arrangements being in place, a total borrowing limit of £60 million (capped at £30 million before 30 April 2019) be agreed for the Commercial Property Strategy.

#### A.18/18 **ANNUAL TREASURY MANAGEMENT REPORT 2017/18**

In accordance with regulations issued under the Local Government Act 2003, the Committee considered a report that presented an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18.

In discussion, reference was made to:-

- (a) the Treasury Management performance. The Committee congratulated officers on the investment results and obtaining £140,126 income during 2017/18. In particular, the excellent rates of return from the Council's CCLA investment was noted and it was felt that, as part of the 2019/20 annual budget setting process, consideration should be given to increasing the amount invested in this Fund;
- (b) Member Training. The Committee requested that Treasury Management Training for Members be arranged both before and after the May 2019 local elections. In addition, officers committed to arranging a specific training session on the new CIPFA (Chartered Institute of Public Finance and Accountancy) guidelines before the end of 2018.

It was then:

**RESOLVED**

1. That the actual 2017/18 prudential and treasury indicators (as outlined in the presented agenda report) be approved; and
2. That the Annual Treasury Management Report for 2017/18 be noted.

**A.19/18 PAY AND DISPLAY MACHINES – LOST INCOME**

The Community Of Practice Lead – Environment Services was invited to provide an update and outlined some of the steps that had been undertaken by the Metric Group to improve contract performance.

In discussion, the following points were raised:-

- (a) Officers informed that the latest compensatory offer from the Metric Group to reflect the lost income incurred by the Council was unsatisfactory and negotiations were ongoing;
- (b) To build resilience, it was felt that all Council Car Parks should be installed with a second pay and display machine thereby minimising the impact of one machine not working. The Committee felt that this requirement could be part of the ongoing negotiations with the Metric Group;
- (c) When questioned, officers informed that lost income was calculated by profiling against the income generated in the previous year and adding any charging increases that had been implemented.

**A.20/18 AUDIT COMMITTEE DRAFT WORK PROGRAMME**

In considering its draft Work Programme, the Committee paid particular attention to the request of the Overview and Scrutiny Panel at its meeting on 28 June 2018 (Minute O&S.6/18 refers) for the Committee to undertake an assurance review of the relationship between Civica and the Council.

Having considered the request, Members felt that all avenues had now been explored and there would therefore be little benefit in undertaking a review.

The Committee was therefore unsupportive of this request and asked for this item to be removed from its Work Programme.

(Meeting commenced at 2.00 pm and finished at 3.55 pm)

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Chairman

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**MINUTES OF A MEETING OF  
THE EXECUTIVE  
HELD AT FOLLATON HOUSE ON THURSDAY 13 SEPTEMBER 2018**

|                                 |                  |   |                                   |
|---------------------------------|------------------|---|-----------------------------------|
| <b>Members in attendance:</b>   |                  |   |                                   |
| * Denotes attendance            |                  |   |                                   |
| ∅ Denotes apologies for absence |                  |   |                                   |
| *                               | Cllr H D Bastone | * | Cllr R J Tucker (Chairman)        |
| *                               | Cllr R D Gilbert | * | Cllr S A E Wright (Vice Chairman) |
| *                               | Cllr N A Hopwood | * | Cllr K R H Wingate                |

| <b>Also in attendance and participating</b>                      |         |  |
|--|---------|--|
| Item 6   | E.30/18 | Cllrs Baldry, Green, Pearce, and Pennington                          |
| Item 7   | E.31/18 | Cllr Green   |
| Item 9   | E.33/18 | Cllr Green   |
| Item 10  | E.34/18 | Cllrs Baldry, Bramble, Cuthbert, Green, Hodgson, Pennington and Rowe |
| Item 11  | E.35/18 | Cllrs Cuthbert and Rowe  |
| Item 12  | E.36/18 | Cllrs Baldry, Brown, Cuthbert, Green, Hicks and Rowe                 |
| Item 14  | E.38/18 | Cllrs Green and Pearce   |
| <b>Also in attendance and not participating</b>                  |         |  |
| Cllrs Blackler, Brazil, Holway, Huntley, Pringle, Steer and Vint |         |  |

| <b>Officers in attendance and participating</b> |         |  |
|---|---------|--|
| All items                                       |         | Head of Paid Service, Group Manager Customer First and Support Services, s151 Officer and Specialist – Democratic Services |
| Item 9  | E.33/18 | Specialist Assets and Place Making   |
| Item 10   | E.34/18 | Senior Specialist Environmental Health   |
| Item 11   | E.35/18 | Specialist Benefits  |
| Item 14   | E.38/18 | COP Lead IT  |

**E.26/18 MINUTES**

The minutes of the Executive meeting held on 19 July 2018 were confirmed as a true and correct record and signed off by the Chairman.

**E.27/18 URGENT BUSINESS**

The Chairman advised that there were two items of Urgent Business as follows:

Firstly, Cllr Bastone advised Members that the Council had become a member of the Institute of Customer Service, the purpose was to be able to benchmark against other organisations and learn from the best from both the private and public sectors.

A Customer Satisfaction Survey had been carried out with customers and with staff, and the results of the survey were being analysed. Cllr Bastone sought approval of Executive to request that Overview and Scrutiny Panel review the results and action plan at their meeting on 4 October, 2018, and report back their recommendations to the next Executive on 11 October, 2018. The Chairman of Overview and Scrutiny Panel had accepted the request, and the Executive agreed with the proposed way forward. The matter was urgent as Overview and Scrutiny were required to consider this matter at their next meeting on 4 October, 2018.

Secondly, the Leader advised that he had received a petition from the South Devon Liberal Democrat Group. The matter was urgent as there was a requirement under the petition rules to respond within ten days. In responding to the petition, the Leader made the following statement:

‘Councils have the right, as set out in legislation, to exclude members of the public from a meeting during an item of business where it is likely that confidential information would be disclosed to them, and councillors have an obligation under the Code of Conduct, not to disclose that information. The Council does keep residents informed when it can and will continue to do so in the future by various methods such as direct contact with town and parish councils, face to face meetings with residents and groups, email, website and social media. In respect of the particular issue that is the subject of the petition, the decision for this matter to remain confidential has been taken in line with the recommendations of the Council’s Monitoring Officer in order for the Council to protect its commercial interests.’

#### **E.28/18      DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting and the following were made:

Cllr N Hopwood and Cllr R Gilbert both declared a disclosable pecuniary interest in item 10: Civil Penalties for breaches of Housing Standards Enforcement Notices by virtue of being landlords and they left the meeting for the duration of this item;

Cllr H Bastone declared a personal interest in item 10: Civil Penalties for breaches of Housing Standards Enforcement Notices by virtue of being an agent and he remained in the meeting and took part in the debate and vote on this item.

#### **E.29/18      PUBLIC QUESTION TIME**

It was noted that no public questions had been received in accordance with the Executive Procedure Rules, for consideration at this meeting.

**E.30/18 MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2023/24**

Members were presented with a report that set out the Council's Medium Term Financial Position over a rolling five year timeframe to 2023/24. The Council, along with other local authorities, had faced unprecedented reductions in Government funding since the Comprehensive Spending Review in 2010.

The Leader introduced the report. The s151 Officer responded to questions related to the Business Rates Pilot and the Negative Revenue Support Grant, and confirmed that a budget workshop would be taking place on 11 October, 2018.

It was then:

**RESOLVED**

That the Executive:

1. note the forecast budget gap for 2019/20 of £0.638 million and the position for future years;
2. notes the current options identified and timescales for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability; and
3. **RECOMMENDS** to Council to approve recommendations 1 to 10 as set out in the presented report.

**E.31/18 QUARTER 1 REVENUE BUDGET MONITORING 2018/2019**

Members were presented with a report that enabled monitoring of income and expenditure variations against the approved budget for 2018/19, and provided a forecast for the year end position.

The Deputy Leader presented the report. In response to questions regarding the loss of car parking income through machine breakdown, the Lead Member for Commercial Services advised that discussions were taking place with the contractor.

It was then:

**RESOLVED**

That the Executive note the forecast income and expenditure variations for the 2018/19 financial year and the overall projected overspend of £74,000 (0.8% of the total budget £8.983 million).

**E.32/18 WRITE OFF REPORT**

The Deputy Leader introduced a report that informed Members of the debt written off for revenue streams within the Revenue and Benefits service. Debts up to the value of £5,000 were written off by the s151 Officer under delegated authority. Permission was sought to write off

individual debts with a value of more than £5,000.

During discussion, he confirmed that a Debt Recovery report would be presented to the next meeting of the Audit Committee on 11 October, 2018.

It was then:

### **RESOLVED**

1. That in accordance with Financial Regulations, that the s151 Officer had authorised the write-off of individual South Hams District Council debts totalling £38,326.04 as detailed in Tables 1 and 2 be noted; and
2. That the write off of individual debts in excess of £5,000 totalling £52,344.65, as detailed in Table 3 of the presented report, be approved.

E.33/18

### **TAMAR VALLEY AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT**

Members were presented with a report that outlined the process of the review of the Management Plan for the Tamar Valley AONB, the issues identified for consideration within the Plan review, and detailed the method by which members could contribute to the formal consultation response by the Council, with a view to bringing the final Plan to Executive for adoption in early 2019.

The Lead Member for Customer First introduced the report. The Specialist Assets and Place Making advised that the areas around planning still needed exploration.

It was then:

### **RESOLVED**

1. That the content of the Consultation Draft of the Management plan be noted, and members send any comments to the author of the report for incorporation into a formal Council consultation response before the end of October 2018;
2. That authority be delegated to the COP Lead Place making the final content of the formal Council consultation response; and
3. That the final version of the Management plan for 2019-2024 be brought to Executive prior to adoption in early 2019.

E.34/18

### **CIVIL PENALTIES FOR BREACHES OF HOUSING STANDARDS ENFORCEMENT NOTICES**

Members were presented with a report that outlined how Civil Penalties had been introduced by government legislation as an alternative to

traditional criminal law enforcement against landlords, mostly relating to Housing offences. Local Authorities had the power to set civil penalty amounts locally up to a statutory maximum. Civil Penalties allowed for a higher financial penalty than the currently low court fines, they would provide an effective deterrent and protect residents against rogue landlords, unscrupulous letting agents and other poor business practices. Civil penalties would also deliver more cost efficient and faster enforcement in the area of housing disrepair.

The Lead Member for Customer First presented the report. The Senior Specialist Environmental Health responded to questions. Members praised the report for clarity.

It was then:

### **RESOLVED**

That Council be **RECOMMENDED** to update the existing Enforcement Policy with the Civil Penalty Policy.

E.35/18

### **COUNCIL TAX REDUCTION SCHEME 2019/20**

Members were presented with a report that set out the annual requirement for Councils to revisit their existing council tax support scheme and decide whether to replace or revisit their scheme, the requirements for changing the scheme and the associated time constraints.

The Lead Member for Customer First presented the report. The Benefit Specialist responded to questions of clarity.

It was then:

### **RESOLVED**

1. That the proposal to consult on Option 1 (as set out in section 4 of the presented report) on a banded scheme which would assess the maximum level of Council Tax Reduction based on the net income of the claimant and partner, be approved; and
2. That the results of the consultation exercise be presented back to the Executive prior to a revised scheme being considered for approval by the Council.

E.36/18

### **REPORTS OF OTHER BODIES**

#### **a) Overview and Scrutiny Panel – 6 September 2018**

- i) **O&S.33/18: Medium Term Financial Strategy – Presentation**

It was noted that the Panel recommendations on the Strategy had already been taken into account during consideration of agenda item (Minute E.30/18 above refers).

**ii) O&S.34/18: Activities to Support Economic Growth**

Whilst there was not a specific recommendation to Executive under this item, the Executive noted the views of the Panel that were contained within the published minutes and the Leader made the following statement:

'In light of the views expressed by the Overview and Scrutiny Panel and Audit Committee on the draft Strategy last Thursday, I have consulted with my fellow Executive Members and we have concluded that an amended Strategy should be presented to the Council on 27 September 2018 that proposes the following revisions:-

1. That the Strategy contain two separate strands to the governance arrangements: one part for 'Development on Council Owned Land' and one part for 'Commercial Property Acquisitions in the South Hams';
2. That, for decisions relating to the 'Development on Council Owned Land', these become a delegated function of the Executive (assuming that the proposed expenditure complies with the Council approved total borrowing limits);
3. That, for decisions relating to the 'Commercial Property Acquisitions in the South Hams', delegated authority be given to the Head of Paid Service and Section 151 Officer, in consultation with the Members of the Executive. Executive Members will be given two clear working days to respond to a request and, in the event of three or more Executive Members expressing their opposition to the proposal, then the matter will proceed no further;
4. That, for decisions made to proceed on 'Commercial Property Acquisitions in the South Hams', a report will be presented (for noting purposes) to the next meeting of the Executive;
5. That, whilst a minimum net yield return of 2% is targeted, in some circumstances, e.g. where community benefits are likely to be achieved, a lower return may be acceptable;
6. That, based upon the specific governance concerns raised at the Overview and Scrutiny Panel meeting, the Investments Member Working Group be disbanded with immediate effect.

In line with the views of the Audit Committee and, with these governance arrangements being put in place, I will also be proposing that the Council report includes a recommendation for the total borrowing limit for the Strategy to be set at £60 million (to be capped at £30 million before 30 April 2019).'

It was then:

**RESOLVED**

That a report be presented to the meeting of Council on 27 September 2018 setting out a revised Commercial Property Acquisitions and Development Strategy.

**iii) O&S.35/18: Next Steps – Enabling Homes to meet the needs for all**

It was then:

**RESOLVED**

That the Executive agree the following principles:

1. That there is no requirement to form a South Hams District Council Housing Wholly Owned Company at this time;
2. That Council borrowing in order to acquire or develop affordable homes is acceptable in principle;
3. That affordable homes may be acquired or developed via the Community Housing Strategy OR through existing work with Registered Providers or Developers. (NB. these properties will be allocated in accordance with Local Lettings Plans and may be managed via the Council's Direct Lets Service; and
4. That the Council's affordable housing development / acquisition plans be guided as outlined in Section 5 of the presented agenda report.

**iv) O&S.38/18: TASK AND FINISH GROUP UPDATES**

**(a) Drug and Alcohol Abuse – Interim Report**

It was then:

**RESOLVED**

That the Executive spend £2,500 from the Repairs and Maintenance Earmarked Reserve to pay for the works necessary to design out the use of intravenous drugs in the male toilets at Coronation Road, Totnes.

**(b) Community Funding**

During debate on this item, some Members expressed concern over the reduction in funding to the South Devon Area of Outstanding Natural Beauty (AONB). It was **PROPOSED, SECONDED** and on being put to the vote declared **LOST**, that recommendation 2 be deferred to enable further discussions to take place with the AONB team.

It was then:

**RESOLVED**

That the Executive **RECOMMEND** to Council that:

1. the proposed funding reduction to the South Hams Community and Voluntary Service be endorsed in accordance with paragraph 5 of the presented agenda report; and
2. the proposed funding reduction to the South Devon Area of Outstanding Natural Beauty be endorsed in accordance with paragraph 5 of the presented agenda report.

**O&S.42/18: IT PROCUREMENT**

The Chairman confirmed that the Panel recommendation would be consideration during agenda item 14 (Minute E.38/18 below refers).

**b) Audit Committee – 6 September 2018**

**A.17/18: ACTIVITIES TO SUPPORT ECONOMIC GROWTH**

Whilst there were no specific recommendations from the Audit Committee to the Executive, the comments of the Audit Committee on the Commercial Property Strategy as set out in the agenda item 'Activities to Support Economic Growth', were noted by the Executive, and taken into account in the way forward proposed above and set out in the response to Minute O&S.34/18.



E.37/18 **EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED**

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

E.38/18 **IT SYSTEMS PROCUREMENT**

Members were presented with an exempt report that sought direction on a preferred option in respect of the IT systems procurement.

The Lead Member for Customer First and Support Services presented the report.

It was then:

**RESOLVED**

That the Council be **RECOMMENDED** to endorse the ICT systems procurement and recommendations that are set out in the presented report.

***(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.30/18(3), E.34/18, E.36/18 a) iv) (b) and E.38/18 WHICH WERE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 27 SEPTEMBER 2018, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 24 SEPTEMBER 2018 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).***

(Meeting commenced at 10.00 am and concluded at 11.30 am)

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Chairman

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