

South Hams Executive



Title:	Agenda
Date:	Thursday, 19th July, 2018
Time:	10.00 am
Venue:	Repton Room - Follaton House
Full Members:	<p style="text-align: center;">Chairman Cllr Tucker</p> <p style="text-align: center;">Vice Chairman Cllr Wright</p> <p><i>Members:</i> Cllr Bastone Cllr Hopwood Cllr Gilbert Cllr Wingate</p>
Interests – Declaration and Restriction on Participation:	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.
Committee administrator:	Member.Services@swdevon.gov.uk

- 1. Minutes** **1 - 10**
to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 14 June 2018;
- 2. Urgent Business**
brought forward at the discretion of the Chairman;
- 3. Division of Agenda**
to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
- 4. Declarations of Interest**
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;
- 5. Public Question Time** **11 - 12**
a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;
- 6. Exclusion of Public and Press - to consider the following resolution to exclude the public and press:-**
"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 items of business in order to avoid the likely disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act";
- 7. Waste Procurement Project Update**
To Follow
- 8. Re-admittance of Public and Press**
- 9. Medium Term Financial Position for 2019/20 onwards** **13 - 46**
- 10. Activities to Support Economic Growth** **47 - 64**
- 11. Newton and Noss Neighbourhood Plan** **65 - 68**

12. Thurlestone Neighbourhood Plan	69 - 72
13. Request for a Long Lease to Totnes Rugby Club.	73 - 76
14. Business Rates - Locally Administered Business Rate Relief Policy	77 - 86
15. Parking Order Operational Amendments	87 - 92
16. Write Off Report	93 - 102
17. Reports of Bodies	103 - 116
a) Overview & Scrutiny Panel – 28 June 2018	
18. Council Owned Asset Investment and Development - Prior Engagement: Verbal Update	

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY 14 JUNE 2018**

Members in attendance:			
* 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

Also in attendance and participating		
Item 6	E.04/18	Cllrs K J Baldry, J P Birch, I Bramble, P K Cuthbert, J Green, J M Hodgson, D W May, J A Pearce, J T Pennington, R J Vint
Item 7	E.05/18	Cllrs I Bramble, J Green, R Rowe and M F Saltern
Item 8	E.06/18	Cllrs J A Pearce and J T Pennington
Item 9	E.09/18	Cllrs K J Baldry, J P Birch, J M Hodgson, D W May, J A Pearce, J T Pennington, R C Steer and R J Vint
Item 10	E.08/18	Cllrs K J Baldry, J Birch, I Bramble, P K Cuthbert, J Green, J M Hodgson, J T Pennington and M F Saltern
Item 12	E.11/18	Cllrs K J Baldry, J P Birch and J A Pearce
Also in attendance and not participating		
Cllrs Brown and Hicks		

Officers in attendance and participating		
All items		Executive Director Service Delivery and Commercial Development, Group Manager Customer First and Support Services and Senior Specialist – Democratic Services
Item 6	E.04/18	Specialist (Place Making)
Item 7	E.05/18	Section 151 Officer
Item 8	E.06/18	Group Manager – Commercial Services; and Senior Specialist (Waste Strategy and Commissioning)
Item 9	E.07/18	Monitoring Officer
Item 10	E.08/18	Assets Community Of Practice Lead and Section 151 Officer
Item 12	E.10/18	Senior Specialist - Environmental Health

E.01/18 MINUTES

The minutes of the Executive meeting held on 26 April 2018 were confirmed as a true and correct record and signed off by the Chairman.

E.02/18 **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 A Hopwood declared a Disclosable Pecuniary Interest in Item 12(a): '*Reports of Bodies: Overview and Scrutiny Panel – 3 May 2018*' (Minute E.10/18 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.

E.03/18 **PUBLIC QUESTION TIME**

It was noted that no public questions had been received for consideration at this meeting.

E.04/18 **RELEASE OF S106 FUNDS FOR AFFORDABLE HOUSING PROJECTS**

Members were presented with a report that requested the release and allocation of Section 106 funds over £30,000 for affordable housing projects with Transition Homes Community Land Trust (CLT).

The Lead Member for Customer First introduced the report and reminded the meeting on a number of occasions that the Council's top Corporate Priority was affordable housing.

In the ensuing debate, reference was made to:-

(a) a motion to defer the recommendation. A motion to defer the recommendation to the next Executive meeting on 19 July 2018 was **PROPOSED** and **SECONDED**. In support of the motion to defer, the proposer and seconder made the following points:

- It was felt that a five week delay would not unduly affect the project and would enable for consultation to be undertaken in the meantime with Totnes Town Council and East Allington Parish Council;
- In light of concerns over the seemingly high build costs associated with the project, a deferral would also enable for more information and clarification to be sought in this respect.

In contrast, other Members did not support the motion and made the following points:

- The proposals presented an opportunity to progress a good quality affordable housing scheme (70% of which affordable housing) that had the support of the local Members from both Totnes and Dartington;
- With regard to the Fallapit House, East Allington development monies, these had been available since 2010 and no appropriate schemes had come forward yet from either the Parish Council or the local Ward Member. As a consequence, if these went unspent there was a risk that these could ultimately be lost by the Council.

When put to the vote, the motion was (by virtue of the Chairman's Casting Vote) declared **LOST**.

- (b) the principle of Section 106 deposits being spent elsewhere in the South Hams. It was acknowledged that the process for spending Section 106 Deposits for Affordable Housing was last reviewed by the Overview and Scrutiny Panel at its meeting on 6 July 2017 (Minute O&S.16/17 refers). That being said, some Members were uncomfortable that the process now enabled for monies that had been received for a development in one town/parish to be spent elsewhere in the district. However, other Members were content with the current process and stressed the importance of the wider membership taking the view that such monies were required to facilitate affordable housing provision across the whole of the South Hams.

Such was the extent and length of the debate on this point, that the following motion was **PROPOSED** and **SECONDED**:

'That the Overview and Scrutiny Panel be asked to undertake a review into the process for Spending Section 106 Deposits for Affordable Housing.'

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

- (c) fuel poverty. A Member highlighted the associated difficulties experienced by low income families regarding fuel poverty and the cost of heating a home. As a consequence, it was noted that one of the reasons for the seemingly high build costs for this development were the measures being put in place to help to prevent fuel poverty;
- (d) the proposed use of the Fallapit House, East Allington monies. As a way forward and, in light of the concerns expressed over the proposal to use these monies, an alternative proposal was **PROPOSED** and **SECONDED** as follows:

'£87,124.50 – from the Riverside, Totnes development to spend on an affordable housing scheme at Clay Park, Dartington with Transition Homes Community Land Trust.'

When put to the vote, this alternative proposal was considered to be more appropriate and was declared **CARRIED**.

- (e) shared learning opportunities. The local Ward Member advised that the CLT was fully prepared and committed to sharing its knowledge and experiences with other parties who were considering setting up a CLT.

It was then:

RESOLVED

1. That the release or allocation of s106 funds for Affordable Housing projects as set out below be approved:
 - (a) £87,124.50 – from the Riverside, Totnes development to spend on an affordable housing scheme at Clay Park, Dartington with Transition Homes CLT;
 - (b) £11,704.00 from Elwell House, Totnes to spend on an affordable housing scheme at Clay Park, Dartington with Transition Homes CLT; and
 - (c) £9,025.00 – from the Warlands Garage, Totnes to spend on an affordable housing scheme at Clay Park, Dartington with Transition Homes CLT; and
2. That the Overview and Scrutiny Panel be asked to undertake a review into the process for Spending Section 106 Deposits for Affordable Housing.

E.05/18 TRANSFORMATION PROGRAMME (T18) CLOSEDOWN REPORT

Members were presented with a report that set out the detail of the Transformation Programme (T18) project, which was a radical transformation that led to the most significant change in the way that the Council worked for more than 40 years. The workforce had been reduced by 30% with all staff roles changed to be flexible and responsive to the needs of the customer. The report set out the details of the different workstreams within the overall Transformation Programme.

The Leader introduced the report and, in the ensuing discussion, the following points were raised:-

- (a) The Executive recognised that the report had been considered at length by the Overview and Scrutiny Panel at its meeting on 3 May 2018 (Minute O&S.112/17 refers) and was happy to accept each of its recommendations;

- (b) A number of Members wished to pay tribute to the work of officers during what had been some very difficult times and it was to the great credit of staff that the Council had reached this point. Furthermore, praise was also extended to the Members themselves, who had equally experienced some difficult times and particular credit was given to the Leader of the Council for the way that he had managed the membership through the Programme;
- (c) With regard to the total shared services savings of £3.9 million, the Section 151 Officer confirmed that she would provide a breakdown of these figures to interested Members.

It was then:

RESOLVED

- 1) That the recommendations of the Overview and Scrutiny Panel meeting of 3 May 2018 (Minute O&S.112/17) as set out in section 2.9 of the presented agenda report be accepted; and
- 2) That the contents of the T18 Transformation Programme Closedown report and the benefits realised (as set out in Section 8 of the presented agenda report) be endorsed.

E.06/18

WASTE AND RECYCLING HAULAGE CONTRACT AWARD

Members were presented with a report that sought approval to award the contract for Municipal Waste Haulage to the highest scoring bidder following a competitive open procurement process.

The Lead Member for Commercial Services introduced the report and, in discussion, reference was made to:

- (i) the scoring mechanism. Officers confirmed that, during the scoring process, consideration was given to the geographical location of bidders;
- (ii) the garden waste contract. It was clarified that the current garden waste contract was covered by the separate Devon County Council contractual arrangements;
- (iii) the additional financial costs. Following further analysis, officers confirmed that it was anticipated that the actual additional financial costs of awarding the new contract would be closer to £25,000 than the figure quoted in the presented agenda report (£45,000).

It was then:

RESOLVED

- 1. That the decision to award the contract for Municipal Waste Haulage to the highest scoring bidder ('Bidder A') as outlined in exempt Appendix A be approved; and

2. That any minor changes considered necessary to the terms as highlighted be delegated to the Commissioning Manager (Waste), in consultation with the Lead Executive Member for Commercial Services.

E.07/18 **EXCLUSION OF PUBLIC AND PRESS**

Having been **PROPOSED** and **SECONDED**, some Members felt that it was wholly inappropriate for the agenda item entitled: '*Council Owned Asset Investment and Development*' to be considered in exempt session. In taking the point a step further, the Members felt that it was in fact in the public interest for this agenda item to be debated in public session and therefore disclosed to the general public.

In response, other Members recognised the importance of early consultation in such matters, but agreed with the comments of the Monitoring Officer whereby it was also essential for the Council to protect its commercial interests.

The Leader also gave notice of his intention to propose (at the appropriate time) an amendment to the agenda report that would help to allay a number of the concerns being raised.

Some Members expressed their deep frustrations that some of the contents of the exempt report had seemingly already been disclosed to members of the public and such actions were felt to cast a shadow over the entire membership.

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.

E.08/18 **COUNCIL OWNED ASSET INVESTMENT & DEVELOPMENT**

Members were presented with an exempt report that set out opportunities arising from meetings of the Investment Member Group.

The Leader introduced the report and **PROPOSED** an alternative recommendation as follows:

1. That Council be **RECOMMENDED** to approve 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 presented agenda report), subject to prior engagement with relevant Town and Parish Councils and local Ward Member(s) on their aspirations for their communities having taken place before the Special Council meeting on 26 July 2018;
2. That the Executive receive a verbal update on the outcome of this prior engagement at its next meeting on 19 July 2018, with the Executive Forward Plan being updated accordingly; and
3. That Council be **RECOMMENDED** to agree 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.

This recommendation was subsequently **SECONDED** and debated. During which, there was widespread support for the alternative recommendations.

It was then:

RESOLVED

1. That Council be **RECOMMENDED** to approve 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 presented agenda report), subject to prior engagement with relevant Town and Parish Councils and local Ward Member(s) on their aspirations for their communities having taken place before the Special Council meeting on 26 July 2018;
2. That the Executive receive a verbal update on the outcome of this prior engagement at its next meeting on 19 July 2018, with the Executive Forward Plan being updated accordingly; and
3. That Council be **RECOMMENDED** to agree 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.09/18 **READMITTANCE OF THE PRESS AND PUBLIC**

It was then:

RESOLVED

That the press and public be readmitted to the meeting.

E.10/18 **72 SECONDS OF SILENCE**

At 12 noon, the meeting proceeded to stand and observe the national 72 seconds of silence for the victims of the Grenfell Tower Fire Tragedy, which occurred on 14 June 2017.

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

Despite the concerns that had been raised by the Panel, a Member expressed his deep frustration that the Sherford Road closure had now been delayed further.

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

For clarity, the Panel recommendation was **PROPOSED** and **SECONDED** with the addition whereby the proposed strategy should only be endorsed *on the understanding that the EU funding is obtained.*'

In discussion, officers gave an assurance that, if the proposal sought expenditure of more than £20,000, then a further report would be presented back to Members.

Another Member made the point that this initiative was already being well received in the Totnes community and was sending a very positive message.

It was then:

RECOMMENDED

That Council be **RECOMMENDED** 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 presented agenda report (late 2019) and only on the understanding that the EU funding is obtained.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.08/18 PARTS 1 AND 3 AND E.11/18(a), WHICH ARE RECOMMENDATIONS TO THE SPECIAL COUNCIL MEETING TO BE HELD ON 26 JULY 2018, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 25 JUNE 2018 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 10.00 am and concluded at 12.15 pm)

Chairman

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PUBLIC QUESTIONS AT EXECUTIVE MEETINGS

The Council at its meeting on 21 June 2001 agreed that 15 minutes should be set aside at the beginning of the Council's monthly Executive meetings to allow members of the public to ask questions.

Any member of the public who wants to raise a question at a meeting should:-

- (a) submit the question in writing to the Democratic Services Manager by 5.00 pm on the Monday prior to the Executive meeting. This will allow a detailed answer to the question to be given at the meeting. If advance notice of the question cannot be given, the Chairman of the meeting has the discretion to allow questions on matters which are felt to be urgent;
- (b) ensure that normally questions are no longer than 50 words in length;
- (c) ensure that the question does not relate to a specific planning matter (this is specifically excluded from the public question time);
- (d) ensure that the question relates to something over which the Council has some control and is suitable to be considered, ie, that it is not derogatory to the Council or relates to matters which the Council could consider confidential.

For any further advice on questions for Executive meetings, please contact Kathryn Trant (Member Services Manager).

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Report to: **Executive**
Date: **19 July 2018**
Title: **Medium Term Financial Position for 2019/20 onwards**
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

Recommendations:

It is RECOMMENDED that the Executive:

- i) Notes the forecast budget gap for 2019/20 of £0.995m and the position for future years**
- ii) Notes the options identified and timescales for closing the budget gap in 2019/20 and in future years, to achieve long term financial sustainability**
- iii) Agrees maintaining the current Council policy on the minimum level of the Unearmarked Revenue Reserves being £1,500,000 as per Section 10.**

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.
- 1.3 Between 2009/10 and 2019/20, the Council's Core Government funding has reduced by £4 million.
- 1.4 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.
- 1.5 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.
- 1.6 ***South Hams District Council is currently forecasting a £0.995m budget gap in 2019/20.*** It is important to note that this is a snapshot (a position statement) in July 18 and future Member decisions on the budget strategy will inform future figures within the Medium Term Financial Strategy (MTFS), which will be presented to Members at the Executive meeting on 13th September 2018. The Overview and Scrutiny Panel will consider the MTFS at their meeting on 6th September.
- 1.7 There has been an increase in the budget gap for 2019/20 of approximately £350,000 from the position identified at February 2018. This is due to the additional cost pressures which have been identified for 2019/20 onwards as set out in Sections 5.6 to 5.10.
- 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.

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. 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.

- 2.2 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.
- 2.3 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 Position 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 2.4% in April 2018.
- 3.3 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 – Staff salary increments
 - £40,000 – Business Rates increases (Revaluation 2017/18 onwards)
 - £30,000 – Utilities inflation
 - £20,000 – Fuel inflation
- An amount of £50,000 is to fund a 2.5% uplift on other expenditure budgets (£2 million).
- 3.4 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.5% up to November 2018 and then in November 2018 the base rate is predicted to rise to 0.75%. By December 2020 the bank base rate is predicted to increase to 1.5%.
- 3.5 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 3.1%.

- 3.6 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% - the Council had 37,851.93 Band D equivalent properties in 2018/19. These additional properties have been used to calculate the amount of additional Council Tax and also the potential for New Homes Bonus. The Tax Base for 2018/19 has been confirmed at 37,851.93 (this was an increase of 472.31 Band D properties from the 2017/18 position).

4. BUSINESS RATES AND COUNCIL TAX

- 4.1 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline.
- 4.2 Of the Business Rates collected of £29.8 million, the Council currently retains approximately 6p in every £1 to run our services.

Self-sufficient local government: Business Rates Retention of growth above the business rates baseline

- 4.3 The Secretary of State has announced in December 2017 that local business rates retention of business rates growth would move from 50% to 75% in 2020/21.
- 4.4 **Business Rates Pilot status for 2018/19**
Devon was successful in achieving Business Rates Pilot status for 2018-19 and the pilot began on 1st April 2018. Financial modelling shows that the Devon business rates pool could benefit by somewhere in the region of between £10m to £16.9m by becoming a pilot in 2018/19. The recent modelling shows that South Hams could benefit by £0.5 million, depending on business rates growth estimates. A pilot gain of £575,000 has been modelled for 2018-19. As part of a Pilot, South Hams would receive 40% of all business rates growth above the baseline in 2018-19 (as opposed to 20% outside of the Pool or 22% inside the Pool).
- 4.5 This is one-off additional revenue money for the year of the pilot only (2018/19). The bid set out how pilot status for Devon would meet the principles of higher levels of investment in economic regeneration in Devon, assisting financial sustainability for the District Councils and support for Upper Tier Councils with the growing financial cost pressures of areas such as adult social care and children's services.

- 4.6 Following the recommendations of the Joint Development Management Committee and Overview and Scrutiny Panel on 18th January, £100,000 of the pilot gain (the element that the Council would normally receive in a pooling gain) is being used to fund the revenue base budget in 2018/19, with the remainder (£475,000 of the pilot gain), 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. There will be a further opportunity for Councils to bid for pilot status in 2019-20 and further details of this will be issued by the Government. The Council is awaiting details of the bidding process for Year 2 Pilot status.

Tariff/Top Up Adjustment in 2019/20 (negative RSG)

- 4.7 The Tariff/Top Up 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/Top Up Adjustment is negative Revenue Support Grant (RSG). Settlement Funding Assessment is the income received by local authorities in the form of (i) Revenue Support Grant from Central Government and (ii) a share of business rates retained locally.

Negative Revenue Support Grant (negative RSG)

- 4.8 In the Local Government Finance Settlement, the Government has said that a consultation will take place in 2018 regarding the current £153million in negative RSG that remains in the 2019/20 funding allocations, with the outcome feeding into the 2019/20 local government finance settlement. The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £399,900. *If the Government were to reduce this by half say, as an outcome of the consultation process, the Council's budget position would be bettered by £200,000 for 2019/20 and 2020/21 and bettered by £250,000 from 2021/22 onwards.*

- 4.9 Rural Services Delivery Grant – In the final Finance Settlement, the 2018/19 funding has been increased from £65 million to £81 million. This has meant extra RSDG funding for 2018/19. The £408,055 has been built into the Council's business rates baseline for 2018/19 due to the Council's Pilot status.

Council Tax

- 4.10 South Hams District Council's share of the council tax bill in 2018/19 was **9%**, being £160.42 out of an average Band D council tax bill of £1,822. The total income from council tax in 2019/20 is predicted to be £6.34 million. A 1% increase in council tax generates an extra £61,000 for South Hams.

Council tax referendum limit of £5 or less than 3% for District Councils

- 4.11 The Finance Settlement (February 2018) stated that for District Councils, increases of less than 3% or up to and including £5 (whichever is higher), can be made without triggering a council tax referendum. This is for 2018/19 and is indicative only for 2019/20 (this is to reflect the level of inflation).
- 4.12 For South Hams, a £5 increase in council tax equates to a Band D council tax for 2019-20 of £165.42 and equates to a council tax increase of 3.1%. Therefore the highest amount that South Hams District Council can increase council tax before triggering a referendum is £5 for 2019-20. A council tax increase of the higher of £5 or 2.99% per annum has been modelled in Appendix B for 2019-20 and beyond for illustration purposes.
- 4.13 The Government has not yet announced what the council tax referendum criteria will be for 2019/20.

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 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Cost Pressures	1,017,500	860,000	385,000	335,000	335,000
(Reduction)/ Increase in contribution to Earmarked Reserves	(458,916)	(60,000)	(13,000)	66,000	0
Savings and additional income identified	(217,250)	(256,250)	(106,250)	(77,250)	(1,250)

- 5.3 A description of the larger cost pressures is set out below.
- 5.4 **Salaries** – A 2% provision for a pay award has been included for 2019/20. This is explained in section 3.1.
- 5.5 **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 in South Hams 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.

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.

- 5.6 **Reduction in recycling income** – There is a recycle income pressure of £125,000 due to a fall in market prices.
- 5.7 **Blue and Clear recycling bag processing (safe working practice requirement at Torr Quarry)** – There is a cost pressure of £75,000 identified for this.
- 5.8 **Waste and Recycling Haulage contract** – A report was presented to the Executive on 14th June 2018 regarding the new contract. A cost pressure of £60,000 has been built into the financial modelling.

5.9 **ICT future service provision and support contracts** – It is anticipated that the ICT future service provision could cost an extra £150,000 annually from 2020/21 onwards and this has been reflected within the modelling in Appendices A and B. The contract for Civica is for five years (expiring end of March 2019) with an option to extend for a year. Officers will be presenting a report to Members in September 2018 with options for ICT future service provision. If the decision is for the Council to move away from the current model to a subscription based model, this would increase the annual revenue cost but there would be no future capital costs. However there would be implementation costs at the time of migration.

5.10 An extra £50,000 has also been included as a ICT cost pressure in 2019/20 onwards for 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. The cost pressure in 2019/20 is due to the continued use of additional software to replace elements of the Civica offer. In practice, additional solutions were procured in order to maintain services where using the Civica solution was not practical. Purchase of the following systems, which were previously unbudgeted for, was required:-

Northgate Land charges

Clear Core (enables single customer record)

IEG4 Revenues and Benefits to facilitate “My Account” for customers

Northgate Gazeteer – address database

IEG4 software – Automatic processing of changes of circumstances for revenues

The IEG4 software budget is funded by an increase in the housing benefit overpayment recoveries which has been built into the base budget as an income stream.

5.11 **Savings from re-procurement of contracts (leisure)** – the savings within Appendix A have been profiled to match the debt structure and repayment of the MRP (minimum revenue provision).

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 (shown in 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 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total Aggregated Budget Gap £
Modelling in Appendix B (assumes no reduction in –ve RSG and no Pilot)	994,998	1,348,174	1,387,697	1,374,691	1,360,553	6,466,113

6.3 In the modelling in Appendix B, the total budget gap is £994,998 in 2019/20 and this is predicted to rise to £1,348,174 in 2020/21. The aggregated Budget Gap is £6,466,113.

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>Pensions Strategy The Council is obtaining specialist pensions advice on its Pensions position and progress on this will be reported to the October 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 October 2018
<p>Waste Procurement The Council is currently in a waste procurement process through competitive dialogue. The Council will consider a report in July 18 on the Detailed Bid stage of the competitive dialogue process. This is not included in the Modelling figures in Appendix B.</p>	To be quantified	Report to the Council meeting 26 th July 2018

Option	Possible Budget Impact	Timescale
<p>Council Tax Reduction Scheme 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>	<p>£74,000 for 2020/21 onwards</p>	<p>Executive/Council September 2018.</p>
<p>Asset Review On 14 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.</p>	<p>To be quantified</p>	<p>Within three months</p>
<p>Commercial Property Strategy There is a separate report on the Executive agenda with regard to a Commercial Property Strategy.</p>	<p>To be quantified</p>	<p>Council 27th September</p>
<p>Funding Options</p>		
<p>Negative Revenue Support Grant The Government will publish a consultation on this although no timescale is yet known. If the outcome were to be that negative RSG is reduced by say 50%, the impact of this would be £200K in 19/20 and 20/21 and £250K in 21/22 onwards.</p> <p>The Government is seeking a fair and affordable solution to this issue however, as things stand, South Hams will pay the Government negative Revenue Support Grant from 2019/20, clawed back through the business rates system.</p>	<p>£200,000 in 2019/20 and 2020/21 and £250,000 in 2021/22 onwards</p>	<p>Anticipated to be known by December 2018 when the Draft Local Government Finance Settlement is published.</p>

Option	Possible Budget Impact	Timescale
<p>Business Rates Pilot status for 2019/20</p> <p>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 scheme, this could yield up to £250,000.</p>	<p>£250,000 in 2019/20 (one-year only)</p>	<p>December 2018 when the Draft Local Government Finance Settlement is published.</p>
<p>New Homes Bonus allocations for 2019/20</p> <p>The NHB allocation for 2019/20 is anticipated to be around £980,000, 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>	<p>Up to £480,000</p>	<p>NHB allocations will be announced around December 2018. Decisions around its use will be made as part of the Budget Process.</p>
<p>Contributions to Earmarked Reserves</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 September report to the Executive. Contributions to Earmarked Reserves are shown in Appendix C.</p>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process</p>
<p>Use of Reserves as a temporary measure</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>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process</p>

- 7.2 There is a Budget meeting being held with all of the Extended Leadership Team (ELT) in August to further identify ideas and options for closing the Budget Gap. These options will be presented to Members in future reports.
- 7.3 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. NEW HOMES BONUS (NHB)

- 8.1 Appendix E sets out estimated amounts of NHB receivable in future years and possible uses of the NHB.

9. CAPITAL PROGRAMME 2019/20 AND PRUDENTIAL BORROWING

- 9.1 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.
- 9.2 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.

- 9.3 **Commercial Property Acquisition Strategy** – A separate report is on the Executive 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.
- 9.4 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.
- 9.5 The Council's published Treasury Management Strategy details its borrowing limits and specifies approved institutes for investment, (with maximum limits), based on credit ratings and other pertinent factors. The Council also publishes Prudential Indicators which set investment and borrowing performance indicators to ensure that the Council stays within these guidelines. The Council maintains regular engagement with our Treasury Management advisors, Link Services, and constantly seeks their advice on our strategic direction and key operational decisions.
- 9.6 Recommendations will be made in the September Medium Term Financial Strategy on the Borrowing Limits for 2019/20 onwards and the Council's Minimum Revenue Provision Policy Statement.

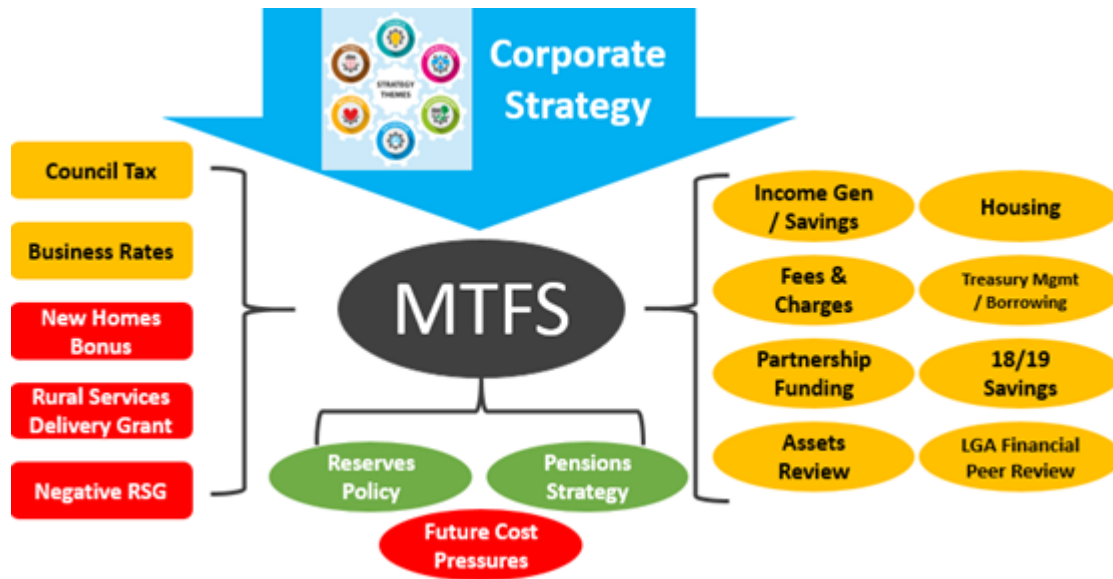
10. EARMARKED AND UNEARMARKED RESERVES

- 10.1 A schedule of the Council's Earmarked and Unearmarked Reserves is set out in Appendix D. The Council has just over £1.8 million in Unearmarked Revenue Reserves and £13 million in Earmarked Reserves (after incorporating the Council's share of the Business Rates Collection Fund surplus). The Council's Net Budget is £8.9 million in 2018/19.

11 NEXT STEPS

- 11.1 This report is a snapshot (a position statement) in July 18 and future Member decisions on the budget strategy will inform future figures within the Medium Term Financial Strategy (MTFS), which will be presented to Members at the Executive meeting on 13th September 2018. Officers held an informal workshop on the Medium Term Financial Strategy with Executive Members and relevant Chairs of Committees, where strategic principles for each element were discussed.
- 11.2 This 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. In September 2018, Members will be asked to set the strategic intention for each of these components of the MTFS.

11.3 Make-up of the MTFS (Net Budget £8.9m)



11.4 Officers will continue to work with Members and the results of this will be incorporated into future Budget reports. Section 7 sets out the potential timescales against the areas identified.

12. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	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.
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 £0.995m 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 – Summary of Budget position

Appendix C – Contributions to Reserves

Appendix D – Reserves (Earmarked and Unearmarked)

Appendix E – New Homes Bonus funding

Appendix F – Review of 2018/19 Budget Savings and Income Generation

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

APPENDIX A

	BASE	Yr1	Yr2	Yr3	Yr 4	Yr 5
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£	£
BUDGET PRESSURES						
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					
ICT future service provision			150,000			
ICT support contracts - increase the budget to 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					
TOTAL BUDGET PRESSURES	895,700	1,017,500	860,000	385,000	335,000	335,000

Changes to contributions to Earmarked Reserves

Increase in the contribution from the New Homes Bonus Reserve (£549,581 in 2017/18 to £641,084 in 2018/19 - assumes a contribution of £500,000 in 19/20)	(91,503)	141,084				
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 <i>Contribution to Strategic Change Reserve to meet pension strain costs</i>	(75,000)	(150,000)	(60,000)			
Total changes in contributions to Earmarked Reserves	143,497	(458,916)	(60,000)	(13,000)	66,000	0

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

APPENDIX A

SAVINGS AND INCOME GENERATION IDENTIFIED	BASE 2018/19 £	Yr1 2019/20 £	Yr2 2020/21 £	Yr3 2021/22 £	Yr 4 2022/23 £	Yr 5 2023/24 £
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)	(1,250)	(1,250)	(1,250)	(1,250)	(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)	(20,000)				
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	0	(90,000)	(90,000)			
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	(20,000)					
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)				
TOTAL SAVINGS AND INCOME GENERATION	(689,350)	(217,250)	(256,250)	(106,250)	(77,250)	(1,250)

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Line No.	Appendix B - Council Tax is increased by the higher of £5 or 2.99% each year	BASE 2018/19 £	Yr 1 2019/20 £	Yr 2 2020/21 £	Yr 3 2021/22 £	Yr 4 2022/23 £	Yr 5 2023/24 £
Modelling for the financial years 2019/20 onwards							
1	Base budget brought forward	8,346,074	8,983,194	8,329,529	8,520,104	8,746,331	9,083,086
2	Budget pressures (as per Appendix A)	895,700	1,017,500	860,000	385,000	335,000	335,000
3	Savings already identified (as per Appendix A)	(689,350)	(217,250)	(256,250)	(106,250)	(77,250)	(1,250)
4	Changes in contributions to Earmarked Reserves (App A)	143,497	(458,916)	(60,000)	(13,000)	66,000	0
Reverse Use of Reserves to close 2017/18 Budget gap							
5	Transfer from Budget Surplus Contingency Earmarked Reserve	287,273					
6	Projected Net Expenditure:	8,983,194	9,324,528	8,873,279	8,785,854	9,070,081	9,416,836
Funded By:-							
(See Note 1 below regarding New Homes Bonus funding)							
7	Council Tax income - 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	70,000	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)		(399,900)	(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	Total Projected Funding Sources	8,983,194	8,329,529	8,520,104	8,746,331	9,083,086	9,430,974
Budget Gap per year							
16	(Projected Expenditure line 6 - Projected Funding line 15)	0	994,998	353,175	39,523	-13,006	-14,138
Actual Predicted Cumulative Budget Gap		0	994,998	1,348,174	1,387,697	1,374,691	1,360,553
Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)		0	994,998	2,343,172	3,730,869	5,105,560	6,466,113

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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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Estimate 2018/19			Estimate 2019/20	
To £	(From) £		To £	(From) £
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)	TOTALS	1,222,300	(500,000)
1,181,216		GRAND TOTAL	722,300	

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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 22nd 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.

2017/18 EARMARKED RESERVES	Balance at 31 March 2017 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2018 £000
General Fund				
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	-	534	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
Sub Total	12,703	(17,396)	3,957	(736)
Specific Reserves – Salcombe Harbour				
Pontoons	130	(30)	62	162
Harbour Renewals	85	(8)	34	111
General Reserve	156	(47)	34	143
Sub Total	371	(85)	130	416
TOTAL EARMARKED REVENUE RESERVES	13,074	(17,481)	4,087	(320)

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:

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

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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New Homes Bonus funding

1 NEW HOMES BONUS (NHB)

- 1.1 The Council has received notification of its 2018-19 allocation for NHB of £1,109,065.
- 1.2 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, including newly built properties and conversions as well as long term empty properties brought back into use, after deducting demolitions.
- 1.3 Following consultation, the Government has implemented reforms to the scheme that sharpen the incentive for housing growth. The length of New Homes Bonus payments has been reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19.
- 1.4 *It can be seen from the Table below that this reduction from 6 years to 5 years has meant the Council has lost £528,750 in New Homes Bonus funding. The Council has repeatedly made the point that the current crisis in funding for Adult Social Care is a national problem which needs new Government money, as opposed to reducing the New Homes Bonus funding to pay for this and therefore further burdening the council taxpayer to fund social care costs.*
- 1.5 From 2017-18 the Government has also introduced a national baseline for housing growth of 0.4%, below which New Homes Bonus has not been paid, which the Government has said reflects a percentage of housing that would have been built anyway (Note - this is higher than the 0.25% set out in the NHB consultation document). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. The net additions for South Hams for 2017/18 was 329 Band D Equivalent properties. The Baseline deducted of 0.4% in 2017/18 equated to not receiving NHB on 176 Band D Equivalent properties, equating to a loss of NHB of £215,000 for each of the next four years.
- 1.6 The Local Government Finance Settlement stated that the four years of payments for 2018-19 onwards will apply and the baseline will remain at 0.4%.

1.7 The table shows the NHB received to date and a forecast to 19/20.

	2015/16	2016/17	2017/18	2018/19	2019/20
	(£)	(£)	(£)	(£)	(£)
2011/12	297,567	297,567			
2012/13	528,750	528,750	(this year has dropped off by a reduction to 5 years of payment)		
2013/14	199,701	199,701	199,701		
2014/15	339,307	339,307	339,307		
2015/16	328,208	328,208	328,208	328,208	
2016/17		386,375	386,375	386,375	386,375
2017/18			194,734	194,734	194,734
2018/19				199,749	199,749
2019/20					200,000
NHB Received/ Forecast	1,693,533 Actual received	2,079,908 Actual received	1,448,325 Actual received	1,109,065 Allocation	980,858 Forecast

1.8 The table below shows estimated amounts of NHB receivable in 2019-20 for illustration and modelling purposes.

	2017-18 (£)	2018-19 (£)	2019-20 (£)
Predicted NHB amount	1,448,325 (actual rec'd)	1,109,065	980,858
Capital Projects (£417,700 in 18/19)	507,000	417,700	400,000 (estimate)
Community Reinvestment Projects	153,900	Nil	Nil
To fund the Revenue Base Budget	549,581(17-18) 93,784 (18-19)	627,904 (plus 93,784 from 17-18)	500,000
Transfer of land to Dartmouth Town Council	81,000	49,000	17,000
Joint Local Plan	50,000	-	-
Community Grants (CAB Outreach worker)	10,000	10,000	10,000
Dartmoor National Park Allocation	3,060	TBA	TBA
Funding remaining unallocated (note 1)	Nil	4,461 remaining	53,858 remaining

It has currently been modelled for 2019-20 that £500,000 of NHB will be used to fund the revenue base budget.

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Summary of Savings and Additional Income from the 2018-19 Budget Setting Process

The table below summarises the savings and additional income (for those with a value over £10,000) that were included in the 2018-19 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

Savings and Additional Income for the 2018-19 Budget	Amount (£)	Is the saving/additional income on track to be delivered?
Income from fees and charges	30,300	Environmental Health fees (15,300) and Planning fees (15,000) are on track.
Public Conveniences – pay on entry	16,000	The procurement documents will be issued next week with the view to commence the contract on the 15 th October. Installation will commence as quickly as possible. This work will take approximately 2 months to complete however, the Council will identify the main towns to be the first to be installed to maximise income collection. This only leaves approximately 3-4 months in the quietest time therefore it is anticipated that this will be difficult to achieve with a conservative estimate of approximately £8.5-10k.
Increase in car parking charges (2%)	38,000	Consultation regarding new charges has just ended. New charges will be implemented by the end of July. Monitoring of the income will commence. However, this amount needs to be reviewed pro rata for the months lost during the consultation phase of parking charges.
Additional car parking income (to reflect the current increase in use in 2017/18)	70,000	In 2017/18, actual car parking income was £20,000 above the budgeted level of £2.83m. The level of car parking income will be monitored regularly throughout the year. Parking income to date is down. However with the high season ahead, it is hoped this income will be achieved due to the current good weather at the beach locations
Car parking – withdrawal of weekly parking tickets	15,000	Due to the timing of the withdrawal of the weekly tickets (already advertised in Tourist Books etc.) it was agreed the Council would withdraw these permits in October.
Planning fee income	110,000	The Planning fee income budget for 2018/19 is £792,000 (this includes the increase of £110,000). In the first quarter, planning fee income of £261,000 has been received against the first quarter's budget of £198,000. Therefore this income is currently expected to be achieved.
Income from commercial developments	30,000	The employment units at Burke Road, Totnes and Admiral Court, Dartmouth are completed and most are already let.
Licensing income – shellfish	30,000	This income is anticipated to be on track.

Savings and Additional Income for the 2018-19 Budget	Amount (£)	Is the saving/additional income on track to be delivered?
export certificates		
Housing Benefit recoveries of overpayments	40,000	This may prove to be difficult to achieve in light of the 2017/18 position where £216,000 was recovered against a budget of £205,000. The budget for 2018/19 has been increased to £245,000.
Dartmouth Lower Ferry	75,000	There has been a review of terms of conditions of staff following an external business review in 2015. The savings are expected to be achieved. Further monitoring will be undertaken after the high season activity on the service.
Reduce RNLI Contracted Lifeguarding provision	40,000	The savings are anticipated to be achieved.
Public Convenience – obtain 75% cost contribution from cafes	10,000	To date the negotiations have not commenced, as work has been carried out to obtain legal titles allowing the Council to review its position. Officers will be approaching the National Trust in relation to the South Milton toilets and cafes. This piece of work will commence shortly however at present this income is not on track and will need to be reviewed pro rata to months lost.
Reduction in Partnership grant funding to the CVS (£20,000) and cessation of South Devon Green Infrastructure Partnership (£6,500)	26,500	CVS were notified of their reduced funding for the 2018/19 financial year and the South Devon Green Infrastructure Partnership ceased.
Cessation of accepting cash and cheques – To remove the facility for accepting cash and cheques at Council premises, excluding Car Parks.	35,000	Data for the first quarter demonstrates projected budget savings will be met. Temporary arrangements have been put into place for Parish/Town Councils who are unable to pay using any other method apart from cheques, whilst they move across to online banking. Customers (as now) will be able to pay by cash or cheques via Paypoint or at Post Office.
Savings from the re-procurement of the Insurance contract	77,000	These savings have been delivered through the Insurance procurement process.
Saving on external audit fees for 2018-19	10,000	The saving has been delivered. The Council has been notified of its audit fees for 2018-19 by Grant Thornton and these equate to £33,421, representing a 23% reduction.
Total savings/additional income of a value less than £10,000	36,550	
TOTAL	689,350	

Committee:	Executive
Date:	19 July 2018
Title:	Activities to Support Economic Growth
Portfolio Area:	Cllr John Tucker, Leader of the Council, Assets
Wards Affected:	All
Relevant Scrutiny Committee:	Overview & Scrutiny Panel
Date next steps can be taken:	27 September 2018
Authors:	Darren Arulvasagam / Chris Brook Business Development / Assets CoP Lead Darren.Arulvasagam@swdevon.gov.uk Chris.Brook@swdevon.gov.uk

Recommendations:

That the Executive:

- 1. RECOMMEND to the Council meeting on 27 September, 2018 to adopt the commercial property strategy in principle but ask the Overview and Scrutiny Panel to review the strategy and report back to the Executive on 13 September 2018; and**
- 2. AGREE that the borrowing limit for the Strategy is a decision which will be part of the Medium Term Financial Strategy (presented to the Executive on 13 September and Council on 27 September), with the Audit Committee being asked to consider the Borrowing Strategy (part of the Treasury Management Strategy) of the Council, and report back to the Executive on 13 September. Depending on the recommendations from the various bodies, an updated Treasury Management Strategy, increasing the Borrowing Limits of the Council, will be presented to Council on 27 September, alongside the final commercial property strategy for approval.**

1.0 Executive Summary

- 1.1** 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.
- 1.2** Following meetings of the Investment Group in 2018, officers have put together a strategy for commercial property acquisitions and asset developments within the district of South Hams, in line with the "Enterprise" corporate strategic aim of creating places for enterprise to thrive and business to grow.
- 1.3** The proposed strategy would have the following multiple objectives:
 - 1.3.1** To support regeneration and the economic activity of the District
 - 1.3.2** To enhance economic benefit & business rates growth

- 1.3.3 To assist with the financial sustainability of the Council as an ancillary benefit.
- 1.3.4 To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 1.4 Appendix A shows the recommended commercial property and development strategy in full.
- 1.5 The borrowing limit for the Strategy is a decision which will be part of the Medium Term Financial Strategy (presented to the Executive on 13th September and Council on 27th September), with the Audit Committee being asked to consider the Borrowing Strategy (part of the Treasury Management Strategy) of the Council and report back to the Executive on 13th September. The Council is currently obtaining independent advice on the amount of borrowing that would be acceptable for the District Council, based on the Council's financial status. This advice will inform the recommendation in the Medium Term Financial Strategy on the Borrowing Strategy (and appropriate limits) for the Council. How each acquisition or development scheme is funded will be reviewed on a case by case basis, but the main option for consideration will be borrowing from the Public Works Loan Board (PWLB).
- 1.6 It is important to note that the nominated Investment Group Members will consider each and every proposal as they come forward on their own merits and how each proposal meets the Council's multiple objectives.
- 1.7 It is anticipated that to fully implement the strategy will take at least 5 years to complete and should be kept under review.
- 1.8 The proposed strategy and/or implementation could be updated or ceased at any point prior to the full budget of the strategy being expended (and the funding being borrowed from the Public Works Loan Board), if Members determine that market conditions have deteriorated enough to make it financially unattractive. The Investment Group will retain the right to review the strategy at any time.
- 2.0 **Background**
- 2.1 Following a Full Council decision to defer a previous commercial acquisition strategy in July 2017 (26/13), officers now present an updated strategy aimed at economic regeneration, investment in District and promoting trade within area.
- 2.2 It includes both property acquisition as well as funding of commercial development (on existing Council land). This is in line with the "Enterprise" corporate strategic aim of creating places for enterprise to thrive and business to grow.
- 2.3 Since the previous proposals were considered by the Council, there have been changes to the rules and guidance around what Councils can and can't invest in, using prudential borrowing.
- 2.4 The MHCLG (Government) guidance on Investments has stated that Councils will need to disclose several recommended indicators in

their treasury management strategies going forward, for reports published after 1 April 2018.

- 2.5 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.
- 2.6 The Council is currently obtaining independent advice on the amount of borrowing that would be acceptable for the District Council, based on the Council's financial status. This advice will inform the recommendation in the Medium Term Financial Strategy on the Borrowing Strategy (and appropriate limits) for the Council. 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. Hence the Council is obtaining specialist advice on Borrowing Limits, which will include comparative data for other similar sized Councils.
- 2.7 The Council will consider proportionality on a case by case basis for each acquisition as part of the decision making process, with information provided to the Investment group, the s151 officer, the Head of Paid Service and the Leader of the Council.
- 2.8 Investment in area, for the stated aims of this strategy, funded through prudential borrowing is entirely consistent with all other published guidance for Councils on commercial property acquisitions. 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 Property Acquisition

- 3.0 The adopted strategy is shown in Appendix A has been devised to give the Council, through the Investment Group, a clear set of criteria by which to appraise opportunities that arise.
- 3.1 Officers will provide the Investment Group with a set of data, such as that which is included in Appendix B (example decision template) and Appendix C (example of a Property Acquisition indicative cashflow). These templates would inform the decision required from the Investment Group, which would be approval to submit a bid or not.
- 3.2 In parallel, the Council's Senior Leadership Team (SLT) are required to approve a bid. A bid will be subject to Technical Due Diligence and Legal Searches and occasionally other data as needs arise.
- 3.3 Assuming the acquisition proposal remains as per that authorised at the time of bid, the final sign off prior to exchange and payment of deposit (typically 10%) is made by; Chairman of the Investment Group, the Leader of the Council, S151 officer and Head of Paid Service.

- 3.4 This process of delegated authority (1st stage for the Investment Group to bid on a purchase and 2nd stage for the 4 persons in 3.3 to formally approve to exchange and complete on a purchase) 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 can result in the best outcomes for the Council in terms of the objectives of the strategy.
- 3.5 Purely to highlight the practicalities of moving forward with this strategy if the Council is mindful to do so, the Investment Group should be aware that they will be required to process information similar to that in Appendices B and C in a very quick timeframe so as to provide their decision. They will also be asked to attend meetings on similarly short notice.

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, a harbour workshop and / or employment units in Salcombe.
- 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 the Investment Group and scheme of delegation be used to facilitate timely and critical appraisal and ultimately approval of these proposals, including the granting of associated leases in excess of 15 years.
- 4.2 The information provided to the Investment Group will be similar for development projects, except that there will be additional risk analysis presented to include the construction phase of the projects.

5 What might success look like?

- 5.0 The adoption of this strategy will facilitate inward investment in South Hams by the Council, promoting and fostering business development. This will help achieve the "enterprise" corporate objective.
- 5.1 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 £20k-£60k/yr.
- 5.2 Over a two year horizon, it is anticipated that commercial development should have started on one or more of the Council's sites. As a guide, each development may cost in the order of £5m.
- 5.3 Over a three – five year horizon, developments will have been concluded and entered the operational / income phase. As a guide, a minimum 1% net yield may be a reasonable assumption for development income, but there will be a variation between projects.
- 5.4 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.

6 Options available and consideration of risk

- 6.0 The overall objectives of this strategy are set out below:
 - 6.0.1 To support regeneration and the economic activity of the District
 - 6.0.2 To enhance economic benefit & business rates growth
 - 6.0.3 To assist with the financial sustainability of the Council as an ancillary benefit.
 - 6.0.4 To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 6.1 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.
- 6.2 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 without a scheme of delegation in place.
- 6.3 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.
- 6.4 Members could opt to follow, amend or reject the recommendations.
- 6.5 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 8.0.
- 6.6 The strategy looks to mitigate risks by setting specific criteria for purchases and necessary due diligence must be completed before officers and the Investment Group recommend any purchase.
- 6.7 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.
- 6.8 In contrast, purchasing a commercial building with an existing very strong tenant, such as that of a supermarket chain for example, could be seen to meet the first two objectives of the strategy less well, but would expose the Council to less financial risk.
- 6.9 Officers, working with their specialist advisors in the market will sift opportunities and only present to the Investment Group, things that meet the Strategy closely. They will then lead the Investment

Group into debate over the specific benefits and risks of each opportunity before the Investment Group make a decision. In this way, risk will be transparent through the process.

7 Proposed Way Forward

- 7.1 That the Executive RECOMMEND to adopt the commercial property strategy in principle and ask the Overview and Scrutiny Panel to review the strategy and report back to the Executive in September 2018.
- 7.2 That the Executive AGREE that the borrowing limit for the Strategy is a decision which will be part of the Medium Term Financial Strategy (presented to the Executive on 13th September and Council on 27th September), with the Audit Committee being asked to consider the Borrowing Strategy (part of the Treasury Management Strategy) of the Council and report back to the Executive on 13th September. Depending on the recommendations from the various bodies, an updated Treasury Management Strategy, increasing the Borrowing Limits of the Council, will be presented to Council on 27th September, alongside the final commercial property strategy for approval.

8 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ 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</p>

		<p>Investments. As such, as part of the due diligence, officers consideration of each particular investment will need to include consideration of all the legal circumstances of the particular case, including, with respect to the utilisation of the investment power, whether having given due regard to the New Guidance, there is, exceptionally, scope for nonetheless borrowing in order to make the investments.</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 multiple objectives of the strategy.</p> <p>Part of the business case for each commercial property acquisition or asset development will be an assessment of the Internal Rate of Return (IRR) calculation.</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 only 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 5 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</p>

		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.
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 & Criteria

Appendix B – Example of decision template to be presented to the Investment Group

Appendix C – Example of a Property Acquisition indicative cashflow

Background Papers:

- 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
- Proposed Changes To The Prudential Framework Of Capital Finance
<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

Appendix A – SHDC Commercial Property Strategy & Criteria

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

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

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

This strategy will be achieved by the focussed acquisition of existing commercial property assets, or the development of new, using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt.

The strategy criteria below are based on an overall spend profile. The level of spend (and therefore the size of the strategy) will be determined by the Council's borrowing limit.

This borrowing limit will be recommended to Members as part of the Medium Term Financial Strategy report in September to the Executive and will be further considered at Full Council for final approval.

Strategy

- To achieve the overall multiple objectives as set out above
- Achieve a spread of risk across a greater number of assets and by acquiring properties across a range of different property asset classes, namely retail, office, industrial or alternative (e.g. leisure, health, private rented sector, energy)
- Properties will be acquired to hold for the short to medium term rather than to dispose, although this strategy recognises that there may be exceptions to this.
- The Council will acquire properties where the ancillary yield benefit delivers sufficient income to fund the initiative. It is anticipated that the portfolio should aim for a gross yield in excess of 5%.
- Acquisition costs are forecast not to exceed 7% (Stamp Duty Land Tax (SDLT) / Legal / Agents / Due Diligence).
- Management of the acquired assets will be outsourced to property professionals where appropriate. The cost of this management is to be included within the target return
- The legal work required to complete transactions is most likely to be outsourced
- Specialists will be commissioned to act on behalf of the Council to source suitable properties and manage the acquisition due diligence process

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
- Should the portfolio yield drop below 5.0%, a review of the strategy will be triggered in terms of value for money
- The portfolio of properties being acquired should be diversified in order to spread risks via a balanced portfolio, such diversification principally being across geographical locations and the use type of properties
- The portfolio will be relatively risk-averse, when appropriate, limiting fresh acquisitions to properties with minimum unexpired lease terms of four years at the date of acquisition, and tenants of strong financial standing

The final decision over the definition of "good", "strong", "spread", "balanced", "prime", "well-let" and "sound" 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 revenue returns.

Location:

- Wherever opportunities arise within the District, in order to acquire good properties which deliver the Council's multiple objectives stated above and are deemed an acceptable risk.

Sector:

- Neutral – Wherever opportunities arise in order to acquire good properties which deliver the Council's multiple objectives and are deemed an acceptable risk
- As the portfolio gets larger, a mix of sectors will be sought to create a balanced portfolio

Tenant mix:

- As the portfolio gets larger, 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:

- Minimum 4 years unexpired (mean unexpired term for multi-let properties)
- 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. Albeit there may be overriding economic reasons to move away from this position.

Yield:

- Per lot, a minimum gross yield of 4.5% is envisaged, before management, maintenance and funding costs
- A maximum gross yield in excess of 10% will not normally be sought
- As the portfolio gets larger, a mix of yields will create a balanced portfolio
- It is envisaged that the gross yield (an ancillary benefit) will average or exceed 5.0%

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.
- All acquisitions will normally be subject to a minimum lot size of £1m

For all of the above, flexibility of +/- 15% (relative to the measure) is allowable in order to conclude a deal without recourse to reviewing the terms of this strategy. The overall budget for acquisitions is not subject to this flexibility.

Funding:

- This is to be secured on a case by case basis on the most favourable terms available predominantly through prudential borrowing or any other unallocated or available Council reserve or capital receipt
- The term will not exceed the expected remaining life of the property, but as a rule, the Council wishes to secure borrowing over a maximum 50 year term
- The Council will opt to borrow monies on the most commercially advantageous terms, seeking advice from its retained Treasury Management Advisors

Exit Strategy:

- The Council is acquiring to hold for the short to medium term. It is not looking to actively trade commercial property in this timeframe
- If capital values determine 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 the 'Investment Group' Chair, Leader, S151 officer and 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 an arms-length management organisation (ALMO) or 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 the loan used to acquire the commercial property were to be repaid before the end of the loan term. However, Public Works Loan Board (PWL) lending is not secured against property, so this would not inhibit the asset being traded during the loan period. An alternative asset could be purchased (& held) with any sale proceeds

Tax Implications:

- Due to the Council holding the asset, 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. This position may change if a company were to be used to hold the acquired asset

Governance Arrangements:

Purchase

Purchases must conform to the adopted commercial property acquisition strategy. Any deviation from the agreed strategy (beyond the flexibility parameters) will require Council approval.

Delegated authority to be given to the Head of Paid Service, in consultation with the S151 officer and Leader and Chair of the 'Investment Group' (or their deputy). Each receive one vote to proceed with purchase. In the event of a split decision, the S151 officer has the casting vote. Only purchases which are in line with the agreed strategy will be considered by this group.

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

The 'Investment Group' will determine its chair and will receive details of potential purchases from the Assets CoP. They will vote on whether to bring a potential purchase decision to the Head of Paid Service.

In the context of development, the same governance arrangements will be used to approve capital spend and the granting of leases in excess of 15 years as recommended by the Assets CoP Lead, on a project by project basis.

Running / Review

The Investment Group to receive regular reporting to confirm portfolio composition and performance. Regular reporting to Audit Committee.

Disposal

Once acquired, decisions relating to the ownership of any acquired 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 the 'Investment Group' Chair, Leader, S151 officer and 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: Arcadis (building technical due diligence), Womble Bond Dickinson (legal due diligence) and Savills (commercial property investment advice).

As part of this strategy it is proposed to make 2.2 FTE (1 x L6 Specialist + 1.2 X L7 Case Manager) currently working on a temporary basis supporting the Assets CoP permanent. This is a fully funded proposal.

APPENDIX B

TRANSACTION REVIEW - EXAMPLE DECISION TEMPLATE:

CRITERIA	SCORE [RAG]	NOTES
Location ¹		Well located commercial estate, in XYZ Town
Property Condition ²		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 ³		Multi- let building with a range of tenants and corresponding tenant strength. Better than average for this location and mix. (Dun and Bradstreet reports will be obtained to give a credit rating)
Length of Lease ⁴		Some leases greater than 5 years, a few as long as 10.
Gross Yield ⁵		Lower than 5.85% target, at ~5.42% (assuming fully occupied). This reflects the demand in this sector of the market
Management & Maintenance Costs ⁶		Will be outsourced as currently is the case.
Conformity to MHCLG Guidelines ⁷		Within District and therefore within the Council’s strategy
Any Specific Problems Identified ⁸		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), Target for Gross Yield to average or exceed 5.0% - may need to revise this if PWLB interest rates move significantly (±0.25 – 0.5%).

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 / SW Peninsula / Outside SW Peninsula. E.g. Exeter is within the Devon Business Rates Pilot 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.

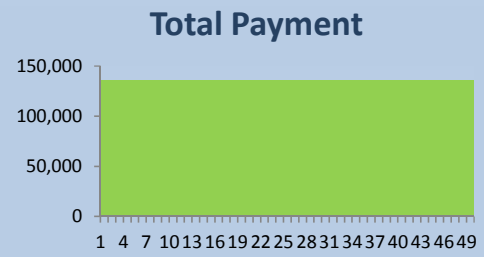
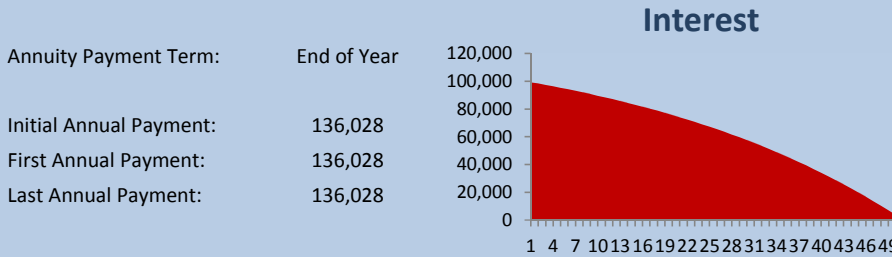
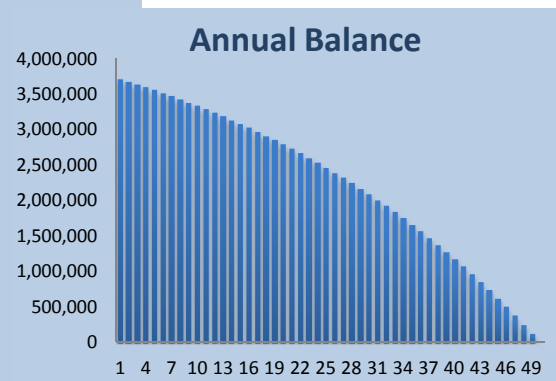
Property Details and Address	
Owner	Unknown
Tenant Details	XYZ Tenants
Purchase Price	£3,500,000 (bid price to be agreed with agent, but no higher than this figure)
Probable Exchange Date	Date to be inserted
Probable Completion Date	Date to be inserted
Net Annual Rental Income	Rent payable: £203,166
*Based on full occupancy	<u>Less</u> Interest repayments on PWLB borrowing (99,243) MRP on Annuity basis (36,786) (Capital repayment on borrowing) Repairs and Maintenance allowance (20,317) (10% of rent) Net Rental Income per annum: £46,820 (Note this falls to £34,000 if One Unit is vacant)
Amount to be Borrowed: (Purchase Price plus 7%)	£3,745,000 (£3,500,000 + 7%)
Gross Yield (based on rent of £203,166)	Gross Yield of 5.42% 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 Consultant 1: £17,500 Consultant 2: £10,000 (estimate) Consultant 3: £13,000 (estimate) 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; Business Growth 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: (D & B rating)	Ranges: 5A1 – N1
Guarantor's details: (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	<p>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.</p>
Legal Summary & Recommendation	TBC

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Example - Property Acquisition Indicative Cashflow

Initial Age:	0	Assumptions	
Years To Pay Out:	50	Portfolio Yield	5.42%
Portfolio + Acquisition Costs (3,500,000 + 7%):	£ 3,745,000	Capital Refurb % (every 5 years, of annual rent)	0.00%
Annual Interest Rate:	2.65%	Major Refurb % (after 20 years, of investment)	0%
		Admin & Maint budget (% of rent received)	10.0%
Interest Rate:	Fixed	Rent Rise % after every 20 years	0.00%



Annuity Payment Term:	End of Year	120,000
Initial Annual Payment:	136,028	100,000
First Annual Payment:	136,028	80,000
Last Annual Payment:	136,028	20,000

Year	Age	Interest Rate	Interest	MRP	Total Payment	Balance	Rental Income	Admin / Maintenance budget	Capital Refurb	Income Rent - (Maint + Refurb + Int + MRP)
0	0	2.65%	0	0	0	3,745,000	203,166	20,317	0	182,849
1	1	2.65%	99,243	36,786	136,028	3,708,214	203,166	20,317	0	46,821
2	2	2.65%	98,268	37,761	136,028	3,670,453	203,166	20,317	0	46,821
3	3	2.65%	97,267	38,761	136,028	3,631,692	203,166	20,317	0	46,821
4	4	2.65%	96,240	39,789	136,028	3,591,903	203,166	20,317	0	46,821
5	5	2.65%	95,185	40,843	136,028	3,551,060	209,261	20,926	0	52,306
6	6	2.65%	94,103	41,925	136,028	3,509,135	209,261	20,926	0	52,306
7	7	2.65%	92,992	43,036	136,028	3,466,098	209,261	20,926	0	52,306
8	8	2.65%	91,852	44,177	136,028	3,421,922	209,261	20,926	0	52,306
9	9	2.65%	90,681	45,348	136,028	3,376,574	209,261	20,926	0	52,306
10	10	2.65%	89,479	46,549	136,028	3,330,025	215,539	21,554	0	57,956
11	11	2.65%	88,246	47,783	136,028	3,282,242	215,539	21,554	0	57,956
12	12	2.65%	86,979	49,049	136,028	3,233,193	215,539	21,554	0	57,956
13	13	2.65%	85,680	50,349	136,028	3,182,844	215,539	21,554	0	57,956
14	14	2.65%	84,345	51,683	136,028	3,131,161	215,539	21,554	0	57,956
15	15	2.65%	82,976	53,053	136,028	3,078,108	222,005	22,200	0	63,776
16	16	2.65%	81,570	54,459	136,028	3,023,650	222,005	22,200	0	63,776
17	17	2.65%	80,127	55,902	136,028	2,967,748	222,005	22,200	0	63,776
18	18	2.65%	78,645	57,383	136,028	2,910,365	222,005	22,200	0	63,776
19	19	2.65%	77,125	58,904	136,028	2,851,461	222,005	22,200	0	63,776
20	20	2.65%	75,564	60,465	136,028	2,790,996	228,665	22,867	0	69,770
21	21	2.65%	73,961	62,067	136,028	2,728,929	228,665	22,867	0	69,770
22	22	2.65%	72,317	63,712	136,028	2,665,217	228,665	22,867	0	69,770
23	23	2.65%	70,628	65,400	136,028	2,599,817	228,665	22,867	0	69,770
24	24	2.65%	68,895	67,133	136,028	2,532,684	228,665	22,867	0	69,770
25	25	2.65%	67,116	68,912	136,028	2,463,772	235,525	23,553	0	75,944
26	26	2.65%	65,290	70,739	136,028	2,393,033	235,525	23,553	0	75,944
27	27	2.65%	63,415	72,613	136,028	2,320,420	235,525	23,553	0	75,944
28	28	2.65%	61,491	74,537	136,028	2,245,883	235,525	23,553	0	75,944
29	29	2.65%	59,516	76,513	136,028	2,169,370	235,525	23,553	0	75,944
30	30	2.65%	57,488	78,540	136,028	2,090,830	242,591	24,259	0	82,303

31	31	2.65%	55,407	80,621	136,028	2,010,208	242,591	24,259	0	82,303	
32	32	2.65%	53,271	82,758	136,028	1,927,450	242,591	24,259	0	82,303	
33	33	2.65%	51,077	84,951	136,028	1,842,499	242,591	24,259	0	82,303	
34	34	2.65%	48,826	87,202	136,028	1,755,297	242,591	24,259	0	82,303	
35	35	2.65%	46,515	89,513	136,028	1,665,784	249,869	24,987	0	88,853	
36	36	2.65%	44,143	91,885	136,028	1,573,899	249,869	24,987	0	88,853	
37	37	2.65%	41,708	94,320	136,028	1,479,579	249,869	24,987	0	88,853	
38	38	2.65%	39,209	96,820	136,028	1,382,759	249,869	24,987	0	88,853	
39	39	2.65%	36,643	99,385	136,028	1,283,374	249,869	24,987	0	88,853	
40	40	2.65%	34,009	102,019	136,028	1,181,355	249,869	24,987	0	88,853	
41	41	2.65%	31,306	104,723	136,028	1,076,632	249,869	24,987	0	88,853	
42	42	2.65%	28,531	107,498	136,028	969,135	249,869	24,987	0	88,853	
43	43	2.65%	25,682	110,346	136,028	858,788	249,869	24,987	0	88,853	
44	44	2.65%	22,758	113,271	136,028	745,518	249,869	24,987	0	88,853	
45	45	2.65%	19,756	116,272	136,028	629,245	257,365	25,736	0	95,600	
46	46	2.65%	16,675	119,353	136,028	509,892	257,365	25,736	0	95,600	
47	47	2.65%	13,512	122,516	136,028	387,376	257,365	25,736	0	95,600	
48	48	2.65%	10,265	125,763	136,028	261,612	257,365	25,736	0	95,600	
49	49	2.65%	6,933	129,096	136,028	132,517	257,365	25,736	0	95,600	
50	50	2.65%	3,512	132,517	136,028	0	257,365	25,736	0	95,600	
					6,801,423	0	11,826,632	1,182,663	0	3,842,546	
										ROI (Total Income Over Period / Total Repayments Over Period):	56.5%

Report to: **Executive**
Date: **19 July 2018**
Title: **Newton and Noss Neighbourhood Plan**
Portfolio Area: **Customer First**
Wards Affected: **Newton and Yealmpton**
Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

Date next steps can be taken: Upon the expiry of the Scrutiny Call-in Period (5.00pm on Monday, 30 July 2018)

Author: **Duncan Smith** Role: **Neighbourhood Planning Specialist**

Contact: **Telephone/email: Duncan.Smith@swdevon.gov.uk**

Recommendations:

That Executive approves the "making" (adoption) of the Newton and Noss Neighbourhood Development Plan.

1. Executive summary

- 1.1 Neighbourhood Development Plans are a community right introduced by the Localism Act 2011. They are the responsibility of Parish Councils.
- 1.2 Once 'made', or adopted, by the Local Planning Authority, they become a part of the Development Plan for the district and are used alongside that Plan to decide planning applications in the area they relate to.
- 1.3 In order to comply with the Neighbourhood Planning Regulations, the plan must be made by South Hams District Council as the relevant Local Planning Authority within 8 weeks of a successful referendum result.

2. Background

- 2.1 The Newton and Noss Neighbourhood Plan has been undertaken by Newton and Noss Parish Council in accordance with the relevant legislation and regulations.
- 2.2 The Newton and Noss Neighbourhood Area was designated in June 2014.
- 2.3 Following the necessary community engagement, consultation and background work, a draft plan was submitted to South Hams District Council in October 2017, in accordance with Regulation 15 of the Neighbourhood Planning (General) Regulations.
- 2.4 The District Council consulted on the draft plan between 9th November 2017 and 21st December 2017, in accordance with Regulation 16 of the above Regulations.
- 2.5 Following this consultation an independent examiner was appointed in accordance with Regulation 17, who confirmed that, subject to minor modifications, the plan met the 'basic conditions' as set out in legislation, and was suitable to go forward to referendum.
- 2.6 The Council agreed with the Examiner's conclusion, and a referendum held on 28th June 2018 achieved a turnout of 37.46% of local residents. Of these, 86.37% voted in favour of the plan.
- 2.7 Following a majority vote in a referendum to 'make' the plan, it becomes a statutory part of the Development Plan and will be used alongside the imminent Development Plan (Joint Local Plan once adopted) to help decide planning applications in the Neighbourhood Area.
- 2.8 Council officers have worked alongside the Newton and Noss Neighbourhood Plan Group to ensure that the Neighbourhood Plan provides an appropriate framework for development in the Newton and Noss area up to 2034.
- 2.9 Officers confirm that the plan meets the necessary 'basic conditions', including conformity with the Local Plan and with national policy.
- 2.10 Regulation 18A(1) of the Neighbourhood Planning (General) Regulations requires that a neighbourhood plan is 'made' by the Local Planning Authority no later than 8 weeks from the date of a successful referendum. In this case the relevant date by which the plan should be made is Thursday 23rd August 2018.
- 2.11 The Council has previously expressed support for neighbourhood plans as a way of achieving local and community priorities.

3. Outcomes/outputs

- 3.1 Once "made", the Newton and Noss Neighbourhood Development Plan will become part of the Local Development Plan and will be used to help decide planning applications in the Newton and Noss area.
- 3.2 A successful outcome for this neighbourhood plan will provide encouragement to the many other Parishes who are currently working on neighbourhood plans.

4. Options available and consideration of risk

- 4.1 Neighbourhood Plans come into force as part of the Development Plan immediately following a successful referendum. Therefore the Newton and Noss Neighbourhood Plan should now be used to decide planning applications.
- 4.2 However, in order to comply with the relevant legislation, the Local Planning Authority must make a neighbourhood plan within the required timeframe following a successful referendum, unless a legal challenge has been brought in relation to the referendum or there are concerns about the compatibility of the neighbourhood plan with any EU or human rights legislation. In this instance there are no such concerns.
- 4.3 Failure to “make” the Newton and Noss Neighbourhood Plan within the required timeframe could open the Council to legal challenge.

5. Proposed Way Forward

- 5.1 It is recommended that Executive approve the “making” of the Newton and Noss Neighbourhood Development Plan.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address.
Legal/Governance	Y	As set out in section 4, South Hams District Council is legally obliged to make the Newton and Noss Neighbourhood Development Plan.
Financial	N	There are no financial implications.
Risk	Y	There is a risk of legal challenge if the Neighbourhood Plan is not made within the required timeframe.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	The Neighbourhood Plan has assessed Equality and Diversity implications as part of its background evidence.
Safeguarding	N	None.
Community Safety, Crime and Disorder	Y	No direct implications.
Health, Safety and Wellbeing	Y	Positive outcomes are anticipated from the making of the Neighbourhood Plan.
Other implications	N	None

Supporting Information

Appendices:

None

Background Papers:

- Newton and Noss Neighbourhood Plan - Referendum version (available upon request from Democratic Services);
- The Neighbourhood Planning (General) Regulations 2012, including later amendments;
- Government guidance at <https://www.gov.uk/guidance/neighbourhood-planning>; and
- Background documents to the Newton and Noss Neighbourhood Plan, available at <https://www.southhams.gov.uk> under Planning/Neighbourhood Planning.

Report to: **Executive**
Date: **19 July 2018**
Title: **Thurlestone Neighbourhood Plan**
Portfolio Area: **Customer First**
Wards Affected: **Salcombe and Thurlestone**
Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

Date next steps can be taken: Upon the expiry of the Scrutiny Call-in Period (5.00pm on Monday, 30 July 2018)

Author: **Duncan Smith** Role: **Neighbourhood Planning Specialist**

Contact: **Telephone/email: Duncan.Smith@swdevon.gov.uk**

Recommendations:

That Executive approves the "making" (adoption) of the Thurlestone Neighbourhood Development Plan.

1. Executive summary

- 1.1 Neighbourhood Development Plans are a community right introduced by the Localism Act 2011. They are the responsibility of Parish Councils.
- 1.2 Once 'made', or adopted, by the Local Planning Authority, they become a part of the Development Plan for the district and are used alongside that Plan to decide planning applications in the area they relate to.
- 1.3 In order to comply with the Neighbourhood Planning Regulations, the plan must be made by South Hams District Council as the relevant Local Planning Authority within 8 weeks of a successful referendum result.

2. Background

- 2.1 The Thurlestone Neighbourhood Plan has been undertaken by Thurlestone Parish Council in accordance with the relevant legislation and regulations.
- 2.2 The Thurlestone Neighbourhood Area was designated on 24th April 2015.
- 2.3 Following the necessary community engagement, consultation and background work, a draft plan was submitted to South Hams District Council on 12th December 2017, in accordance with Regulation 15 of the Neighbourhood Planning (General) Regulations.
- 2.4 The District Council consulted on the draft plan between 9th January 2018 and 21st February 2018, in accordance with Regulation 16 of the above Regulations.
- 2.5 Following this consultation an independent examiner was appointed in accordance with Regulation 17, who confirmed that, subject to minor modifications, the plan met the 'basic conditions' as set out in legislation, and was suitable to go forward to referendum.
- 2.6 The Council agreed with the Examiner's conclusion, and a referendum held on 28th June 2018 achieved a turnout of 60.74% of local residents. Of these, 92.67% voted in favour of the plan.
- 2.7 Following a majority vote in a referendum to 'make' the plan, it becomes a statutory part of the Development Plan and will be used alongside the imminent Development Plan (Joint Local Plan once adopted) to help decide planning applications in the Neighbourhood Area.
- 2.8 Council officers have worked alongside the Thurlestone Neighbourhood Plan Steering Group to ensure that the Neighbourhood Plan provides an appropriate framework for development in the Thurlestone area up to 2034.
- 2.9 Officers confirm that the plan meets the necessary 'basic conditions', including conformity with the Local Plan and with national policy.
- 2.10 Regulation 18A(1) of the Neighbourhood Planning (General) Regulations requires that a neighbourhood plan is 'made' by the Local Planning Authority no later than 8 weeks from the date of a successful referendum. In this case the relevant date by which the plan should be "made" is Thursday 23rd August 2018.
- 2.11 The Council has previously expressed support for neighbourhood plans as a way of achieving local and community priorities.

3. Outcomes/outputs

- 3.1 Once "made", the Thurlestone Neighbourhood Plan will become part of the Development Plan and will be used to help decide planning applications in the Thurlestone area.
- 3.2 The successful outcome for this neighbourhood plan will provide encouragement to the many other Parishes who are currently working on neighbourhood plans.

4. Options available and consideration of risk

- 4.1 Neighbourhood Plans come into force as part of the Development Plan immediately following a successful referendum. Therefore the Thurlestone Neighbourhood Plan should now be used to decide planning applications.
- 4.2 However, in order to comply with the relevant legislation, the Local Planning Authority must “make” a neighbourhood plan within the required timeframe following a successful referendum, unless a legal challenge has been brought in relation to the referendum or there are concerns about the compatibility of the neighbourhood plan with any EU or human rights legislation. In this instance there are no such concerns.
- 4.3 Failure to “make” the Thurlestone Neighbourhood Plan within the required timeframe could open the Council to legal challenge.

5. Proposed Way Forward

- 5.1 It is recommended that Executive approve the “making” of the Thurlestone Neighbourhood Development Plan.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address.
Legal/Governance	Y	As set out in section 4, South Hams District Council is legally obliged to make the Thurlestone Neighbourhood Development Plan.
Financial	N	There are no financial implications.
Risk	Y	There is a risk of legal challenge if the Neighbourhood Plan is not made within the required timeframe.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	The Neighbourhood Plan has assessed Equality and Diversity implications as part of its background evidence.
Safeguarding	N	None.
Community Safety, Crime and Disorder	Y	No direct implications.
Health, Safety and Wellbeing	Y	Positive outcomes are anticipated from the making of the Neighbourhood Plan.
Other implications	N	None

Supporting Information

Appendices:

None

Background Papers:

- Thurlestone Neighbourhood Plan - Referendum version (available upon request from Democratic Services);
- The Neighbourhood Planning (General) Regulations 2012, including later amendments;
- Government guidance at <https://www.gov.uk/guidance/neighbourhood-planning>;
- Background documents to the Thurlestone Neighbourhood Plan, available at <https://www.southhams.gov.uk> under Planning/Neighbourhood Planning

Report to: **Executive**

Date: **19 July 2018**

Title: **Request for a Long Lease to Totnes Rugby Club.**

Portfolio Area: **Assets**

Wards Affected: **Totnes**

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

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision) **Full Council 26th July**

Author: **Guy Pedrick** Role: **Senior Specialist (Assets)**

Contact: **01803 861376. Email: guy.pedrick@swdevon.gov.uk**

RECOMMENDATION: That Executive be Recommended to:

Delegate authority to progress and conclude a new lease for Totnes Rugby Club at Borough Park in excess of 15 years, to the CoP lead for Assets, in consultation with the S151 Officer, Monitoring Officer, Head of Paid Service and Leader of the Council.

1. Executive summary

- 1.1 The Council has delegated power to the Corporate Property Officer (CoP Lead for Assets) to grant licences, periodic tenancies and leases up to a term not exceeding 15 years.
- 1.2 Accordingly, the CoP lead for Assets seeks delegated authority to proceed and finalise negotiations with Totnes Rugby Club to grant a new lease for a term in excess of 15 years. Confirmation of the proposal to be agreed in consultation with the S151 Officer, Monitoring Officer, Head of Paid Service and Leader of the Council.

2. Background

- 2.1 The Council has granted leases to sports clubs and associations for many years to recognise and support local community sport and wellbeing across various facilities, such as outdoor sports provision for bowling greens, tennis courts and sports pitches.

- 2.2 This provides security of tenure and opportunities for clubs to seek external funding and support, encouraging clubs to develop strategies to improve local sporting facilities. In addition, it allows local clubs and communities to take greater responsibility and management for its facility.
- 2.3 In the current financial challenge of public funding for discretionary services such as leisure and parks provision, working with the voluntary sector, local clubs and parish/town councils has been of increasing significance.
- 2.4 At Borough Park in Totnes, officers have been discussing and progressing leases for various leisure facilities within the park for bowls, tennis and more recently with the Rugby Club. Such projects have been undertaken with support from Totnes Town Council through the local Borough Park User Group and its Open Space Sport and Recreation Plan.
- 2.5 Totnes Rugby Club was formed over 125 years and is possibly the oldest sporting club in the area. Its home ground has been at Borough Park for many years and provides rugby for all sections of the community, including a very large junior section. The club has its own clubhouse and currently is the only club using the two pitches in the park under a rental agreement from this Council. The club has to rent changing rooms at Totnes Pavilion.
- 2.6 The club has an existing lease agreement for its clubhouse.
- 2.7 Heads of Terms for a long lease have been discussed and have been agreed in principle, key points being;
- Existing leases to be surrendered on the completion of the new lease to cover all the club's area and clubhouse
 - Club takes on all grass-cutting responsibilities for all the grass pitch areas in the park.
 - Public access to the park is maintained, except during matches and training as currently exists. Also for the club to organise small, community based events, larger events in consultation with the Council.
 - Main vehicular access will be through the existing access adjacent to the play area. This is subject to a proposed small improvement over surface and signage.
 - Future improvement proposals by the Club, such as new changing facilities, drainage works, new floodlights and advertising boards, will be subject to funding, plus any necessary planning and landlord consents.
- 2.8 In order for the Club to secure grant funding and loans from its governing body to facilitate improvements, the club has requested that the Council grants a new lease with a term of 40 years.

- 2.9 Discussions with the Club, shared with the Park User Group, Town Council and local Ward Members have been positive with overall support. Public feedback was recently sought following the required notice in the local press for the proposed long lease to the club. No comments were received.

3. Outcomes/outputs

- 3.1 To agree a new long-term lease with the Club so they can attract external funding to improve their facilities and to provide management of the park as highlighted.
- 3.2 The grounds maintenance burden of the park will reduce, as the main pitch area will become the responsibility of the Rugby Club. The Council will retain responsibility for the perimeter trees, path ways and benches.

4. Options available and consideration of risk

- 4.1 The Council grants the Club its long lease for 40 years on acceptable and agreed terms. However, in doing so it will lose direct control over the main Park area but conditions stated in the lease will reduce concerns.
- 4.2 No long lease is granted which will significantly reduce the Club's ability to attract external grants to improve its facilities.

5. Proposed Way Forward

- 5.1 The Council has delegated power to the Corporate Property Officer to grant licences, periodic tenancies and leases up to a term not exceeding 15 years.
- 5.2 Accordingly, the CoP lead for Assets seeks delegated authority to finalise negotiations with Totnes Rugby Club to agree a new lease for a term in excess of 15 years. Confirmation of the proposal to be agreed as per recommendation.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Executive has authority to approve the disposal of the Council's assets (including leases). If approved, it will be necessary to negotiate and provisionally agree Heads of Terms for the new lease. These terms will then form the basis of the lease agreement, which will be prepared by the Council's legal team.
Financial	Y	The grant of a long lease can potentially offer staffing

		<p>time/cost savings in the preparation of lease renewals (in this case every 6 years). The long lease will have provision for regular rent reviews throughout the term (usually every 5 years), but these are less onerous to action than lease renewals.</p> <p>There is potential to reduce the Council's grounds maintenance obligations for this asset, thus possibly making savings.</p>
Risk	Y	<p>The main risk in not approving this report will be that, as officers, delegated powers will limit any potential new lease term to a maximum of 15 years.</p> <p>From discussions with the Club, this would limit the availability of external grant funding and ways to improve current facilities and provision.</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:

None.

Background Papers:

None.

Report to: **Executive**

Date: **19th July 2018**

Title: **Business Rates – Locally Administered Business Rate Relief Policy**

Portfolio Area: **Cllr Bastone**

Wards Affected: **all**

Relevant Scrutiny Committee:

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

Date next steps can be taken:

Author: **Steve Henstock** Role: **Revenues Specialist**

Contact: **Steve.Henstock@swdevon.gov.uk**

Recommendations:

1. That Executive recommend to Full Council the adoption of Year 2 Locally Administered Business Rate Relief Policy

1. Executive summary

1.1 Members are asked to consider and recommend the policy (Appendix 1) to administer Year 2 of the 4 year funding agreement, awarded by Central Government to support those who have seen an increase in their rates bill due to the 2017 revaluation exercise.

2. Background

2.1 As a result of the 2017 revaluation exercise, Central Government allocated £300m over 4 years to help those who saw an increase in their rates bill. In South Hams the award for 2017/18 was £307k but has been reduced as follows:

- 2018/19 - £149k
- 2019/20 - £61k
- 2020/21 - £9k

- 2.2 There are some conditions to the grant which can be found at point 1.3 of Appendix 1 – the locally administered Business Rate Relief Policy.
- 2.3 The policy for Year 2 again proposes to divide funding in to two separate funds. A lump sum payment to businesses that have seen an increase in their rates bill after all reliefs have been taken into account. The criteria of this award can be found at 2.2 of Appendix 1 – The Policy. The second fund concerns discretionary awards for those businesses regardless of their eligibility for the lump sum payment. These applications will be considered by the Leader of the Council along with lead Executive Member in the already existing arrangement to award discretionary rate relief and must meet criteria set out in Appendix 1, 2.4 – The Policy. Due to reduced funding in Year 2, the proportion of the Government funding allocated for applications has been reduced.
- 2.4 The awards will be made automatically to those Businesses that have been identified as qualifying, and they will be given the opportunity to advise if their circumstances have changed, when notified of the award.

3. Outcomes/outputs

- 3.1 It is intended to adopt this policy as soon as possible in order that awards can be made.

4. Options available and consideration of risk

- 4.1 The Government will fully fund SHDC and the other preceptor Authorities their share of lost income from the awards through a grant.
- 4.2 Any relief awarded above the grant will not receive Government funding, and any shortfall in the award will be funding lost locally, so the fund will be closely monitored.

5. Proposed Way Forward

- 5.1 That Members recommend to Full Council the adoption of the Locally Administered Business Rate Relief Policy for Year 2 (2018/19).

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Local Government Act 1988, Section 47
Financial	Y	The funding for this scheme has come from central government. The 4 years of annual award are detailed in the background section
Risk		As this is year 2 of the scheme, funding has been

		reduced, and the amount of the award will need to be closely monitored to ensure that it is awarded in full.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		

Supporting Information

Appendices:

Appendix 1 – Locally Administered Discretionary Rate Relief Policy Year 2

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South Hams District Council

Business Rates – Locally Administered Business Rates Relief Policy – Year Two

Issue details	
Title:	Locally Administered Business Rates Relief Policy – Year Two
Version number	Version 1.0
Officer responsible:	Isabel Blake Community of Practice Lead Specialist, Housing, Revenues & Benefits
Authorisation by:	Full Council
Authorisation date:	

1 Background

- 1.1 The Government in the Spring Budget of 2017, announced a fund to Local Authorities to help those who have had an increase in their Rates bill due to the 2017 revaluation.
- 1.2 The Government have allocated £300 million nationally over the next four years.
- 1.2.1 In 2017/18 South Hams District Council was allocated £307,000, but this has been reduced for 2018/19 to £149,000; 2019/20 - £61,000; 2020/21 - £9,000 to provide support under the scheme
- 1.3 The Government will fully fund South Hams District Council, and the major precepting authorities, their share of lost income from the awards under this policy by way of a Section 31 Grant. The Grant will have conditions attached to it:
- 1.3.1 Any relief awarded above the allocated Grant amount will not receive full Government Funding.
- 1.3.2 The Grant must be used to support only ratepayers facing an increase in their bills following Revaluation.

2 The Council's Policy

- 2.1 South Hams policy is to ensure that continued support is provided to those Businesses that have seen an increase in their rates bill due to the Revaluation by way of a payment to reduce their Business Rates. The reduction in the allocated amount for year 2 of the scheme means that most of the funding is being provided to businesses straight away. There will be a part of the Government funding set aside for applications from those who are suffering additional hardship through the increase in their Business Rates bills – especially where they are not for profit organisations providing local support and advice. Any ratepayer who is suffering hardship already has the ability to apply to the Council for assistance.

Initial lump sum payment

- 2.2 The Council will make an award of up to £400 but no more than the actual 2017/18 increase in the rates bill to business who have seen an increase due to the revaluation. The award will be by way of a reduction in the amount of the bill, and is provided they fulfil the following criteria:
- The increase is based on the Rateable Value as at 31.03.2017 compared to the Rateable Value of the same property as at 01.04.2017
 - The ratepayer was occupying the premises on 31.3.2017 and has done so continuously until at least 01.04.2018
 - The Rateable Value on 01.04.2017 was £12,000 or greater, but less than £200,000
 - The ratepayer is a local business, wholly or predominantly based in Devon
 - The ratepayer is paying more on 01.04.2017 after all reliefs have been taken into account
 - The ratepayer must not be in receipt of a mandatory relief
- 2.3 The payment is made based on a daily charge, and will be adjusted down:
- If there is a change to the ratepayers circumstances where the property is vacated (the ratepayer ceases to be liable, or leaves the property empty)
 - If the ratepayer subsequently receives a reduction – such as small business rates relief) that reduces their bill
 - If there is a reduction to the 2017 Rateable Value

Discretionary Applications

- 2.4 The Council will make available a proportion of the Government Funding for applications from any ratepayer where there has been an increase in the rateable value of the property on 01.04.2017 compared to 31.03.2017 whether they were eligible for the lump sum payment or not. These applications will go before the Leader of the Council and lead Executive Member for consideration. Whilst any application will be considered it must meet the following criteria:

- There must have been an increase in the amount of rates payable (after mandatory reliefs have been taken into account) between the rates due on 31.03.2017 and 01.04.2017
- The ratepayer must be the same ratepayer and in continuous occupation since 31.3.2017
- It must be of benefit to local taxpayers to award the relief
- The ratepayer must provide goods or services to the benefit of the South Hams residents
- The ratepayer is suffering hardship due to the increase in the rates payable or it will affect their ability to provide goods or services to the residents of South Hams
- The ratepayer must supply any documentation to support their application that the Leader of the Council and lead Executive Member decide is required for them to be able to make a decision

Changes of Circumstances

- 2.5 Where a ratepayer has received a reduction under this policy, they will be required to notify the Council within 21 days of a change to their circumstances that will affect the amount of reduction they receive.
- A change would include, but is not limited to: a reduction in the 2017 Rateable Value of the property; vacating the property or leaving it empty; opening businesses outside of the South Hams area.
- 2.6 Failure to notify the Council of such a change may result in the amount of relief paid out under this policy being removed completely.

Award Period

- 2.7 The award of relief under this policy will be for a maximum of one year and only for the 2018/19 Financial Year (i.e. maximum period 01.04.2018 – 31.03.2019).

Review of local scheme

- 2.8 The 2018/19 scheme will be reviewed at the end of March 2019 and any Government Allocation not awarded will be shared between those businesses whose award was limited to £400.00, but their 2017 increase was greater than that amount.
- 2.9 The eligibility criteria for year three and four will also be identified as part of the above review to ensure that it still best meets the needs of local ratepayers, especially those that saw the greatest increase in their rates bills.
- In years three and four of the scheme Government Funding reduces by 80% and 97% respectively from the original award, so the scheme may alter to require all applications to be considered by the Leader of the Council and lead Executive Member.

3 Administering the scheme

- 3.1 Locally Administered Business Rates Relief Awards for Year Two will be made automatically to those businesses identified as qualifying. Businesses will be notified of the award and its criteria and given the opportunity to decline the award.

There is no requirement to pay a fee to make an application for discretionary relief.

- 3.2 The Council will identify entitlement to a lump sum payment and an award will automatically be made to those who qualify by way of a reduction in their business rates bill. They will be notified of the basis of the award in that:

- They are in occupation of the premises
- They are a business wholly or predominantly based in Devon
- They will notify the Council within 21 days of any change in their circumstances
- The payment will not breach State Aid rules

- 3.3 Once the relief is awarded, a revised Business Rates bill will be issued.

3.3.1 This relief will be awarded by an officer of the Council and will not need to go back to the Leader of the Council and the lead Executive Member for confirmation.

3.3.2 Should the eligibility for relief change due to a change in circumstances, an officer of the Council will be responsible for calculating the reduction in award.

- 3.4 Discretionary Payment awards under this policy will be put before the Leader of the Council and lead Executive Member for a decision on whether to award any relief and if so, what amount.

3.4.1 Should the eligibility for relief change due to change in circumstances, an officer of the Council will be responsible for calculating a reduction in the award made by the Leader of the Council and lead Executive Member.

Publicity of reductions and reliefs

- 3.5 The Council will publicise this and all other reliefs through its website and other media to ensure ratepayers are aware of all the reliefs that they may be entitled to claim.

3.5.1 All businesses entitled to reliefs will be published on the Council's website in accordance with current Freedom of Information requirements.

Right to appeal

3.6 If the ratepayer is not satisfied with an award in accordance with this policy, they may request a review in writing stating their reasons for appeal.

3.6.1 All appeals will be put before the Leader of the Council, the lead Executive Member and the Chairman of the Overview and Scrutiny Panel for a review of the decision.

3.7 There will be no further review of the decision by the Council once the Leader of the Council, lead Executive Member and Chairman of Overview and Scrutiny Panel have reconsidered a decision under point 3.6.

4 Equality impact considerations

Low

4.1 This Equality Impact Assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:

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

4.2 This policy has a positive or neutral impact on all protected characteristics.

4.3 The protected characteristics which are positively impacted are local factor of community considerations. This is because the policy, will reduce the outgoings through the rates bill of local businesses. When considering discretionary applications, the Leader of the Council and lead Executive Member will have the interests of local taxpayers in mind.

5 Related Policies/Strategies, Procedures and Legislation

5.1 Related policies

None

5.2 Legislation

Local Government Act 1988 – Section 47

6 Policy date for review

- 6.1 This policy will be reviewed in its effectiveness in meeting the needs of local businesses who have suffered an increase in their rates bills, and a new policy for years three and four put before the Executive early in the 2019/20 Financial Year.

DRAFT

Report to: **South Hams Executive**
Date: **19th July 2018**
Title: **Parking Order Operational Amendments**
Portfolio Area: **Environment Services**
Wards Affected: **All**
Relevant Scrutiny Committee:

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

Date next steps can be taken: To be considered by the Council on 26th July 2018.
(*e.g. referral on of recommendation or implementation of substantive decision*)

Author: **Cathy Aubertin** Role: **Operational Manager (Environment Services)**

Contact: Cathy.Aubertin@swdevon.gov.uk

Recommendations:

That the Executive recommends to Council that the following amendments are made to the South Hams Off-Street Parking Places Order:

1. Parking at Follaton House to be permitted from 7am to 7pm only.
2. Parking permits to be introduced for car parks in Dittisham.
3. To include more robust action in respect of the removal of vehicles from all South Hams District Council car parks.
4. Torcross Layby to be included as one of the car parks where permit parking is permitted.

1. Executive summary

- 1.1 This report requests that Members consider the above recommendations to make operational amendments to the South Hams Off-Street Parking Places Order.

2. Background

- 2.1 Follaton House

Following the installation of barriers at Follaton House, it is considered that restricting parking to day time only will support this further and allow enforcement to take place in respect of motorists who leave vehicles parked on the site long-term.

- 2.2 This will be particularly effective in allowing officers to deal with long-term parking issues, such as motor homes being left on the site for weeks at a time, and will ensure that adequate parking is available for visitors, staff and tenants.
- 2.3 Dittisham permits
Dittisham Parish Council operates two car parks in the village – Ham and the Level car parks. South Hams District Council provides enforcement on behalf of the Parish Council and, as such, both car parks are included in our Parking Order.
- 2.4 The Parish Council would now like to implement a permit scheme, which we would administer on their behalf. The Dittisham permits will only be available to Dittisham residents only and proof of residency will be required. Details of the scheme therefore need to be included in our Order. Dittisham resident's permits are available for a maximum of two vehicles only per property. The eligibility criteria will be as follows:

Permit 1 – No charge. Valid in both The Ham car park and The Level car park. Valid in one specified vehicle.

Permit 2 – Valid in Ham car park – no charge. Option to purchase validity in The Level car park at a cost of £100 per annum. Valid in one specified vehicle.

- 2.5 Removal of vehicles from car parks
Our current Off-Street Parking Places Order is not robust enough in respect of our ability to deal with the removal of vehicles from car parks. Therefore, it is recommended that the following paragraphs are added to the Order:

- **ALTERATION OF POSITION OF VEHICLE**
If a vehicle is left in a car park in a position other than in accordance with the foregoing provisions of this Order a person authorised by the Council may alter, or cause to be altered, the position of the vehicle so that its position is in accordance with the said provisions.
- **EMERGENCIES**
For the purpose of meeting the requirements of an emergency a person authorised by the Council, or a police constable in uniform, may alter or cause to be altered the position of a vehicle in a car park, or remove or arrange for the removal of a vehicle from a car park.

- **REMOVAL FROM CAR PARK – FOLLOWING 24 HOUR NOTICE**
If a vehicle is left in a car park in excess of 24 hours, following the issue of a 24 hour notice, a person authorised by the Council may remove the vehicle, or arrange for its removal from the car park to a place of storage and, in such event, the registered keeper of the vehicle shall be liable for all costs of both the removal and storage and reasonable administrative costs so incurred by the Council.

- **REMOVAL FROM CAR PARK – NON-PERMITTED VEHICLE**
Where a vehicle which is not permitted in a car park, in accordance with the Schedule to this Order, has been left in the car park a person authorised by the Council may, without notice, remove the vehicle or arrange for its removal from the car park to a place of storage and, in such event, the registered keeper of the vehicle shall be liable for all costs of both the removal, storage and reasonable administrative costs so incurred by the Council.

- **REMOVAL OF VEHICLE BY TOWING ETC**
Any person altering or removing the vehicle by virtue of, and in accordance with, this Order may do so by towing or driving the vehicle or in such other manner as he may think necessary and may take such measures in relation to the vehicle as he may think necessary to enable him to remove it or alter its position as the case may be and any costs incurred in this respect shall be recoverable as a civil debt from the registered keeper of the vehicle.

- **ARRANGEMENTS FOR SAFE CUSTODY**
Where a person authorised by the Council removes, or makes such arrangements for the removal of, a vehicle from a car park he shall make such arrangements as may be reasonably necessary for the safe custody of the vehicle.

2.6 Permit parking at Torcross Layby

Members will recall that permits for all car parks in South Hams were reviewed last year and that it was resolved that permits, other than the Residents permit, should only be valid on long-stay car parks.

2.7 It has since become apparent that this has caused inconvenience for residents in Torcross, who had previously parked in the Layby, which is a short-stay parking area. The resolution meant that permit holders, including residents who don't have off-street parking at their homes, could no longer park there, causing them to have to park in the Tank car park, which is often full of visitors and is a longer walk to their homes.

2.8 Following consultation with the Parish Council, the Local Member and the Environment Services Portfolio Holder, it is recommended

that permit parking be permitted in the Layby, in order to alleviate the problems referred to above.

3. Outcomes/outputs

3.1 In respect of the removal of vehicles, although there are not often instances where it is necessary to remove vehicles from our car parks, the inclusion of the above paragraphs in our Order will ensure that officers are able to address any future issues quickly and effectively.

4. Options available and consideration of risk

4.1 Should the recommendations above be resolved, they will be the subject of a 21-day consultation period, which customers will be aware of by a notice published in the local press and on the Council's website, together with notices in all affected car parks. This will allow customers to object to the proposals, and to make representations to the Council, should they wish to do so. If a large number of objections are received, the matter and representations will be referred to the Executive for further consideration.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Council has power to provide off-street parking under the Road Traffic Regulation Act 1984 (as amended). The Council has the power to deal with the provision, management and control of car parks.
Financial		The consultation exercise will cost approximately £600 to advertise, which will be funded by the Car Parks budget, with a proportion of costs being funded by Dittisham Parish Council.
Risk		Motorists who make use of Follaton car park overnight may object to the amendment to have day-time parking only, but will have the opportunity to do so formally via the public consultation process.
Comprehensive Impact Assessment Implications		
Equality and Diversity		A comprehensive impact assessment has been completed in respect of this matter which shows

		that there are no groups of customers which are adversely affected more than others.
Safeguarding		No implications.
Community Safety, Crime and Disorder		No potential positive or negative impact on crime and disorder reduction.
Health, Safety and Wellbeing		No implications.
Other implications		None.

Supporting Information

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes/No
SLT Rep briefed	Yes/No
Relevant Exec Director sign off (draft)	Yes/No
Data protection issues considered	Yes/No
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No

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Report to: **Executive**

Date: **19 July 2018**

Title: **Write Off Report**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

Author: **Lisa Buckle** Role: **Section 151 Officer**

Contact: **Ext. 1413 lisa.buckle@swdevon.gov.uk**

Recommendations:

- 1) The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £182,040.46 as detailed in Tables 1 and 2; and
- 2) The Executive approves the write off of an individual debts in excess of £5,000 totalling £93,336.11, as detailed in Table 3.

1. Executive summary

The Council is responsible for the collection of: Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

The report informs members of the debt written off for these revenue streams. Debts up to the value of £5,000 being written off by the s151 Officer, under delegated authority. Permission needs to be sought from the Executive to write off individual debts with a value of more than £5,000.

This report covers the period 1st January 2018 to 31st March 2018.

2. Background

The Council's sound financial management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services.

This report forms part of the formal debt write-off procedures included in these financial arrangements.

South Hams District Council's collection rates for 2016/17 were; Council Tax 98.12% & Business Rates 96.83%.

In the fourth quarter of 2017/18 the Council has collected £9.14 million in Council Tax and £5.08 million in Business Rates. The total collectable debt for 2017/18 (as at 31st March) for Council Tax is £66.50 million and for Business Rates is £30.94 million.

Debts are recovered in accordance with the Council's Recovery Policy which is published on our website.

Following the centralisation of debt recovery into one service from October 2017 and the implementation of the Debt Recovery Action Plan, uncollectible debt of £95,205.69 (individual debts less than £5,000) plus £61,651.92 (debts of over £5,000) have been identified and reflected within this Quarter 4 report. The majority of this debt falls into the following service areas:

- Housing Benefits £68,100
- Employment Estates £44,000
- Recycling £35,100
- Trade Waste £5,600

The uncollectible individual debts under £5,000 were written off during 2017/18 and those above £5,000 have been reflected in the 2017/18 bad debt provision accordingly.

3. Outcomes/outputs

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £2,574,766.10. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a reminder will be issued promptly to the debtor. If this fails to secure payment, a final reminder and/or a summons will also be issued and if necessary the debt passed to an appropriate collection agent such as the Civil Enforcement Agents or the Council's Legal Department in order to secure payment.

Sometimes, however, if the debtor is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period of time to collect the debt.

In some cases pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £5,000 are written off by the Section 151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by the Executive prior to the debt being written off.

A record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.

The Service has access to Experian’s Citizenview database which is currently the most reliable means of tracing absconded debtors. Each case is checked against this system before a decision is taken to write off the debt. A periodic review of write offs against this system may also be carried out to resurrect debts where appropriate.

4. Options available and consideration of risk

Executive can either approve to the debt being written off or not. Should the write off of an individual debt not be approved, it will remain on the appropriate system as an outstanding balance. In cases of insolvency there is no option available to the Council but to stop any action to collect the debt. With any case where the debt remains on the appropriate Council system, it may result in additional time and cost spent to pursue the debts when there is no realistic prospect of recovery.

5. Proposed Way Forward

The Executive approves the write off of individual debts in excess of £5,000 as detailed in Table 3.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The relevant powers for this report are contained within the following legislation; Section 151 Local Government Act 1972 Section 44 Local Government Finance Act 1988 (Non Domestic Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
Financial		South Hams District Council debts totalling £275,376.57 to be written-off
Risk	Reputati	Any risk to reputation is managed carefully by

	on	prompt recovery of amounts due wherever possible.
	Write Off	<p>This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue</p> <p>The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in issues for consideration.</p> <p>Any individual debt exceeding £5,000 is referred to members for consideration prior to write-off which accords with Financial regulations.</p>

Comprehensive Impact Assessment Implications		
Equality and Diversity		All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		A bad debt provision is built into the financial management of the Authority

Supporting Information

Appendices:

Table 1 – Council debt under £5,000 written off by the Section 151 Officer

Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer

Table 3 – Summary of items over £5,000 where permission to write off is requested

Table 4 – National & Local Collection Statistics re 2016 / 17 Collection Rates

Table 5 – Quarterly income in 2016 / 17 relating to all years

Table 6 – Previous Year Write Off Totals

Background Papers:

Section 151 Local Government Act 1972
Section 44 Local Government Finance Act 1988 (Non Domestic Rate)
Section 14 Local Government Finance Act 1992 (Council Tax)
Recovery Policy

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	Not Applicable

TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2017/18			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2016/17		Grand Total 2016/17	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	89	7		Overpaid Entitlement	32,246.95	191	75,345.85	54	24,836.70	69	33,471.63
	-	-		Bankruptcy	-	7	7,131.54	1	203.55	2	796.60
	-	-		Absconded	-	-	-	2	1,100.70	2	1,100.70
	-	-		Deceased	-	14	3,228.68	11	3,367.69	15	3667.12
	10	-		Not cost effective to pursue	155.68	19	244.07	13	316.07	46	1,775.70
	-	-		Uncollectable old debt	-	293	65,941.62	65	27,545.59	65	27545.59
Total	99	7			32,402.63	524	151,891.76	146	57,370.30	199	68,357.34
COUNCIL TAX	3	1		Absconded	3,355.00	20	15,089.66	35	18,245.97	70	40,237.06
	-	-		Administrative Receivership	-	1	1,336.00	1	1,224.21	1	1,224.21
	14	8		Bankruptcy	22,751.53	42	47,801.29	19	15,006.43	33	26,773.69
	1	-		Deceased	31.69	6	964.86	2	631.57	9	1,433.79
	1	-		Small balance	25.66	9	98.26	2	11.08	9	108.41
	27	6		Other	25,819.94	44	30,551.03	11	5,366.89	47	23,709.53
	1	-		Uncollectable old debt	138.02	1	138.02	-	-	-	-
	-	-		Voluntary Bankruptcy	-	-	-	-	-	-	-
Total	47	15			52,121.84	123	95,979.12	70	40,486.15	169	93,486.69
SUNDRY DEBTS	-	-		Absconded	-	-	-	-	-	-	-
	-	-		Bankruptcy/DRO/IVA/CVA	-	2	6,374.98	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	-	-
	1	-	1	Other	117.81	3	1,210.18	1	1,321.50	1	1,321.50
	454	12	224	Uncollectable Old Debt	95,205.69	466	95,205.69	-	-	-	-
	-	-		Small balance	-	6	2.13	-	-	-	-
Total	467	-	225		95,323.50	477	102,792.98	1	1,321.50	1	1,321.50
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	1	90.10	-	-	-	-
	-	-		Absconded	-	1	38.19	-	-	-	-
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	1	270.00
	-	-		Deceased	-	-	-	-	-	-	-
Total	-	-			-	2	128.29	-	-	1	270.00
Grand Total	613	22			179,847.97	1,126	350,792.15	217	99,177.95	370	163,435.53

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2017/18			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2016/17		Grand Total 2016/17	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	-	-	Absconded	-	4	6,157.55	1	1,165.70	1	1,165.70
	-	-	-	Administrative Receivership	-	4	6,071.23	-	-	-	-
	-	-	-	Liquidation	-	2	2,843.10	5	7,420.54	18	24,351.39
	-	-	-	Voluntary Bankruptcy	-	-	-	-	-	-	-
	-	-	-	Other	-	1	12.53	2	1,253.50	6	5,148.64
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	1	1	Bankruptcy	2,192.49	2	5,748.25	1	539.34	2	2,147.05
-	-	-	Deceased	-	-	-	-	-	-	-	
Total	-	1			2,192.49	13	20,832.66	9	10,379.08	27	32,812.78

TABLE 3 SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED

Page 99 TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2017/18			Totals for Comparison purposes				
			Quarter 4	Cumulative Total		Equivalent Quarter 2016/17		Grand Total 2016/17		
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount	
NON-DOMESTIC RATE	-	Administrative Receivership	-	-	-	-	-	-	-	-
	1	Liquidation	12,633.07	2	20,030.54	-	-	3	26,662.91	
	-	Absconded	-	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	1	9,650.91	1	9,650.91	
	-	Uncollectable old Debt	-	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	1	10,814.18	
Total	1		12,633.07	2	20,030.54	1	9,650.91	5	47,128.00	
HOUSING BENEFIT	1	Deceased	7,102.70	2	14,286.24	-	-	-	-	
	-	Overpaid Entitlement	-	2	13,168.64	-	-	1	5,394.07	
	2	Uncollectable	11,948.42	3	17,507.09	-	-	-	-	
	-	Bankruptcy	-	2	18,551.90	-	-	-	-	
Total	3		19,051.12	9	63,513.87	-	-	1	5,394.07	
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-	
	-	Bankruptcy	-	-	-	-	-	-	-	
	-	Voluntary Arrangement	-	-	-	-	-	-	-	
Total	-		-	-	-	-	-	-	-	
SUNDRY DEBTORS	1	Insolvency	35,090.72	2	47,367.88	-	-	-	-	
	3	Uncollectable old debt	26,561.20	3	26,561.20	-	-	-	-	
Total	4		61,651.92	5	73,929.08	-	-	-	-	
Grand Total	8		93,336.11	16	157,473.49	1	9,650.91	6	52,522.07	

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2016-17 COLLECTION RATES

Total amount collected in 2016-17 relating to 2016-17 financial year only (net of refunds relating to 2016-17)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 16/17 - £000s	Net Cash Collected* i.r.o. 16/17 - £000s	Amount Collected i.r.o. 16/17 - %age	Collectable Debit i.r.o. 16/17 - £000s	Net Cash Collected* i.r.o. 16/17 - £000s	Amount Collected i.r.o. 16/17 - %age
All England	26,797,092	26,038,596	97.2	24,643,214	24,205,471	98.2
Shire Districts	12,285,320	12,047,031	98.1	7,988,405	7,861,058	98.4
East Devon	94,072	93,145	99.0	35,024	34,571	98.7
Exeter	58,500	56,631	96.8	81,594	79,281	97.2
Mid Devon	47,266	46,369	98.1	15,924	15,793	99.2
North Devon	55,106	53,567	97.2	32,249	30,995	96.1
Plymouth	112,379	108,918	96.9	94,732	93,726	98.9
South Hams	62,914	61,729	98.1	32,850	31,808	96.8
Teignbridge	79,657	78,492	98.5	32,897	32,701	99.4
Torbay	70,863	67,673	95.5	38,589	37,279	96.6
Torridge	38,659	37,965	98.2	11,617	11,387	98.0
West Devon	35,504	34,529	97.3	11,328	11,068	97.7

* Net Cash Collected is total 2016-17 receipts net of refunds paid, in respect of 2016-17 only

TABLE 5 QUARTERLY INCOME IN 2016-17 RELATING TO ALL YEARS

Total amount collected in 2016-17 relating to any financial year (net of all refunds in 2016-17)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 st April – 30 th June	18,681	9,317
Quarter 2 - Receipts collected between 1 st July – 31 st September	17,169	8,486
Quarter 3 - Receipts collected between 1 st October – 31 st December	17,775	7,611
Quarter 4 - Receipts collected between 1 st January – 31 st March	8,446	4,527

* Net Cash Collected is total receipts in 2016-17 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS

		2016 - 17	2015 - 16	2014 - 15	2013- 14	2012 - 13	2011 - 12
HOUSING BENEFIT	Under £5,000 cases	68,357.34	57,038.07	102,138.53	75,357.30	87,095.83	74,868.17
HOUSING BENEFIT	£5,000 or over cases	5,394.07	7,177.42	0.00	14,903.19	61,925.43	0.00
Total		73,751.41	64,215.49	102,138.53	90,260.49	149,021.26	74,868.17
COUNCIL TAX	Under £5,000 cases	93,486.69	54,831.67	97,927.30	117,528.97	96,025.52	112,674.76
COUNCIL TAX	£5,000 or over cases	0.00	0.00	0.00	23,090.93	6,782.09	12,160.58
Total		93,486.69	54,831.67	97,927.30	140,619.90	102,807.61	124,835.34
SUNDRY DEBTS	Under £5,000 cases	1,321.50	9.03	6,584.63	2,723.23	12,811.29	28,170.96
SUNDRY DEBTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00	0.00
Total		1,321.50	9.03	6,584.63	2,723.23	12,811.29	28,170.96
HOUSING RENTS	Under £5,000 cases	270.00	0.00	3,113.38	1,037.83	3,143.83	3,048.57
HOUSING RENTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00	0.00
Total		270.00	0.00	3,113.38	1,037.83	3,143.83	3,048.57
NON DOMESTIC RATES	Under £5,000 cases	32,812.78	37,074.12	75,016.54	70,809.92	39,115.54	54,011.11
NON DOMESTIC RATES	£5,000 or over cases	47,128.00	252,084.33*	166,412.60	44,546.85	76,663.15	84,187.61
Total		79,940.78	289,158.45	241,429.14	115,356.77	115,778.69	138,198.72
GRAND TOTAL		248,770.38	408,214.64	451,192.98	349,998.22	383,562.68	369,121.76

* 2015-16; of the £252,084.33, £49,200.47 relates to one business going into liquidation, £83,674.59 relates to another business going into liquidation and a further £56,813.18 relates to an individual entering into a Voluntary Arrangement.

**MINUTES OF THE MEETING OF THE
OVERVIEW & SCRUTINY PANEL
HELD AT FOLLATON HOUSE, TOTNES ON
THURSDAY, 28 JUNE 2018**

Panel Members in attendance:			
* 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		

Other Members also in attendance:
Cllrs H D Bastone, I Bramble, J Brazil, P K Cuthbert, R D Gilbert, N A Hopwood, J A Pearce, R C Steer, R J Tucker, R J Vint and S A E Wright

Item No	Minute Ref No below refers	Officers in attendance and participating
All		Group Manager – Commercial Services; and Senior Specialist – Democratic Services
7(b)	O&S.5/18(b)	Housing, Revenue and Benefits Community Of Practice Lead; and Housing Specialist
8	O&S.6/18	Group Manager – Customer First and Support Services
9	O&S.7/18	IT Community Of Practice Lead
10	O&S.8/18	Specialist Manager; Place Making Community Of Practice Lead; and Neighbourhood Planning Specialist
11	O&S.9/18	Operational Manager (Environment Services)
12	O&S.10/18	Environmental Health Community Of Practice Lead
14(a)	O&S.12/18(a)	Environmental Health Officer and Specialist – Community Safety; Safeguarding; and Partnerships
15	O&S.13/18	Operational Manager (Environment Services)

O&S.1/18 MINUTES

The minutes of the meeting of the Overview and Scrutiny Panel held on 3 May 2018 were confirmed as a correct record and signed by the Chairman.

O&S.2/18 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.3/18 URGENT BUSINESS

The Chairman informed that he had no items of urgent business to be raised at this meeting.

O&S.4/18 PUBLIC FORUM

In accordance with the Public Forum Procedure Rules, there were one question that had been received for consideration during this agenda item:

(a) Question from Dr Richard Szczepura:

'Can the Council immediately publish a list of the sites being considered for development by SHDC, as referred to by Cllr Tucker in an article in the Totnes Times, 15 June 2018?'

In response, the Deputy Leader advised that the Council's entire Asset Register was currently under review and would be publicly available on the Council website before the end of this week.

O&S.5/18 EXECUTIVE FORWARD PLAN

The Panel was presented with the most recently published Executive Forward Plan.

In accordance with Overview and Scrutiny Procedure Rules, Panel Members had given the required notice for updates to be considered at this meeting on the following future Executive agenda items: *'Commercial Investment to Support Economic Activity'* and *'Homelessness Strategy Action Plan 2018/19'*.

(a) Commercial Investment to Support Economic Activity

A Member made reference to the decision of the Executive in respect of the 'Council Owned Asset Investment and Development' agenda item considered on 14 June 2018 (Minute E.08/18 refers). In particular, the Member highlighted the commitment for prior engagement with relevant Town and Parish Councils and local Ward Member(s) on their aspirations for their communities to have taken place before the Special Council meeting on 26 July 2018.

Having already met with the Leader, the Member found the meeting he had attended to be particularly useful. However, to maximise the value of the meetings with the Town Councils, the Member asked that consideration be given to disclosing the information that was currently classified as being exempt.

In reply, the Deputy Leader informed that, whilst he was happy for the classification of this information to be given further consideration, it must remain as exempt until Members were advised differently.

For clarification, the Panel was advised that this item on the Executive Forward Plan in fact referred to a report that was being prepared with a recommendation that would seek approval for a Governance Framework that would underpin any future investment decisions. When asked, the Deputy Leader was content for this matter to be deferred by the Executive to the Panel for further consideration prior to a final decision being taken by the Council. In light of this information, the Member highlighted a possible freehold opportunity that had just arisen in Totnes and queried whether the feasibility of purchasing this site could be included within the Executive report.

The Deputy Leader replied that initial consideration had been given to this opportunity and it had been concluded that it would not be appropriate for the Council to pursue this opportunity any further at this time.

The Member proceeded to express his deep frustration at this decision seemingly being taken without reference to any written paper or consultation with local Ward Members. Whilst it was agreed that discussions would be held outside the meeting between the Deputy Leader and the Member, other Panel Members did feel that there was a need for both increased openness and transparency and engagement with local Ward Members in such matters.

(b) Homelessness Strategy Action Plan 2018/19

The Panel considered a report that sought to recommend approval of the Homelessness Strategy Action Plan for 2018/19.

During discussion, the following points were raised:-

- (i) A number of Members wished to thank the lead officers for their tireless work on the homelessness prevention agenda;
- (ii) The Panel noted that there were two significant actions that had not been achieved in 2017/18 and officers were therefore suggesting that these be rolled over to 2018/19. These actions were: '*Vulnerable Customer Charter to be finalised*' and '*Work with schools to be expanded to include all major secondary schools*' and the Panel requested that these be progressed as soon as was practically possible. To reinforce the point, a motion to this effect was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED**;
- (iii) In response to some specific requests and, in some instances, concerns, it was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED** that:

'All Members be in receipt of updates on the following subject matters:

- *A copy of the Citizens' Advice Bureau report on the Social Prescribing Pilot;*

- *The membership of the Health and Wellbeing Board; and*
 - *A Briefing Note on those properties that we own within the South Hams that are currently leased to South Devon Rural Housing Association.'*
- (iv) In light of recent media coverage over the rising numbers of elderly residents who were being made homeless, a Member questioned the extent of the issue in the South Hams. Officers replied by stating that elderly housing provision in the South Hams was comparatively healthy and they would provide Members with the latest set of figures for the South Hams, in comparison to national trends, outside of this meeting;
- (v) Whilst some concerns were expressed over the number of nights that were being spent in temporary Bed and Breakfast accommodation, it was acknowledged that some nights were unfortunately unavoidable. However, officers did confirm that the Council had never exceeded the maximum six week period for families to be residing in Bed and Breakfast accommodation;
- (vi) Members were of the view that future Annual reports that were presented to the Panel should include reference to actual Case Studies. This suggestion was subsequently **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED**;
- (vii) To increase awareness amongst the wider membership, Members **PROPOSED** and **SECONDED** that an interactive Briefing Session on the Homelessness agenda be convened in the upcoming months. When put to the vote, this proposal was also declared **CARRIED**;
- (viii) A Member sought an update on the action whereby the Locality Team be trained to support vulnerable customers with accessing housing options, housing benefits, universal credit and the housing register. In response, the Panel was advised that the training had been completed and some early successes had already been realised;
- (ix) The Panel welcomed the 2017/18 achievement whereby there had been a 50% success rate on securing long-term housing for rough sleepers across the South Hams following the severe weather interventions during the recent winter months. As a further point, officers confirmed that they did not currently undertake outreach work on skin protection (e.g. provision of sun cream in very hot weather) and it was agreed that this would be raised with the local GP surgery to ascertain whether there was any such existing provision.

It was then:

RESOLVED

1. That the Executive be **RECOMMENDED** to adopt the Homelessness Strategy Action Plan for 2018/19 (as outlined at Appendix 2 of the presented agenda report) with immediate effect;
2. That those actions that were identified as being incomplete and therefore rolled over to the 2018/19 Action Plan (namely: 'Vulnerable Customer Charter to be finalised' and 'Work with schools to be expanded to include all major secondary schools') be progressed as soon as practically possible;
3. That all Members be in receipt of updates on the following subject matters:
 - a. A copy of the Citizens' Advice Bureau report on the Social Prescribing pilot;
 - b. The membership of the Health and Wellbeing Board; and
 - c. A Briefing Note on those properties that we own within the South Hams that are currently leased to South Devon Rural Housing Association;
4. An interactive Member Briefing Session on the Homelessness agenda be convened in the upcoming months; and
5. That future Annual reports include reference to actual Case Studies.

O&S.6/18 CIVICA / IT: LESSONS LEARNT

The Panel considered a report that sought endorsement of the conclusions of the lessons learnt exercise and the proposed actions that were set out.

Following the introduction, a number of Members welcomed the report and felt it accurately reflected the apportionment of responsibility that had led to the problems encountered. It was also confirmed that the actions and conclusions had been shared with Civica, who had accepted them in good spirit.

In discussion, reference was made to:-

- (a) reimbursement from Civica. Some Members highlighted the length of time that had passed since the Panel had initially raised its concerns in this respect and the Panel queried to what extent the Council had been recompensed. In reply, officers estimated that the Council had received a package from Civica that had amounted to slightly less than £120,000.

In light of the extent of losses and damages incurred by the Council, the Panel felt that the Audit Committee should be asked to review the levels of assurance that had been outlined in paragraph 2.6 of the presented agenda report. A motion to the effect was subsequently **PROPOSED** and **SECONDED** and when put to the vote was declared **CARRIED**;

- (b) the graph as outlined at Appendix A of the presented agenda report. In light of concerns that the graph was not particularly clear on the published agenda, officers gave a commitment to circulate the information on an Excel Spreadsheet outside of this meeting;
- (c) the reputational damage to the Council. Whilst recognising that it was now time to look forward, some Members still felt that the reputational damage to the Council from residents, town and parish councils and our own staff had been significant as a direct consequence of this issue during the roll out of the Programme;
- (d) the waste procurement project. The Panel was advised that a number of the identified lessons learnt had already been applied during the current waste procurement project. In particular, the employment of a full-time project officer was already reaping benefits to the Council;
- (e) the market now being more competitive. At the time of its launch, it was noted that Civica was the only company that was purporting to offer the IT solution that would underpin the Programme. As technological advancements had now improved, there were now more competitors in the market. That being said, officers still remained unconvinced that, at this time, there was a single system available that could deliver an effective customer interface (with workflow) to provide a suitable back office solution;
- (f) deficiencies in the procurement process. As had been previously reported, officers advised that the original contract had not included any obligations for Civica to pay a fee to the Council in the event of the solution being purchased by other local authorities. It was acknowledged that this had been a Council error during the procurement process (and specifically the drafting of the contract) which had been regrettable. To reinforce the point, it was **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED** that:-

‘in the future for key projects:

- a. adequate procurement processes and frameworks be put in place (including, if deemed appropriate, the creation of a Member Board) that ensures that the Council maximises the advantages to the Council and its residents; and*
- b. Members and relevant stakeholders be more involved as the project evolves.’*

It was then:

RESOLVED

1. That the conclusions of the lessons learnt exercise (as set out in section 3 of the presented agenda report) and the proposed actions (as detailed in section 4 of the presented agenda report) be endorsed; and
2. That, in the future for key projects:
 - a. adequate procurement processes and frameworks be put in place (including, if deemed appropriate, the creation of a Member Board) that ensures that the Council maximises the advantages to the Council and its residents; and
 - b. Members and relevant stakeholders be more involved as the project evolves; and
3. That the Audit Committee be asked to examine whether the Council has maximised all the potential avenues as outlined in paragraph 2.6 of the presented agenda report.

O&S.7/18 ICT RESILIENCE UPDATE

A report was considered that outlined the programme of work being undertaken by the ICT Community Of Practice to continuously improve the Council's IT systems availability and uptime and also to meet the expected Business Continuity requirements of the organisation.

In discussion, the following points were raised:-

- (a) The Panel requested that the Council's Business Continuity Plan be presented to a future meeting for detailed consideration;
- (b) The completion of the work to commission a faster connection between Follaton House and Kilworthy Park to ensure that daily system backups were fully transferred overnight was recognised by the Panel as being an important achievement.
- (c) When questioned, it was confirmed that a backup generator was located at the entrance of the Follaton House Car Park that would have the ability to power the Council's Server Room;
- (d) A Member requested that consideration be given to a Mobile Phone signal booster being erected within the Follaton House site.

It was then:

RESOLVED

1. That the work undertaken to improve IT resilience be noted;
and
2. That a further update be presented to the Panel in twelve months' time.

O&S.8/18

NEIGHBOURHOOD PLANNING: SUPPORT TO GROUPS – VERBAL UPDATE

Members received a verbal update during which specific reference was made to:-

- an experienced officer having recently been appointed (on an initial six-month period) to provide specialist support to the Neighbourhood Planning process;
- progress being made on Neighbourhood Plans. Whilst admittedly it was largely due to the tenacity of the Groups themselves, quite good progress was being made with the development of Neighbourhood Plans. In addition, officers acknowledged that there was still more progress to be made in this regard and the importance of the Council supporting the process was recognised;
- referendums were currently taking place on the Newton and Noss and Thurlestone Neighbourhood Plans;
- Neighbourhood Planning Workshops convened by the Council. The value of these Workshops was highlighted and the Panel endorsed the suggestion whereby Groups (and other potentially interested parties) should be encouraged to attend future Workshops that were convened by the Council; and
- previous single points of failure. With the support of the Locality Team, upskilling steps were being taken to ensure that there were no longer single points of failure within the process. Furthermore, it was hoped that the role of the Team could be expanded further to provide even more support.

In discussion, reference was made to:-

- (a) support to those parishes who were considering starting a Neighbourhood Plan. It was confirmed that, as part of his role, the newly appointed specialist officer would be able to provide support to any such parishes;
- (b) the intention to re-launch the Council's offer to the Neighbourhood Planning Groups. Members welcomed the intention to re-launch the offer and it was **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED** that:-

'The Panel welcome the re-launching of the Council's offer to Neighbourhood Planning Groups and asks that it include reference to the Council's statutory responsibilities and funding streams that were potentially available; and

That the re-launched version of the offer be circulated to Members and Town and Parish Councils as soon as is practically possible.'

A further debate on the offer and support that the Council could provide ensued and the view was expressed that the Council should be careful to be realistic and to not over promise the levels of support that it can provide to Neighbourhood Planning Groups. A motion to that effect was subsequently **PROPOSED** and **SECONDED** and when put to the vote was also declared **CARRIED**;

- (c) the levels of work and commitment involved in developing a Neighbourhood Plan. Some Members were of the view that the amount of work that was carried out to develop a Plan should not be underestimated. As a consequence, a number of the smaller parishes in the South Hams did not have sufficient numbers of volunteers with the time and expertise to drive the process. In response, the point was made that such areas should look at alternative means of working, with the ability for Town and Parish Councils to work together with neighbouring parishes to develop and progress a Plan being emphasised. To strengthen this point, it was **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED** that:

'Town and Parish Councils be informed about the benefits of working together with neighbouring parishes to develop and progress a Neighbourhood Plan.'

- (d) production of a Toolkit to support the process. In support of the production of a Toolkit, the Panel requested that it be produced and finalised before the end of August 2018.

It was then:

RESOLVED

1. That the Panel welcome the re-launching of the Council's offer to Neighbourhood Planning Groups and asks that it include reference to the Council's statutory responsibilities and funding streams that were potentially available;
2. That the re-launched version of the offer be circulated to Members and Town and Parish Councils as soon as is practically possible;
3. That Town and Parish Councils be informed about the benefits of working together with neighbouring parishes to develop and progress a Neighbourhood Plan;
4. That all Members encourage Groups (and other potentially interested parties) to attend future Neighbourhood Planning Workshops convened by the Council;

5. That the Council is careful that it is realistic and does not over promise the support that it can provide to Neighbourhood Planning Groups; and
6. That the Toolkit be produced and finalised before the end of August 2018.

O&S.9/18 **REVIEW AND EFFECTIVENESS OF CAR PARKING EQUIPMENT – VERBAL UPDATE**

Members considered a verbal update that had arisen in response to it becoming apparent recently that parking machines had been broken (and remained unfixed) for a period of time in Ivybridge.

In his update, the lead Executive Member highlighted that this matter had raised a number of consequent issues including:-

- The need for Mobile Locality Officers to be in receipt of basic training in repairing parking machines akin to that received by Civil Enforcement Officers;
- There being a current deficiency in ensuring that the contractor was complying with its requirements to both respond to a call-out within 12 hours and service the machines twice yearly;
- The contractor realising that they have had an insufficient number of employed engineers in the South West region. As a result, the Panel noted that the contractor was in the process of recruiting an additional engineer; and
- There seemingly being no financial penalties within the contractual arrangements.

In the ensuing discussion, reference was made to:-

- (a) contract management. A number of Members expressed their deep concerns over the contract management in this respect and seriously questioned whether the arrangements remained fit for purpose. The Panel also expressed further disappointment over the apparent shortcomings related to equipment maintenance. Such was the significance of this issue, that the Panel also approved a suggestion whereby a full report be presented to the Panel meeting on 6 September 2018 that both addressed each of these concerns and proposals in relation to future service provision for Council Car Parks;
- (b) the interactive signage for Council Car Parks. In citing the Mayors Avenue Car Park, Dartmouth as an example, a Member advised that the interactive signage for this car park had not been working for a period of time and it was requested that this issue be resolved as soon as was practically possible;
- (c) the scale of the problem. In trying to gauge the scale of the problem with other rolling contracts, the Panel also resolved that:

'Senior officers be asked to review other rolling contracts managed by the Council to ensure that they each remain fit for purpose.'

It was then:

RESOLVED

1. That the Panel expresses its deep concerns over:
 - a. whether the current contract is still fit for purpose; and
 - b. the apparent shortcomings in: contract management; inconsistencies in maintenance of equipment; and inadequacy of spare parts held;
2. That a full report be presented to the Panel meeting on 6 September 2018 that addresses each of the concerns raised at resolution 1 above and the direction of travel in relation to future service provision for Council Car Parks;
3. That senior officers be asked to review other rolling contracts managed by the Council to ensure that they each remain fit for purpose.

O&S.10/18 UPDATE REPORT ON FOOD SAFETY AUDIT ACTION PLAN

Members considered a report that provided an update on the Food Safety Audit Action Plan and gave an opportunity for the Panel to comment upon the Food Safety Service Plan for 2018/19.

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

- (a) The Panel and lead Executive Member paid tribute to the achievement whereby 100% of due food safety inspections had been completed during 2017/18;
- (b) When questioned, it was confirmed that resources had been reallocated from External Health and Safety activities to Food Safety work. The Panel was also informed that resources would need to be reappraised upon the conclusion of the twelve month temporary specialist post that had been referred to in the presented agenda report;
- (c) It was noted that Village Hall inspections were categorised depending upon the assessed level of risk.

It was then:

RESOLVED

That the Panel welcomes the update on the Food Safety Audit Action Plan and has been given the opportunity to comment upon the Food Safety Service Plan 2018/19.

O&S.11/18 **OVERVIEW AND SCRUTINY: DRAFT ANNUAL REPORT 2017/18**

Members considered a report that presented the Panel's draft Annual Report for 2017/18.

In discussion, reference was made to:-

- (a) the 'One Council' proposal. Such was the significance of the issue to the Council during 2017/18, that a Member was of the view that the draft Annual Report should have included greater reference to the 'One Council' proposal. In reply, the Chairman reminded the Panel that the Overview and Scrutiny role in the proposal had only focused on whether or not the consultation process had been conducted in an open and transparent manner;
- (b) the format of the Annual Report in the future. It was agreed that, since the Council had adopted a revised Corporate Strategy, it would be timely next year to review the format of the Annual Report;
- (c) the key principles of Overview and Scrutiny. In particular, emphasis was made to the principle whereby Overview and Scrutiny was 'carried out by *independent minded Members* who lead and own the Scrutiny role'.

In conclusion, a number of Members thanked the officer who had drafted the Annual Report for putting together such an extensive paper.

RECOMMENDED

That the Council be **RECOMMENDED** to approve the draft Annual Report for 2017/18 (as outlined at Appendix A of the presented agenda report).

O&S.12/18 **TASK AND FINISH GROUP UPDATES**

(a) Drug and Alcohol Abuse

As part of their update, officers and the Chairman of the Task and Finish Group advised that:

- a survey had been created for distribution at local schools;
- a number of scenarios and options would be included in the final report to be presented to the Panel;
- discussion were ongoing with representatives from Fusion Leisure;
- a meeting was to be held imminently with Sarah Wollaston MP;
- the Group was unlikely to be in a position to report its final recommendations until the Panel meeting on 4 October 2018.

In thanking them for their comprehensive update, Panel Members were supportive of the suggestion for the final recommendations to be considered on 4 October 2018.

(b) Community Funding

The Chairman introduced this proposal and advised of the intention for this Review to consider the subject of future Community Funding with it being concluded in a timely manner.

In the event of the Panel endorsing the proposal, the Chairman was also suggesting that the Group comprise of: Cllrs Baldry, Hicks, Hopwood and himself and it was intended that the first meeting would be held on Monday, 9 July 2018. Having sought assurances (and making the point that this was the third review of its kind in recent years), the Chairman emphasised that the proposal was not a fait accompli at this time and, if the Panel did not support the request, then no further work would take place in this regard.

It was then:

RESOLVED

That the Task and Finish Group be established, with the Group comprising of: Cllrs Baldry, Hicks, Hopwood and Saltern.

O&S.13/18 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. Having sought an update, it was agreed that the lead officer would provide a briefing paper to Members upon his return from annual leave;
- the Public Conveniences charging proposals. Once again, it was questioned exactly when local Ward Members (who would be affected by the Public Conveniences charging proposals) would be consulted with as part of the decision-making process. In reply, officers advised that it was intended that this consultation would take place once the tender process had been concluded. A number of Members expressed their deep unhappiness with this response, particularly given the repeated assurances by the Leader and Deputy Leader at previous meetings. Whilst officers advised that the tender documentation made it clear that not all of those sites listed may end up with a 'Pay on Entry' system, Members proceeded to reiterate the assurances and commitments that they had previously received. For information, a Member also advised that the Audit Committee had expressed similar reservations and had also requested greater consideration of this matter at a future meeting.

O&S.14/18 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) It was agreed that the Peer Review should be brought forward to the Panel meeting on 4 October 2018 for consideration;
- (b) The request for a pre-scrutiny exercise to be undertaken on the Medium Term Financial Position at the Panel meeting on 6 September 2018 was noted;
- (c) Members endorsed the suggestion that the Business Continuity Plan be considered at the Panel meeting on 4 October 2018;
- (d) The Panel was reminded of the request for the final report of the senior officers be asked to review other rolling contracts managed by the Council to ensure that they each remain fit for purpose Drug and Alcohol Task and Finish Group to be considered by the Panel at its meeting on 4 October 2018.

(Meeting started at 10.00 am and concluded at 1.15 pm)

Chairman