

South Hams Overview and Scrutiny Panel



Title:	Agenda												
Date:	Thursday, 6th September, 2018												
Time:	10.00 am												
Venue:	Cary Room - Follaton House												
Full Members:	<p style="text-align: center;">Chairman Cllr Saltern Vice Chairman Cllr Smerdon</p> <p><i>Members:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Cllr Baldry</td> <td>Cllr Hicks</td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Huntley</td> </tr> <tr> <td>Cllr Blackler</td> <td>Cllr May</td> </tr> <tr> <td>Cllr Cane</td> <td>Cllr Pennington</td> </tr> <tr> <td>Cllr Green</td> <td>Cllr Pringle</td> </tr> <tr> <td>Cllr Hawkins</td> <td></td> </tr> </table>	Cllr Baldry	Cllr Hicks	Cllr Birch	Cllr Huntley	Cllr Blackler	Cllr May	Cllr Cane	Cllr Pennington	Cllr Green	Cllr Pringle	Cllr Hawkins	
Cllr Baldry	Cllr Hicks												
Cllr Birch	Cllr Huntley												
Cllr Blackler	Cllr May												
Cllr Cane	Cllr Pennington												
Cllr Green	Cllr Pringle												
Cllr Hawkins													
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. Apologies for Absence**
- 2. Minutes** **1 - 10**

to approve as a correct record and authorise the Chairman to sign the minutes of the Panel held on 2 August 2018;
- 3. Urgent Business**

brought forward at the discretion of the Chairman;
- 4. Division of Agenda**

to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
- 5. 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;
- 6. Public Forum** **11 - 12**

A period of up to 15 minutes is available to deal with issues raised by the public;
- 7. Executive Forward Plan** **13 - 18**

Note: If any Member seeks further clarity, or wishes to raise issues regarding any future Executive agenda item, please contact Member Services before **5.00pm on Monday, 3 September 2018** to ensure that the lead Executive Member(s) and lead officer(s) are aware of this request in advance of the meeting.

(NB. the Panel has already requested the following items to be raised at this meeting):

 - (a) **Medium Term Financial Position – Presentation**; and
 - (b) **Public Toilet Pay on Entry Contract Award** – Verbal Update
- 8. Activities to Support Economic Growth** **19 - 52**
- 9. Next Steps - Enabling Homes to Meet the Needs for All** **53 - 72**

10. Pay and Display Machines	73 - 80
11. Decision Notices Relating to Allegations of Breaches of the Code of Conduct	81 - 88
12. Task and Finish Group Updates (if any):	89 - 104
(a) Drug and Alcohol Abuse; and	
(b) Community Funding	
13. Actions Arising / Decisions Log	105 - 110
14. Draft Annual Work Programme	111 - 112
to consider items for programming on to the annual work programme of the Panel, whilst having regard to the resources available, time constraints of Members and the interests of the local community	
15. 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”;	
16. IT Procurement	113 - 120

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**MINUTES OF THE MEETING OF THE
OVERVIEW & SCRUTINY PANEL
HELD AT FOLLATON HOUSE, TOTNES ON
THURSDAY, 2 AUGUST 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, J Brazil, T R Holway, N A Hopwood, R C Steer, R J Vint, K R H Wingate 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
8	O&S.20/18	Community Housing Lead
9	O&S.21/18	Fusion Strategic Development Manager and Assets Specialist
10	O&S.22/18	Specialist – Performance and Intelligence; Contact Centre Manager; and Specialist Manager
11	O&S.23/18	Monitoring Officer
16	O&S.27/18	Head of Building Control Partnership

O&S.15/18 MINUTES

The minutes of the meeting of the Overview and Scrutiny Panel held on 28 June 2018 were confirmed as a correct record and signed by the Chairman.

O&S.16/18 DECLARATIONS OF INTEREST

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

O&S.17/18 URGENT BUSINESS

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

O&S.18/18 PUBLIC FORUM

In accordance with the Public Forum Procedure Rules, the Chairman informed that there were no questions that had been received for consideration during this agenda item.

O&S.19/18 EXECUTIVE FORWARD PLAN

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

In addition to the requests that had previously been made, the Panel also formally asked to consider the 'Public Toilet Pay on Entry Contract Award' at its next meeting before its onward presentation to the Executive meeting on 13 September 2018.

O&S.20/18 COMMUNITY HOUSING STRATEGY – SIX MONTHLY UPDATE

The Panel considered a report that sought to provide it with an update on progress with the Community Housing Strategy and the programme of action going forward.

To expand upon the details in the report, the Community Housing Lead also conducted a presentation that outlined some of the design ideas that were being developed through one of the early development schemes at South Brent.

In the ensuing discussion, reference was made to:-

- (a) the close linkages to the 'Enabling Homes to Meet the Needs for All' agenda item. A Member highlighted the agenda item that had been considered by the Panel at its meeting on 3 May 2018 (Minute O&S.116/17 refers) that had presented a range of options for the purpose of delivering social/affordable housing. In expressing his surprise at the lack of reference to this item in both the agenda report and presentation, the Member emphasised the importance of the Council adopting a joined up and co-ordinated approach in this respect. As an assurance, the Panel was advised that these close linkages were recognised and lead officers were working in a co-ordinated manner. Furthermore, the potential use of Section 106 monies and the Wholly Owned Company proposals were also relevant to this Strategy and Members were reminded that updates on these matters were also due to be considered by the Panel at future meetings;
- (b) the standardised financial models. A Member highlighted the reference in the report to the financial models that had already been developed and asked to be in receipt of more information outside of this meeting;

- (c) the opportunities presented through this Central Government allocation of £1.88 million to the Council. A Member highlighted the Budget Summary (Appendix B of the presented agenda report refers) and expressed his concerns that one-third of this Fund had already been paid and/or committed without any housing yet being developed;
- (d) the potential for the Council to become a mortgage provider. Whilst there was a great deal of bureaucracy aligned to financial regulations, it was recognised that the Council could opt to become a mortgage provider in its own right;
- (e) the presentation. With regard to the development scheme referred to in the presentation, whilst the need for good design and construction was emphasised, it was also noted that there was a fine balance to be struck to ensure that build costs did not become too high. As a consequence, it was agreed that information relating to costs per unit would be circulated to Members.

It was then:

RESOLVED

That the update on the progress with the Community Housing Strategy and the programme of action going forward be welcomed.

O&S.21/18 SHWD SPORTS AND COMMUNITY DEVELOPMENT ANNUAL REPORT 2017 PRESENTATION (TO INCLUDE YOUTH LEISURE NIGHTS UPDATE)

The Chairman introduced the Fusion Leisure Strategic Development Manager and the Assets Specialist who were in attendance to provide a presentation that focused on:

- the Fusion Strategic Community Development Team; and
- the Strategic Community Development Plan that included:
 - o means to increase regular participation;
 - o targeting older people, young people, disabled people and disadvantaged and deprived communities;
 - o sporting and community events;
 - o healthy living; and
 - o partnership working.

Upon the conclusion of the presentation, it was agreed that a copy would be circulated to all Members for their information and reference.

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

- (a) With regard to the latest situation regarding the Youth Leisure Nights, it was noted that:
- The scheme at Quayside Leisure Centre was working well;
 - Dartmouth Leisure Centre had established a scheme that had commenced on 11 May 2018;
 - The team was working with a number of local agencies in Totnes with a view to re-launching a scheme in September 2018; and
 - There was currently no provision in Ivybridge but this would be reviewed again in September 2018.
- (b) In terms of alternative funding streams, a Member highlighted that both County and District Council Members had their own Locality Funds which could be used to support some of the local initiatives referred to in the presentation. To progress this point further, the Community Development Team was encouraged to make contact with local Ward Members;
- (c) Members requested receipt of additional information in relation to participation numbers in the South Hams outside of this meeting. The representative also reiterated that Fusion would expect for its participation numbers to increase further upon the completion of its current centre development works. In reply to a specific query, the Panel was informed that Fusion was considering a complete renovation of the gym facilities at Totnes Pavilion as part of its Phase 2 renovation works;
- (d) When questioned, the representative informed that, to date, the outreach and engagement work in the smaller South Hams parishes had been limited. Whilst accepting the point and noting that resources were limited, Members still requested that progress be made that could be demonstrated when Fusion presented its next annual report.

O&S.22/18 **QUARTER 1 2018/19 PERFORMANCE REPORT**

Members considered a report that presented the performance information for Quarter 1 2018/19.

In discussion, reference was made to:-

- (a) accessing the latest information on the performance dashboards. Some concerns were raised over difficulties that Members were experiencing in accessing the latest dashboard information and it was requested that officers follow up on this point outside of this Panel meeting;
- (b) the average number of missed bins. Whilst an improving picture, officers informed that the service was still aware of the need for further improvements to be made to this performance indicator;

- (c) the seemingly high number of abandoned telephone calls. Officers informed that they were currently looking at methods of capturing how many of those abandoned telephone calls were due to an increase in channel shift. However, officers did confirm that the overall trend was an increase in customer channel shift, which was directly resulting in a reduction in the total number of calls into the Contact Centre. This trend was subsequently welcomed by the Panel;
- (d) staff turnover in the Contact Centre. In reply to a question, officers advised that staff turnover was still felt to be too high in the Centre and remained an ongoing issue;
- (e) the Development Management (DM) performance information. A number of Members considered the presentation and format of the DM performance information within the published agenda to be unacceptable. It was therefore agreed that the information would be re-formatted and circulated to all Members following this meeting;
- (f) universal credit update. In light of some concerns over the additional workload arising from the universal credit initiative, it was agreed that lead officers would prepare a briefing note that would be sent to all Members.

It was then:

RESOLVED

That the performance levels against target communicated in the Balanced Scorecard and the performance figures supplied in the Background and the Exception report be noted.

O&S.23/18 CODE OF CONDUCT HEARING PANEL RECOMMENDATIONS ON THE COMPLAINTS PROCESS

Members considered a paper that presented the views and recommendations of the Code of Conduct Hearing Panel in response to concerns that had been raised over the Council's current complaints process.

In discussion, there was widespread support expressed for the recommendations and it was confirmed that the Council would be willing to host the suggested training session.

It was then:

RESOLVED

That the Panel:

1. request that a full review of the Council's Code of Conduct be undertaken by the Monitoring Officer, in consultation with the Members of the Code of Conduct Hearing Panel, with the findings being presented back to a future meeting of the Overview and Scrutiny Panel;
2. ask officers to write to Town and Parish Council Clerks outlining the total number of town and parish councillor complaints that had been received by the District Council and the consequent costs that were associated with their administration;
3. **RECOMMEND** to Council that representations be sent to the Secretary of State and local MPs outlining the Council's concerns over the current regulations (e.g. the lack of any meaningful penalties and the unfairness of District Councils having to absorb the costs of administering the scheme for its local Town and Parish Councils);
4. promote to Town and Parish Council Clerks the benefits of informally resolving complaints before a formal process is instigated;
5. ask officers to convene a 'Code of Conduct and Councillor Behaviour' training session for town and parish clerks and councillors;
6. convene a meeting between the Hearing Panel Members; the Monitoring Officer; and the Devon Association of Local Councils County Solicitor to express the concerns of the District Council over the number of complaints that are being received against local town and parish councillors; and
7. encourage the Monitoring Officer to revisit the Council's pool of Investigating Officers in an attempt to build capacity to ensure that complaints are dealt with in a more timely manner.

O&S.24/18 TASK AND FINISH GROUP UPDATES**(a) Drug and Alcohol Abuse**

By way of an update, it was confirmed that the Group would present its initial recommendations to the next Panel meeting on 6 September 2018 before then presenting its final concluding report to the Panel meeting on 4 October 2018.

(b) Community Funding

The Chairman advised that the Group had met on three separate occasions and it was intended that its concluding report would be considered by the Panel at its next meeting on 6 September 2018.

In light of the potential overlap, it was agreed that the Chairmen of this Group and the Drug and Alcohol Abuse Task and Finish Group would discuss the recommendations arising from these Reviews prior to their consideration by the Panel.

O&S.25/18 ACTIONS ARISING / DECISIONS LOG

The contents of the latest version of the Log was presented for consideration. In discussion, reference was made to:-

- the meetings to be held between relevant officers and Members on a ward by ward possible to investigate and ascertain possible opportunities to the Wholly Owned Company. A Member expressed his disappointment that these meetings had yet to be held and questioned how these would be arranged since the matter was to be re-considered by the Panel on 6 September 2018. In reply, it was noted that the lead officer would be tasked with progressing this matter upon his return to the office;
- the point again being made that the promised consultation with local Ward Members on the Public Conveniences charging proposals was still to take place;
- confirmation that rolling contracts that were managed by the Council were currently being reviewed.

O&S.26/18 DRAFT ANNUAL WORK PROGRAMME

In consideration of its Annual Work Programme, the following comments, additions and amendments were made by the Panel to the most recently published version:-

- (a) The Chairman invited a Member to introduce his formal Scrutiny Proposal Form that was entitled: '*The Future of Our Town Centres in South Hams*'. In so doing, the proposer highlighted the uncertain future being faced by town centres due to changes in retail activity and asked that a Task and Finish Group be set up with the initial task of presenting a draft set of terms of reference to the Panel meeting on 4 October 2018 for its approval.

Following a lengthy debate into the merits of this proposal, it was agreed that, as a way forward, the Community Of Practice Lead for Place Making would be tasked with producing a paper for consideration by the Panel at its meeting on 1 November 2018. It was intended that this paper would present the officer views as to how the Place Making Community Of Practice could have an impact on the Town Centre Regeneration agenda. In addition and, before this paper was considered, the Panel also agreed that the officer should convene four separate meetings with the local Ward Members for each of the four market towns;

- (b) In light of the request made at the Special Council meeting held on 26 July 2018, the Panel supported the suggestion for it to consider the proposed strategy for Commercial Property Acquisition and asset development within the South Hams at its next meeting on 6 September 2018.

O&S.27/18 **EXCLUSION OF PUBLIC AND PRESS**

It was then:

RESOLVED

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

O&S.28/18 **DEVON BUILDING CONTROL PARTNERSHIP UPDATE**

The Panel considered an exempt report that provided an overview of the performance of the Devon Building Control Partnership.

In discussion, assurances were given to the Panel that more information (including the agenda and published minutes) related to meetings of the Building Control Partnership Committee would now be distributed to the wider membership.

It was then:

RESOLVED

That the update report be endorsed.

(Meeting started at 10.00 am and concluded at 12.50 pm)

Chairman

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PUBLIC FORUM PROCEDURES

(a) General

Members of the public may raise issues and ask questions at meetings of the Overview and Scrutiny Panel in relation to agenda items (and in accordance with the O&S rules in Part 4). This session will last for up to fifteen minutes at the beginning of each meeting.

(b) Notice of Questions

An issue or question may only be raised by a member of the public provided that they have given written notice (which may be by electronic mail) to the Democratic Services Lead Specialist by 5.00pm on the Monday, prior to the relevant meeting.

(c) Scope of Questions

An issue may be rejected by the Monitoring Officer if:

- it relates to a matter within the functions of the Development Management Committee;
- it is not about a matter for which the local authority has a responsibility or which affects the district;
- it is offensive, frivolous or defamatory;
- it is substantially the same as a question which has previously been put in the past six months; or
- it requires the disclosure of confidential or exempt information.

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SOUTH HAMS DISTRICT COUNCIL: EXECUTIVE LEADER'S FORWARD PLAN

This is the Leader of Council's provisional forward plan for the four months starting September 2018. It provides an indicative date for matters to be considered by the Executive. Where possible, the Executive will keep to the dates shown in the plan. However, it may be necessary for some items to be rescheduled and other items added.

The forward plan is published to publicise consultation dates and enable dialogue between the Executive and all councillors, the public and other stakeholders. It will also assist the Council's Overview and Scrutiny Panel in planning their contribution to policy development and holding the Executive to account.

Local authorities are required to publish updated forward plans on a monthly basis. The Plan is published in hard copy and on the Council's website (www.southhams.gov.uk)

Members of the public are welcome to attend all meetings of the Executive, which are normally held at Follaton House, Totnes, and normally start at 10.00 am. If advance notice has been given, questions can be put to the Executive at the beginning of the meeting.

The Executive consists of six Councillors. Each has responsibility for a particular area of the Council's work.

Cllr John Tucker – Leader of the Council

Cllr Simon Wright – Deputy Leader

Cllr Keith Wingate – lead Executive Member for Business Development

Cllr Rufus Gilbert – lead Executive Member for Commercial Services

Cllr Hilary Bastone – lead Executive Member for Customer First

Cllr Nicky Hopwood – lead Executive Member for Customer First and Support Services

Further information on the workings of the Executive, including latest information on agenda items, can be obtained by contacting the Member Services Section on 01803 861185 or by e-mail to member.services@southhams.gov.uk

All items listed in this Forward Plan will be discussed in public at the relevant meeting, unless otherwise indicated for the reasons shown

INDEX OF KEY DECISIONS

Service	Title of Report and summary	Lead Officer and Executive member	Anticipated date of decision
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KEY DECISIONS:

For the purpose of the Executive Forward Plan, a key decision is a decision that will be taken by the Executive, and which will satisfy either of the following criteria:

‘to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority’s budget for the service or function to which the decision relates

(For this purpose significant expenditure or savings shall mean:

Revenue – Any contract or proposal with an annual payment of more than £50,000; and

Capital – Any project with a value in excess of £100,000); or

to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority, in the opinion of the Monitoring Officer (or the Democratic Services Manager in his/her absence).

A key decision proforma will be attached for each key decision listed above.

OTHER DECISIONS TO BE TAKEN BY THE EXECUTIVE

Service	Title of Report and summary	Lead Officer and Executive Member	Decision maker	Anticipated date of meeting	
				Executive	Council
Customer First	CTR draft scheme - SEPT	IB/Cllr Bastone	Executive	13 Sept 2018	27 Sept 2018
Customer First	Policy for Civil Penalties for breaches of Housing Standards Enforcement Notices	IL/Cllr Hopwood	Council	13 Sept 2018	27 Sept 2018
Support Services	Write Off Report – Quarter 1 2018/19	LB/Cllr Wright	Council	13 September 2018	27 Sept 2018
Commercial Services	Fleet Replacement Programme	HD/Cllr Gilbert	Council	13 September 2018	27 September 2018
Commercial Services	Public Toilet Pay on Entry Contract Award	CA/Cllr Gilbert	Executive	13 September 2018	27 September 2018
Customer First	AONB Management Plan Review 2019-2024	RS/Cllr Bastone	Executive	13 September 2018	27 Sept 2018
Support Services	Medium Term Financial Strategy for 2019/20 onwards	LB/Cllr Tucker	Executive	13 September 2018	27 Sept 2018
Strategy & Commissioning	Commercial Property Strategy	DA&LB/	Council	13 September 2018	27 Sept 2018
Support Services	Revenue Budget Monitoring to June 2018 (quarter 1 position)	PH/Cllr Wright	Council	13 September 2018	27 Sept 2018
Strategy & Commissioning	IT Platform: Next steps*	NT/MW/Cllr Hopwood	Council	13 September 2018	27 Sept 2018
Support Services	Capital Budget Monitoring to June 2018 (quarter 1 position)	PH/Cllr Wright	Council	13 September 2018	27 Sept 2018
Customer First	Coastal Concordat	RS/Cllr Bastone	Council?	18 October 2018	6 December 2018
Customer First	Brixton Community Housing Scheme	RE/Cllr Tucker	Council	18 Oct 2018	6 Dec 2018
Customer First	Governance Arrangements post JLP adoption	TJ/Cllr Bastone	Council	18 October 2018	6 Dec 2018
SLT	Peer Review Report	SH/Cllr Tucker	Council	18 October 2018	6 December 2018

Customer First	Adoption of Clean Air Strategy	IB/Cllr Tucker	Council	18 October 2018	6 December 2018
Customer First	Adoption of Business Continuity Plan	IL/	Council	18 October 2018	6 December 2018
Commercial Services	Waste and Cleansing procurement	HD/Cllr Gilbert	Council	22 November 2018	6 December 2018
Support Services	Revenue Budget Monitoring to September 2018 (quarter 2 position)	PH/Cllr Wright	Council	22 November 2018	6 December 2018
Support Services	Capital Budget Monitoring to September 2018 (quarter 2 position)	PH/Cllr Wright	Council	22 November 2018	6 December 2018
Support Services	Treasury Management Mid Year update 2018/19	PH/Cllr Wright	Council	22 November 2018	6 December 2018
Support Services	Write Off Report – Quarter 2 2018/19	LB/Cllr Wright	Council	22 November 2018	6 December 2018
Support Services	Draft Revenue Budget Proposals 2019/20	LB/Cllr Tucker	Council	22 November 2018	6 December 2018
Support Services	Draft Capital Programme Proposals 2019/20	LB/Cllr Tucker	Council	22 November 2018	6 December 2018
Customer First	CTR New scheme	IB/Cllr	Council	22 November 2018	6 December 2018
Strategy & Commissioning	Adoption of Health and Safety Policy Statement	IL/Cllr Tucker	Council	22 November 2018	6 December 2018

* Exempt Item (This means information contained in the report is not available to members of the public)

SH – Sophie Hosking – Executive Director Service Delivery and Commercial Development

SM – Steve Mullineaux – Group Manager Support Services and Customer First

LB – Lisa Buckle – s151 Officer

HD – Helen Dobby – Group Manager Commercial Services

IB – Isabel Blake – COP Lead Housing, Revenues and Benefits

AR – Alex Rehaag – Specialist Place and Strategy

TJ – Tom Jones – COP Lead Place Making

CBowen – Catherine Bowen – Monitoring Officer

DA – Darren Arulvasagam – Group Manager Business Development

SLT – Senior Leadership Team

CB – Chris Brook – COP Lead Assets



South Hams
District Council

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Agenda Item 8

Appendix B of this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Committee: **Overview & Scrutiny Panel**

Date: **6 September 2018**

Title: **Activities to Support Economic Growth**

Portfolio Area: **Cllr John Tucker, Leader of the Council, Assets**

Wards Affected: **All**

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 Panel RECOMMEND to Executive to RECOMMEND to Council to:

- 1. ADOPT the commercial property strategy; and**
- 2. AGREE a total borrowing limit of £60m for the Commercial Property Strategy.**

1.0 Executive Summary

- 1.1 In July 2017, it was resolved that the Council deferred a decision regarding a commercial property acquisition strategy (26/17). At that time, the proposal was to acquire commercial property outside of the District. On 19th July 2018, Executive received a report entitled "Activities to Support Economic Growth", which proposed a revised strategy. Based on feedback received, an updated version of this strategy is shown in Appendix A.
- 1.2 Following meetings of the Investment Group in 2018, officers put together a strategy for commercial property acquisitions and asset developments within the South Hams district, 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 Support regeneration and the economic activity of the District
 - 1.3.2 Enhance economic benefit
 - 1.3.3 Grow business rate income
 - 1.3.4 Assist with the financial sustainability of the Council as an ancillary benefit.

- 1.3.5 Help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 1.4 It is recommended that the borrowing limit for the Strategy is £60m, based on the independent borrowing advice shown in Exempt Appendix B which recommends a total borrowing limit of £75m for the whole of the Council's operations, based on the Council's specific financial status.
- 1.5 The Panel are asked to support this recommendation.
- 1.6 How each acquisition or development scheme is funded will be reviewed on a case by case basis. It is envisaged this will predominantly be funded through prudential borrowing or any other unallocated or available Council reserve or capital receipt, as determined by the Council's Capital Financing Requirement (CFR).
- 1.7 The nominated Investment Group Members will consider each and every proposal on its own merits and specifically how each proposal meets the Council's multiple objectives.
- 1.8 The proposed strategy and/or implementation can be updated or ceased at any point prior to the full budget of the strategy being expended (and the required funding being borrowed), if Members determine that market conditions have deteriorated enough to make it financially unattractive.
- 1.9 It is anticipated that to fully implement the strategy, i.e. expend the full £60m could take upto 5 years to complete. Borrowing will not be undertaken in advance of need and only on a project by project basis. It is not currently expected that more than half of this sum would be committed before the end of this council year.
- 1.10 Projects and their outcomes will be kept under constant review by the Investment Group.

2.0 **Background**

- 2.1 In July 2017, it was resolved that the Council deferred a decision regarding a commercial property acquisition strategy (26/13). At that time, the proposal was to acquire commercial property outside of the District. On 19th July 2018, Executive received a report entitled "Activities to Support Economic Growth", which proposed a revised strategy.
- 2.2 Based on subsequent feedback received, an updated version of this strategy is shown in Appendix A. It includes both commercial property acquisition as well as funding of commercial development on Council land.
- 2.3 This proposal is in line with the "Enterprise" corporate strategic aim of creating places for enterprise to thrive and business to grow.
- 2.4 In the period between now and the original July 2017 proposals, there have been changes to the rules and guidance around what Councils can in, using prudential borrowing.

- 2.5 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. 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 has obtained independent advice on the amount of borrowing that would be acceptable for the District Council, based on the Council's own financial status. This advice is confidential is therefore treated as an exempt appendix as it is the intellectual property of a third party. The indicators themselves will be public information when they are published. The advice has been analysed in order to inform the recommendations within this report and the Borrowing Strategy (and appropriate limits) for the Council within the Medium Term Financial Strategy. Members can view this advice in Exempt Appendix B. As a result of this advice, it is recommended that the Council does not agree borrowing above £75m – with £60m for this strategy and a further maximum of £15m for any other borrowing requirement.
- 2.7 There are no Government guidelines on what is an acceptable level of proportionality (the proportion of borrowing as a factor of the Council's Net Service Expenditure) and it is for each Council to assess this level themselves. Proportionality is considered in the advice shown in Exempt Appendix B.
- 2.8 The Council will consider proportionality on a case by case basis for each borrowing decision as part of the decision making process, with information provided to the Investment group, the s151 officer, the Head of Paid Service and the Leader of the Council.
- 2.9 Investment in District, for the stated aims of this strategy, funded through borrowing is entirely consistent with all published guidance for Councils. Legal counsel has been undertaken as part of this process. The legal powers by which the Council can implement this strategy have been confirmed.

3 Commercial Aquisitions

- 3.0 The recommended strategy shown in Appendix A has been devised to give the Council, through delegated powers to 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 C (example decision template) and an indicative cash flow for each project under investigation. These would inform Members and aid their decision making on whether to proceed or not.

- 3.2 In parallel, the Council's Senior Leadership Team (SLT) are required to approve any bid or development. Any project will be subject to Due Diligence and Legal Searches and occasionally other data as need arises.
- 3.3 For acquisitions, assuming the bid remains as per that authorised at the time of sign off, the final sign off prior to exchange and payment of deposit (typically 10%) is made by; Chairman of the Investment Group, the Leader of the Council, S151 officer and Head of Paid Service. If the Leader is also the chair of the Investment Group, the Group will agree an alternate.
- 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 avoid price inflation caused by competing bidders.
- 3.5 The Investment Group should be aware that they will be required to process information similar to that in Appendix C in a very quick timeframe so as to provide their decision. They will also be asked to attend meetings on similarly short notice. These meetings may be held virtually to expedite decision making and substitutes can be nominated by the relevant parties, subject to discussion at the next Investment Group meeting.

4 Commercial Development

- 4.0 Commercial development in the context of this report refers to the development of commercial property on Council owned land, such as (by way of example only); the construction of a health and wellbeing clinic in Dartmouth.
- 4.1 There are multiple projects being worked on by officers that meet the criteria set out in the strategy and it is proposed that 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 (which ordinarily would need to be a Full Council decision).
- 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 projects.

5 What might success look like?

- 5.0 The adoption of this strategy will facilitate inward investment in South Hams, promoting and fostering business development. This will help achieve the "enterprise" corporate objective.
- 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 per annum (equivalent of a 1% yield after borrowing, management, maintenance and capital repayment costs).

- 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 - £10m.
- 5.3 Over a three – five year horizon, developments will have been concluded and entered the operational / income phase. As a guide, a 1% net yield (after borrowing, management, maintenance and capital repayment costs) 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.
- 5.5 Investment Group Members may opt to accept a net yield return of less than 1% if the benefits of job creation or safeguarding, tourism, town centre regeneration, business rate growth or effective asset utilisation are deemed more important by the Investment Group than a purely financial return.
- 5.6 For illustrative purposes only, an example of how the borrowing requirements may add up to £75m are shown in Appendix D.

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 in a timely manner 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, 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 This report will be discussed at Executive and then Council later in September, where any comments raised by the Overview & Scrutiny Panel or Audit Committee can be considered.
- 7.2 Full Council will consider the borrowing limit for this Strategy as part of the Medium Term Financial Strategy on September 27th 2018. It is envisaged in December 2018, Full Council will consider approving 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 this strategy. As part of this report, the Council will also include the new proportionality indicators to address the Government guidance issued in February 2018.

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>This entire report (and its appendices) are exempt from publication because it contains information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> <p>The public interest test has been applied and it is considered that the public interest lies in not disclosing this report at this time because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</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>Any PWLB borrowing to fund the acquisition of commercial property is not secured on the property acquired.</p> <p>PWLB borrowing rates are fixed for the term of the loan. Individual borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council will need to approve a revised Treasury Management Strategy which would increase the borrowing limits of the Council (depending on the recommendations from the various bodies), to facilitate implementation of the strategy.</p> <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines.</p>
Risk	Y	<p>The security risk is that the capital value of an acquired or developed property falls. Whilst this would have an effect on the Council's balance sheet, this loss will be realised if the Council chooses to sell the property and incurs a capital loss. The liquidity risk is the risk of failure of a tenant within one of the acquired or developed properties.</p> <p>The yield risk is that the ancillary income derived from the assets will alter during the life of the asset. This will be actively managed; with specialist agents commissioned to manage the asset and its tenants. Properties will only be acquired if they have a minimum of 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 at circa £75m. It therefore has experience of managing such an estate and can act as an intelligent client to fulfil the proposed strategy, with the aid of commissioned property experts. The cost of these experts has been included in the financial projections from this strategy.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not Applicable
Safeguarding	N	Not Applicable
Community Safety, Crime and Disorder	N	Not Applicable
Health, Safety and Wellbeing	N	Not Applicable
Other implications	N	Not Applicable

Supporting Information

Appendices:

Appendix A – Recommended Commercial Property Strategy & Criteria

Appendix B – Exempt Appendix B South Hams Benchmarking Report

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

Appendix D – Illustrative Borrowing Requirements for SHDC

Background Papers:

- "Activities to Support Economic Growth presented to Executive, July 2018
- "Commercial Property Acquisition Strategy", presented to Council, July 2017
- Statutory Guidance On Local Government Investments (3rd Edition)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf
- Proposed Changes To The Prudential Framework Of Capital Finance
<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

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Appendix A – SHDC Commercial Property Strategy

Overall Objectives:

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

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

Desired Outcomes:

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

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

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

Risk

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

Location:

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

Tenant mix:

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

Lease length:

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

For all of the above:

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

Yield:

- The Council will only acquire properties where the running cost does not require Council subsidy. Per acquisition, a minimum net yield (an ancillary benefit) of 1.0% is to be sought, after acquisition, management, maintenance, capital repayment and funding costs. However, the Council may opt to accept a net yield return of less than 1% if the benefits of job creation or safeguarding, tourism, town centre regeneration, business rate growth or effective asset utilisation are deemed more important than a purely financial return.

Value & Cost:

- Acquisitions and development initiatives will be funded using predominantly borrowing or any other unallocated or available Council reserve or capital receipt.
- The Executive and Council will consider the borrowing limit for the Strategy as part of the Medium Term Financial Strategy in September 2018. It is envisaged in December 2018, Full Council will need to approve a revised Treasury Management Strategy which would increase the borrowing limits of the Council (depending on the recommendations from the various bodies), to facilitate implementation of this strategy. As part of this report, the Council will also include the new proportionality indicators to address the Government guidance issued in February 2018.
- Larger lot sizes are favoured - smaller size properties have disproportionately higher management costs and expose the Council to greater property void risks, but the economic and trade benefits of buying smaller units may outweigh this.
- Acquisition costs are forecast not to exceed 7% (Stamp Duty Land Tax (SDLT) / Legal / Agents / Due Diligence). These costs are to be contained within the overall strategy budget

Funding:

- This is to be secured on a case by case basis on the most commercially advantageous terms available predominantly through borrowing or any other unallocated or available Council reserve or capital receipt
- 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. Capital repayments will seek to repay a minimum of 50% of the capital value of any acquired property.

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.

Exit Strategy:

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

Governance Arrangements:

Acquisitions & Developments

Acquisitions and developments must conform to the adopted commercial property strategy. Any deviation from the agreed strategy will require Council approval.

Specialists will be commissioned to act on behalf of the Council to source suitable properties and manage the acquisition due diligence process.

Delegated authority to be given to the Head of Paid Service, in consultation with the S151 officer, Leader of the Council 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.

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.

Before a final decision to proceed with a development or acquisition is made, local ward members will be briefed and be able to share their views with the Investment Group.

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.

The same governance arrangements will be used to approve capital expenditure relating to any development projects and the subsequent granting of leases in excess of 15 years as recommended by the Assets CoP Lead, on a project by project basis.

Running / Review

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

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 of the Council, 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 (but are not limited to): CCD Properties (development specialists), Arcadis (building technical due diligence), Womble Bond Dickinson (legal due diligence) and Savills (commercial property investment advice).

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APPENDIX C: EXAMPLE DECISION TEMPLATE - TRANSACTION REVIEW

CRITERIA	SCORE [RAG]	NOTES
Location ¹	Green	Well located commercial estate, in XYZ Town
Property Condition ²	Yellow	Subject to Technical Due Diligence (TDD) – initial appraisal suggests some need for Capital Expenditure going forward, say £XXX within 5 years
Credit Rating of Tenant ³	Yellow	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	Green	Some leases greater than 5 years, a few as long as 10.
Gross Yield ⁵	Yellow	5.42% (assuming fully occupied). This reflects the demand in this sector of the market
Management & Maintenance Costs ⁶	Green	Will be outsourced as currently is the case.
Conformity to MHCLG Guidelines ⁷	Green	Within District and therefore within the Council's strategy
Any Specific Problems Identified ⁸	Yellow	The amount of Capital Expenditure that is needed on the building needs understanding in greater detail, after the bid process.

Key to Specific Factors:

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

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

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

Property Details and Address	
Owner	Unknown
Tenant Details	XYZ Tenants
Purchase Price	£3,500,000 (bid price to be agreed with agent, but no higher than this figure)
Probable Exchange Date	Date to be inserted
Probable Completion Date	Date to be inserted
Net Annual Rental Income	Rent payable: £203,166
*Based on full occupancy	<p>Less</p> <p>Interest repayments on PWLB borrowing (99,243)</p> <p>MRP on Annuity basis (36,786) (Capital repayment on borrowing)</p> <p>Repairs and Maintenance allowance (20,317) (10% of rent)</p> <p>Net Rental Income per annum: £46,820</p> <p>(Note this falls to £34,000 if One Unit is vacant)</p>
Amount to be Borrowed: (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	A bid is supported up to £3.5m (just below 0.94% net yield if one property is vacant). The Capital Expenditure requirements need understanding (assumed to be £100K). Note the Net Rental Income per annum falls to £34,000 if One Unit is vacant.
Legal Summary & Recommendation	TBC

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Appendix D - Illustrative Borrowing Requirements - SHDC

Commercial Property Acquisitions

Acquisition 1	5,000,000	Example Only
Acquisition 2	250,000	Example Only
Acquisition 3	250,000	Example Only
Sub-Total Acquisitions	5,500,000	

Commercial Developments

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

TOTAL Acquisition & Development	60,000,000
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Other Borrowing Requirements

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

TOTAL	75,000,000
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*GROSS REQUIREMENT, before any sales receipts

Borrowing already taken out (shown in Yellow)	5,500,000
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This report contains an exempt appendix as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Overview & Scrutiny Panel**

Date: **6 September 2018**

Title: **Next Steps - Enabling Homes to Meet the Needs for All**

Portfolio Area: **Cllr K Wingate, Strategy & Commissioning
Cllr H Bastone, Housing CoP, Customer First**

Authors: **Darren Arulvasagam**
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RECOMMENDATIONS

That the Panel AGREE the following principles:

- 1. that there is no requirement to form a South Hams District Council Housing Wholly Owned Company at this time;**
- 2. that Council borrowing in order to acquire or develop affordable homes is acceptable in principle;**
- 3. that affordable homes may be acquired or developed via the community housing strategy OR through existing work with Registered Providers or Developers. These properties will be allocated in accordance with local lettings plans and may be managed via the Council's Direct Lets service; and**
- 4. will guide the Council's affordable housing development / acquisition plans as detailed in section 5 of this report**

1.0 **Executive Summary**

- 1.1 This report was requested by the panel in May 2018, when Members requested a detailed business case for the formation of a Housing Wholly Owned Company (WOC), prior to it being presented to Executive.
- 1.2 At that time, Members acknowledged the good work to support the Council's strategic aim of enabling homes to meet the needs for all.
- 1.3 The May 2018 report stated that a housing WOC could potentially be used as a mechanism to achieve the Council's strategic aims, provide further support for Community-led housing, generate modest income streams and increase the number / value of assets owned by the Council.

- 1.4 Further analysis and investigation has led officers to recommend that the formation of a WOC is paused, as the Council can support community-led housing and acquire or develop a stock of council-owned properties for rent, without the need for the governance, investment and ongoing overhead that would accompany the formation of a WOC. The full detailed business case which was requested by O&S has therefore not been progressed as it was felt this would not have an effective use of Council resource.
- 1.5 Appendix C of this report shows the affordable housing delivery that has been achieved over the past 5 years. Half of the 2018/19 delivery has already been achieved. This should be contrasted with the published aspirations of the housing companies formed by local authorities.
- 1.6 The principles for housing delivery previously agreed by panel Members in May (as set out in section 5) are unchanged. These would apply to any 'affordable' houses developed or acquired by the Council.
- 1.7 In order to acquire or develop 'affordable' housing (see appendix A for definitions), the Council will need to borrow funds. An outline financial appraisal is shown in Exempt Appendix B for illustration purposes, showing the quantum of borrowing that may be required for an illustrative scheme. Members must note that borrowing, subject to a revised treasury management strategy, would be required in order to facilitate affordable properties let on a long term basis.

2. Background

- 1.1. Affordable housing describes housing for sale or rent to those whose needs are not met by the market (generally households on low-to-middle incomes). There is, however, no all-encompassing statutory definition of affordable housing in England. For the purposes of this report, the definition for affordable housing and the types of affordable housing tenure are explained in Appendix A.
- 1.2. Members requested the Council consider options to once again become a housing stock holder, perhaps through the formation of a local authority housing company.
- 1.3. This topic has been researched in detail over the past two years. Legal advice and counsel opinion confirmed the Council has legal powers to develop and/or acquire property for affordable housing.
- 1.4. South Hams and West Devon were successful with a funding bid to the Local Government Association's (LGA) Housing Advisors programme. The LGA commissioned Altair Ltd (www.altairltd.co.uk) to conduct research and make recommendations into the potential for the Council's to become stock holders again. This research and advice was provided free of charge to the Council. Representatives from Altair presented to the panel on 3rd May 2018 and a copy of the presentation was made available to Members after the meeting. The report concluded that a WOC would be the best solution from which to deliver housing. However, direct delivery by the Council can deliver affordable homes in the short term, without the need for the governance, investment and ongoing overhead that would accompany the formation of a WOC.

3.0 The changing local authority landscape

- 3.1 Government broadly welcomes “councils building again” and the establishment of local authority housing companies (WOCs), but has no specific policies or funding to support them.
- 3.2 Many WOCs have been established by residential stock-holding councils as a reaction to government constraints on the Housing Revenue Account (HRA), e.g. borrowing caps, rent controls and the Right to Buy (RTB), as well as to cuts in housing budgets.
- 3.3 WOCs offer Councils a “triple dividend” in the form of extra housing, a greater stewardship role in place-shaping and a financial return to the Council. However, housing delivery under any guise can deliver the majority of these benefits.
- 3.4 There are now as many as 150 WOCs in England, most formed in the past few years. WOCs have been established by all kinds of Councils, across the size spectrum. The largest concentrations are in London and the South East.
- 3.5 Most WOCs have modest ambitions to build (averaging around 50 units a year), although there are larger housing companies in urban areas with major build programmes. It has been estimated (by the Smith Institute in their report “Delivering the renaissance in council-build homes, 2017”) that around 30%-40% of new WOC homes are likely to be ‘affordable’, with a minority at the equivalent of social rented levels.
- 3.6 Research has shown that some authorities have opted not to form a WOC initially, thereby saving on the cost and effort to form, resource and run a company, yet still deliver the outcomes envisaged by forming a WOC. This is the route recommended for South Hams to pursue.
- 3.7 A green paper has just been published by MHCLG, heralding a ‘fundamental review of social housing’. This is likely to lead to changes in the policy environment that could make direct housing delivery or setting up a WOC more challenging.

4.0 Enabling Homes to meet the needs of all

1.5. The Council’s recent and projected delivery within the district is:

Affordable Homes delivered 2017/18	= 160
Projected Affordable Home completions for 2018/19	= 96
Projected Affordable Home completions for 2019/20	= 301

Appendix C of this report shows the affordable housing delivery that has been achieved over the past 5 years. Half of the 2018/19 delivery has already been achieved. These numbers should be contrasted with the published aspirations of the housing companies formed by local authorities.

It is important for Members to understand what role different ‘teams’ within the Council play in enabling affordable housing. Ultimately, the same goal is achieved, but there are differences in how the outcomes are delivered, depending on the wishes of the communities affected. Appendix A of this report details the definition of different types of affordable tenure.

- 4.2 **Place Making CoP – Affordable Housing**
The senior specialist (Alex Rehaag) and specialist within the place making CoP (Cassandra Harrison) primarily focus on traditional shared ownership and rented housing. Housing dealt with by this team has historically been owned and managed by a Registered Provider (RP). These properties are either developed directly by a RP, or more often, are built by developers who then seek to dispose of the affordable housing element of their schemes.
- 4.3 In the future, the Council could seek to acquire such properties directly from a developer. The Council could acquire housing and arrange for their management, using the infrastructure developed for managing the Council's Direct Lets service. This would work particularly well where a RP is unwilling to take on such properties due to concerns over viability or low numbers of properties.
- 4.4 The houses delivered by this team are those which have been included in the Joint Local Plan and are included within the affordable home supply forecasts.
- 4.5 **Section 106 contributions – on-site provision**
In order for planning to be granted on schemes of 10+ units, a section 106 agreement is required to detail the affordable housing on-site provision or off-site contribution required. This is prepared in conjunction with the legal and planning team. On-site contributions have historically been owned and managed by an RP and are advertised to potential residents through the Devon Home Choice (DHC) register (or Help to Buy South West register in the case of intermediate home ownership properties). The 'affordable housing team' negotiate the % of affordable housing required, including the type and tenure, based on a viability appraisal. The section 106 agreement deals with other issues too.
- 4.6 **Section 106 contributions – off-site provision**
For schemes of 10 or fewer units, which are not exception or departure sites, an off-site contribution in lieu of affordable housing is required. This will be determined by a viability appraisal and negotiation with the 'affordable housing team'. These schemes are looked at on a case by case basis and a blanket policy cannot apply. The spending of the payments collected, will be decided by the ward member, parish councillors and if relevant Neighbourhood Planning Group, with guidance and support from the affordable housing team. If this money cannot be spent within the specified time frame (varies from scheme to scheme) then the affordable housing team will look to direct these monies elsewhere. This money can only be used to meet an affordable housing need.
- 4.7 **Dartmoor National Park Authority**
South Hams District Council is the responsible authority for meeting housing needs, however the planning authority is Dartmoor. Therefore the 'affordable housing team' are required to provide consultation responses to DNPA as statutory consultees. This also leads to involvement with the legal team at DNPA to ensure that the legal agreements meet the housing authority's requirements. DNPA can

decide who retains any s106 monies but it must be spent in the parish of provision or within Dartmoor National Park's planning area.

4.8 Assets CoP - Community Housing Strategy

The Community Housing Strategy was put in place to support the development of homes that are accessible to those with local connections for whom the cost of market housing (to purchase and rent) is beyond their reach. The lack of such housing is having an adverse impact on the underlying vitality and sustainability of local communities.

4.9 The community housing strategy was "kick started" through the Government's Community Housing fund through the allocation of £1.88m to South Hams last year. These resources are being invested in project development such that schemes will deliver a profit margin for the authority (through a revolving financial model) which will enable the programme to grow over time. These funds have been used to acquire land and help provide start-up ('pump prime') funding for some of the schemes. Funds have also been used to form a core project team, incorporating the community housing lead (Rob Ellis) and a specialist.

4.10 Most projects are being delivered via exception planning policy enabling affordable housing delivery through reduced land value, e.g. £10,000 per unit maximum or land in return for a serviced plot(s) and cross-subsidisation from open market units. This follows Village Housing Initiative Guidance, which allows a small number of open market dwellings on a departure or exception site to be considered through the relevant planning policies. Sites which are brought forward as exception or departure sites can be challenging, particularly due to topography and requirements for infrastructure.

4.11 It is anticipated that the JLP process will see up to 40% of open market housing allowed on sites that fit the village housing or community housing criteria in order to cross subsidise affordable (rent or shared equity) and discounted market sale properties. Where a serviced plot or plots are negotiated with landowners in lieu of a payment, any property built on this land must be of similar size and character to the affordable or discounted market sale properties which are envisaged.

4.12 Housing needs assessments and a community assessed need combine to identify the mix of affordable housing types and tenures required for a development. Examples of these are described in Appendix A. The final decision on the split between discounted market sale and affordable rented will be based on responding to local housing need and community involvement. These may include self-build or custom-build plots, which may additionally be informed by the self-build/custom build register. The financial viability of any scheme will be determined by this split and the cost of developing the affordable or discount sale units and will be cross-subsidised by open market sales. Exempt Appendix B gives an illustration of this – where a development of 14 houses would see 5 affordable rent (36%), 4 discount to market (28%) and 5 open market (36%) properties. This illustration suggests that the open market homes could subsidise the discounted market properties and affordable rent properties to enable the discounted properties to be priced at 55% of the

open market value, whilst the rented properties would be available at Local Housing Allowance (LHA) equivalent rents.

- 4.13 Properties developed through the Community Housing Strategy are in addition to the homes included within housing numbers shown in the JLP. These schemes are likely to be smaller scale developments, where open market developers would normally struggle to make a scheme financially viable. This is particularly suited to the smaller villages and settlements within the South Hams, where the volume of housing required and size of land available for housing development is too low & unattractive for most housing developers and higher volume or density of development is not warranted or acceptable to local residents.
- 4.14 Houses developed via the Community Housing Strategy will be developed in close collaboration with a recognised community body (such as a Community Land Trust (CLT) or Parish Council). The CLT will dispose of properties at open market value or discount to open market value. The properties to be let below open market value or on a shared equity basis may need to be sold by the CLT to the Council or a RP, depending on the CLT's ability or risk appetite to raise finance and/or manage the properties.
- 4.15 Through the community housing strategy, CLTs will strive to deliver high quality homes (above open market delivered properties), to meet the needs of the community. It is likely that these will be attractive to existing community residents who wish to downsize from their property but have been unable to do so and stay within the community or have been unwilling to downsize due to the quality of a typical new build property.
- 4.16 Initiatives based on the Village housing scheme have been in force for a number of years and have proved to be very successful. Schemes such as Churchstow, Frogmore and Rattery would not have come forward without this initiative. This is now recognised in the NPPF and is being considered as a policy mechanism in the JLP.
- 4.17 The team's involvement is through liaison and negotiation between housing association colleagues, communities and landowners. Communities must have involvement in order to progress these type of sites. Identifying the housing need and which tenure is required is key in order to bring a site forward. The section 106 agreement determines who can live in the properties in perpetuity.
- 4.18 In summary, the key benefits of a community housing strategy scheme will be:
- Delivering discount market, affordable rent, and potential for self-build and customer build plots, subsidised by open market housing and low cost land
 - Smaller scale development – schemes will average between 10 – 20 homes
 - High quality build and properties that meet RIBA "Case for Space" sizes

- Will seek to benefit from Homes England infrastructure grants to subsidise schemes

2. Principles for affordable housing delivery

- 2.1. Below are the principles and strategic aims which were agreed by the panel in May 2018. It is envisaged these would apply to any properties developed or acquired by the Council, whether or not through a WOC. It is important to note that any deviation from this could either make the venture not financially viable or not fit for purpose. By agreeing this report's recommendations, Members are broadly agreeing with these principles:
- 5.1.1 The delivery of affordable housing by the Council or via a WOC should be financially viable and not dependent on funding from the Council to cover any possible financial losses.
 - 5.1.2 Any housing activity must be aligned with the Councils' Corporate Strategy of enabling homes to meet the needs of all. Affordable housing is to be provided across the district, for those with a local connection or those identified as key workers.
 - 5.1.3 The volume and speed of new affordable housing supply in the district will be increased. This housing delivery will provide an alternative source of supply to existing developers and registered providers.
 - 4.1.4 The intervention in the market must be as rapid as possible to address mounting local housing market challenges.
 - 4.1.5 Any affordable housing delivered must ensure long term provision of affordable housing.
 - 4.1.6 New housing delivery will support the medium to long-term alleviation of homelessness.
 - 4.1.7 It is understood that a mix of housing types and tenures will be provided. This will include housing units for sale or rent at market rates and this will subsidise the provision of affordable housing. A minimum ratio of 30% affordable housing will be provided on all Council / WOC schemes, in line with the proposed JLP policy. In any event, the focus is to provide affordable housing for sale or rent at below market rates.
 - 4.1.8 Affordable Housing rents will be set in order to meet the Council's objectives. This does not mean that social rents will be made available.
 - 4.1.9 S106 agreement contributions will continue to be used to help facilitate development and increase housing delivery.

6 Member Engagement

- 6.1 It was resolved at the panel meeting on May 3rd that arrangements should be made for relevant officers to meet with Members on a ward by ward basis so as to investigate and ascertain possible opportunities that may be available for affordable housing delivery.
- 6.2 Meetings were held with ward members and representatives from four of the larger town councils – Kingsbridge, Salcombe, Totnes and Ivybridge. Drop-in sessions were also arranged for members during August.
- 6.3 No new sites were raised during these sessions that were not already known by officers or part of the Joint Local Plan allocations.

- 6.4 It was clear from these meetings, that stakeholders and Members are keen to see an increase in affordable housing delivery within the South Hams and that there is agreement that the Council has a role to play. However, issues over availability, suitability and viability of land remain.

It was also noted that in the smaller villages, the volume of housing required to enable a scheme to become viable is unlikely to be popular with local residents.

7.0 Financing & Maintaining Acquisitions & Developments

- 6.5 It is for each Council to take a view of how much additional capital expenditure funded from borrowing is affordable within its forward-looking revenue budget strategy. In addition to borrowing costs (interest), councils are liable to make a Minimum Revenue Provision (MRP) as set out in the 2008 Capital Finance and Accounting Regulations. A report recommending the Council's future treasury management and borrowing strategy will be presented to Council in December 2018.

- 6.6 When determining the affordability of the existing capital programme together with any proposed borrowing for housing, the Council should ensure that the repayments are affordable. The illustration in Exempt Appendix B is based around the assumption that affordable rented properties will be let at LHA (Local Housing Allowance) weekly rates. From these rents, an allowance to cover property maintenance, management, service charges and repairs will be set aside, to determine the annual amount available to cover the cost of building the homes and the financing of that build and ongoing liability. The table below shows how the annual amount is calculated, per property (Based on the Broad Plymouth Rental Market Area):

Size (bedrooms)	Local Housing Allowance (per week)	Equivalent Annual Rent	Mgmt, Repairs, Maint, Svc Chg @ 25% of Annual Rent	Net Annual Rent
2	£122.36	£6,362.72	£1,590.68	£4,772.04
3	£145.43	£7,562.36	£1,890.59	£5,671.77

- 6.7 Once rental housing has been delivered by the Council, it is proposed that it will be managed by a Council team (Direct Lets) or by an external managing agent. The cost of this will be covered within the 25% amount shown in 7.2 above. Those responsible for the delivery of these services will be determined by capacity to deliver and value for money (on a scheme by scheme basis). It is initially anticipated that housing volumes will allow for this to be managed in-house, with no additional resource requirements. In time, delivery of these services may require additional resource or management by a third party – but this will be fully funded from the rental income, as described above.
- 6.8 The illustration in Exempt Appendix B shows a scheme of 14 houses, with 5 open market sale properties subsidising the 4 discount market sale and 5 affordable rent properties. If a higher number of affordable rent properties were required by local housing need and the CLT, then the mix of type of open market properties would need to increase in order to offer

greater cross subsidy and in turn, the council would need to take on larger borrowing to finance the affordable rental property acquisition. Conversely, a scheme with fewer affordable rental and greater discount market sale would need less ongoing borrowing.

- 6.9 It is not yet possible to forecast on a scheme by scheme basis how much borrowing will be required – as the number of affordable rented properties has yet to be confirmed. The illustration in Exempt Appendix B suggests £640k would be required for five rental properties.
- 6.10 The illustration in Exempt Appendix B results in a circa 5% net margin after all known costs on the scheme. Whilst this is for illustration purposes only, this margin is to be recycled into other future housing schemes. This is in-line with the principles outlined in section 5 above.
- 6.11 The workings above are based on the Council holding these properties direct within its general fund – without the added cost and overhead of a WOC. Holding properties in a WOC would increase the cost of carrying and therefore would result in a lower margin to be recycled into other housing developments.

7 Why & How Direct Delivery?

- 1.1. While housing delivery vehicles are the most common approach taken, it is possible for a local authority to deliver new housing directly as Councils have the statutory powers to carry out the development of housing that it intends to use to meet housing need in its area.
- 1.2. The two main powers available to the Council to deliver housing directly are Section 9 of the Housing Act 1985 (relating to general housing need) and Part VII of the Housing Act 1996 (relating to temporary homelessness).
- 1.3. Where a Council places reliance upon Section 9 of the Housing Act 1985, to develop directly, there is a requirement for this to be accounted for within a Housing Revenue Account (HRA). However this is only a requirement if the number of properties held exceeds 50 – the present forecast is not for this level to be breached for at least two years. Housing held directly by the Council in a HRA would be:-
- subject to rules on allocation in accordance with the requirements of Part VI of the Housing Act 1996;
 - subject to rent regulations (where the accommodation constitutes social housing); and
 - subject to the provisions in Part V of the Housing Act 1985 relating to a tenant's right to buy.
- 8.4 Housing developed directly by the Council will be subject to rules on allocation in accordance with the requirements of Part VI of the Housing Act 1996; subject to rent regulations (where the accommodation constitutes social housing); and subject to the provisions in Part V of the Housing Act 1985 relating to a tenant's right to buy if the council has a HRA. It is recommended that if the council's stock rose to a level where a HRA was required, the Council then forms a WOC. The Council can apply to the MHCLG for dispensation to increase the HRA threshold from

50 to 200 and it is recommended that the Council does this when the stock level is forecast to breach the 50 mark.

- 8.5 Alternatively, a Council may seek to rely upon the Part VII Housing Act 1996 powers to justify the activity, however a link to temporary homelessness would be required. This wouldn't apply to homes delivered through s106 or the community housing strategy.
- 8.6 When considering whether or not to reopen it's HRA, the Council will need to consider whether the benefits of this approach are sufficient to outweigh the restrictions associated with an HRA. The table below applies to direct council delivery:

Strengths	Challenges
<ul style="list-style-type: none"> ▪ Less complex to set up than a WOC ▪ More transparent structure ▪ Lower cost to run ▪ No corporation tax ▪ No VAT ▪ Delivery is already in progress via Affordable housing team and community housing strategy ▪ Most flexible given Government has just issued review of social housing green paper 	<ul style="list-style-type: none"> ▪ Restrictions on borrowing (if using a HRA) ▪ All revenue generated must remain in the HRA so no ability return to the General Fund (doesn't apply as no HRA below 50/200) ▪ Subject to central government policies (e.g. rent reduction, high income social tenants and right to buy) ▪ Less flexibility over tenure and rent setting

- 8.7 Opting to deliver homes without a WOC is activity aligned with the Councils' Corporate Strategy of enabling homes to meet the needs of all. It will enable rapid intervention in housing delivery. It will help achieve long term provision of affordable housing and will give an alternative source of supply to existing developers and registered providers.
- 8.8 A site appraisal, alongside an understanding of local housing need and evidence from the CLT will be analysed to establish the level of each type of tenure needed to make a development viable. As a minimum we would expect that a scheme would deliver:
 - 8.8.1 Outright sale – to subsidise other “affordable” tenure types
 - 8.8.2 Sub-market rent – to address housing need / homelessness concerns and generate a long-term income stream to make this type of development self-sustainable (at LHA rates)
 - 8.8.3 Low-cost (discount) home ownership – as a route into homeownership for those unable to afford outright sale, and to provide a mix of capital receipts and long-term revenue to the vehicle

8.8.4 Potential for equity/shared ownership properties and/or self-build and/or custom build plots

8.9 It has been forecast that to warrant the set-up costs of a WOC would require around 100 units. In addition to this, a WOC would be subject to corporation tax and have different rules for VAT.

9 Options available and consideration of risk

4.1. Members could opt to 1) do nothing, 2) accept or 3) reject the recommendation and proposals. If option 1 or 3 is pursued, no further cost would be incurred – however the success of the community housing strategy would be affected without the Council having the ability to acquire affordable rented properties delivered through this strategy.

4.2. If option 2 is chosen, then subject to Executive and Full Council approval, work will continue as detailed in section 4 of this report. The Council would monitor the number of properties owned and the need to either form a WOC, open a HRA or obtain dispensation from the MHCLG regarding the number of affordable properties held by the Council before opening a HRA.

4.3. The risks are shown in section 11.

10 Proposed Way Forward

5.1 Assuming the Panel agree the recommendations and this is confirmed by Executive and Full Council, then the two housing teams (as described in 4.2 and 4.8 above) will continue to work on schemes that will deliver affordable housing within the district with the aim of providing the Council with affordable housing stock.

11.0 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>Appendix B of this report is exempt from publication because it contains information about the Council’s financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972. The public interest test has been applied and it is considered that the public interest lies in not disclosing this information because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</p> <p>The two powers available to the Council to deliver housing directly are Section 9 of the Housing Act 1985 (relating to general housing need) and Part VII of the Housing Act 1996 (relating to temporary homelessness).</p> <p>The Council would be able to justify open market sale to cross-subsidise the sale of discounted to market value, shared ownership or affordable rented properties. Where a Council places reliance upon Section 9 of the Housing Act 1985, to develop directly, there is a requirement for that activity to be accounted for within a Housing Revenue Account (HRA). If a Council does not have a HRA to commence carrying out</p>

		<p>housing development under this power, it would need to reopen its HRA once the number of units that it holds exceeds 50. This number rises to 200 if dispensation for the MHCLG is received. It is understood that other local authorities have done this.</p> <p>The Council could opt to form a WOC at any point to give it an option other than re-opening a HRA. This decision does not need to be made until the volume of houses developed and retained OR acquired is close to exceeding 50 (or 200 depending on the above point).</p>
Financial	Y	<p>There are no direct financial consequences in relation to this report or its recommendations.</p> <p>Any potential housing acquisition will require a business case approval by the relevant committee. This will be determined on a case by case basis and will have scheme specific financial requirements and outcomes. If progressed, it is envisaged that the majority of acquisitions will be funded via borrowing, e.g. the Public Works Loan Board. Other sources of funding could be from any capital receipts, s106 affordable housing contributions, grant funding, or any other unallocated or available Council reserve.</p> <p>It is not possible to forecast the quantum of borrowing or returns that would be derived at this time. Exempt Appendix B gives an illustration of a typical scheme and shows the requirement for an initial £2.8m of initial funding, which would then be partly repaid through discount and open market sale receipts, but £640k of borrowing would be required to fund the ongoing affordable rented properties.</p> <p>The Council would need to determine at each acquisition if it has sufficient borrowing or financing capacity and appetite to complete each transaction. A revised treasury management strategy is due to be presented to the Council in December 2018 and will discuss these points in more depth. Any borrowing decision is at the discretion of the s151 officer in line with the Council's adopted Treasury Management Strategy and Affordable Borrowing Limits</p> <p>Specialist treasury management & Tax advice has previously been sought regarding the Council's proposed formation of a LACC. This information will be re-analysed in the context of a WOC and included in any required supporting business case.</p>
Risk	Y	<p>There are a number of risks that the Council would need to manage to successfully implement this recommendations. Key potential barriers include:</p> <p>Corporate priority against competing pressures and demands for time and resources: To successfully set-up a WOC or directly deliver affordable homes, this work needs to be supported by Councillors, and be both a corporate and political priority.</p> <p>Timeline slippage: There is a risk that delays when setting up a WOC will increase the delivery costs, and reduce the impact of the vehicle in the short term. It is therefore recommended that a WOC is not implemented in the short term, thereby not</p>

		<p>affecting short term delivery.</p> <p>Financing: Changes to the CIPFA prudential code, interest rates or the availability of PWLB borrowing may all have an impact on the cost of financing the WOC and/or home delivery, thereby having a knock-on effect on the viability of the activity and/or the WOC. The Council is likely to be subject to a maximum limit of borrowing (the MTFS due to be presented Executive in September & treasury management strategy due to be presented to Council in December will address this) and therefore housing delivery may be constrained by the Council's borrowing capability.</p> <p>Central Government policy: A Green paper has just been published by MHCLG, heralding a 'fundamental review of social housing'. This is likely to lead to changes in the policy environment that could make direct housing delivery or setting up a WOC more challenging.</p> <p>Resourcing: Housing delivery or a WOC will need appropriately skilled staff and consultants to support the set-up and operation of the business. A WOC would need additional staff in the short term, direct delivery will not.</p> <p>Development risk: During any delivery phase there will be a range of the usual risks associated with development delivery, for example planning risk, market risk, site abnormalities etc. A contingency of 5% has been allowed for in the financial projections, but costs would be monitored throughout to ensure early warnings of issues and to ensure projects are tightly controlled.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/A
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A
Other implications	N	N/A

Appendices:

Appendix A: The different types of Affordable Housing Tenure and Affordable Housing Definitions

Exempt Appendix B: Illustration of an affordable housing development scheme

Appendix C: Last 5 years Affordable Housing Delivery within SHDC

Background Papers

- Enabling homes to meet the needs for all, presented to O&S Panel, 3rd May 2018 <http://mg.swdevon.gov.uk/ieListDocuments.aspx?CId=134&MId=507&Ver=4>

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Appendix A: The different types of Affordable Housing Tenure and Affordable Housing Definitions

What is “Affordable Housing?”

Affordable housing describes housing for sale or rent to those whose needs are not met by the market (generally households on low-to-middle incomes). There is, however, no all-encompassing statutory definition of affordable housing in England.

The National Planning Policy Framework (NPPF) definition of affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

For the purposes of this report, the respective terms have the following meanings:

Affordable Rent Housing

- Is usually owned and managed by Housing Associations (Registered Providers) or Local Authorities and is offered to those on the local housing register. In the South Hams, this register is maintained by Devon Home Choice
- Affordable Rent is offered by Local Authorities and private registered providers of social housing
- It is let to those eligible for social housing
- Rents are limited to a maximum of 80% of local market rent and are usually kept within local housing allowance levels
- Affordable housing should include provisions to enable the affected properties to remain at an affordable price level for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social Rent Housing

- This is usually owned and managed by a Housing Association (Registered Provider) to those applicants that are on the housing register (Devon Home Choice in South Hams)
- Social rents offered by Local Authorities and private registered providers is generally between 40%-65% of market rent or lower. It is subject to regulation.
- It is important to note that this type of housing is not included on many new affordable housing developments due to the changes in government grant.
- There may be properties at this rent level on older/existing housing schemes.

Low Cost Home Ownership

Discounted Open Market Housing

- The resident purchases 100% of the property from a housing association or developer at a discounted price, typically 60 – 75% of the open market value.
- The property will stay affordable in perpetuity, so if the resident wants to sell the property in the future, they can only sell at the percentage at which they

bought (so bought originally at only 60% of market value, the sale price would be a maximum of 60% of the then market value).

Shared Equity / Ownership

- Residents share ownership of their home with a Housing Association (Registered Provider)
- They pay a mortgage on their ownership percentage
- They also pay rent to the Housing Association - this rent will be higher than social rents, but lower than market rents in the private-rented sector
- Sometimes they will be able to buy the property outright in due course (through staircasing)
- Sometimes the percentage they can buy will be restricted, to make sure some properties remain as affordable housing for the future

Equity Loan Schemes

- The resident owns the property, but gets financial help through another loan, which is secured on the property
- This loan is partly funded by the developer and partly by the Government

Community Land Trusts

A Community Land Trust is a corporate body which is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order to:

- provide a benefit to the local community and
- to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community.

Community Land Trusts are established under arrangements which are expressly designed to ensure that any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members) individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members) the members of a trust control it.

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Appendix C: SHDC Affordable Housing Delivery - Last 5 Years

Period	Total Units	Affordable Rent	Shared Ownership / Equity	Other (e.g. RentPlus, Discount Sale)
TOTAL FOR 2018/19	96	47	37	12
TOTAL FOR 2017/18	160	88	64	8
TOTAL FOR 2016/17	120	72	40	8
TOTAL FOR 2015/16	56	32	24	0
TOTAL FOR 2014/15	87	55	27	5
TOTAL - 5 Year Period	519	294	192	33
Annual Average	104	59	38	7

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Typical Local Authority WOC Delivery

Sadly there is no definitive database of council owned local housing companies, showing their delivery plans. Some research is available, though this is based on publically available information. As an example, the Smith Institute report, "Delivery the Renaissance in council-built housing - the rise of local housing companies" published October 2017 stated:

Page 8: "Most LHCs have modest ambitions to build (averaging around 50 units a year), although there are larger housing companies in urban areas with major build programmes."

Page 17: "Extrapolating our survey results suggests that the average LHC output over the next five years could be in the region of 50 units a year, which nationally amounts to around 25,000. This of course disguises the wide differences between the different LHCs and is probably a slight over exaggeration."

Based on this comparison, South Hams are already delivering Affordable Rented properties higher than the average Council WOC.

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Report to: **Overview & Scrutiny Panel**

Date: **6 September 2018**

Title: **Pay & Display Machines**

Portfolio Area: **Environment Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

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)*

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

Contact: Cathy.Aubertin@swdevon.gov.uk

Recommendations:

That Members are updated on the Pay & Display machine maintenance contract and have the opportunity to comment on the same.

1. Executive summary

- 1.1 Following the Overview & Scrutiny Panel meeting on 28 June 2018, this report updates Members of steps taken by officers to improve the effectiveness of car parking equipment.

2. Background

- 2.1 Following concerns raised by Members, a verbal update in respect of the effectiveness of car parking equipment was given at the Overview & Scrutiny meeting held on 28th June 2018. At that time, Members requested that a full report be presented to the Panel in September.
- 2.2 Members will know that the issues considered at the June meeting were as follows:
- The need for Mobile Locality Officers to be in receipt of basic training in repairing parking machines akin to that received by Civic 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.
- 2.3 All Pay & Display (P&D) machines in South Hams are provided by Metric Group Ltd, and are maintained by the same company. It should be noted that all P&D machines, whichever supplier is used, are maintained by the providing company and that there are no independent maintenance contractors in or near our district.
- 2.4 It should also be noted that the problems with P&D machine maintenance, together with the associated loss of income, are not a long term issue and records indicate that the failures in our service from Metric began early in this financial year. This concurs with the issues Metric have experienced with losing a reliable and experienced engineer in our area.

3. Outcomes/outputs

- 3.1 On 16 August, officers met with two representatives from Metric – Robert Kinch, Head of Customer Service and Support, and Steve Eeles, Head of Field Service – in order to consider to fall in the standard of service South Ham District Council has received from Metric.
- 3.2 Mr Kinch explained that he had been recruited by Metric 18 months ago in order to improve overall customer service and that he had made good progress in this respect although there had been some challenge from those who did not agree with the changes being implemented.
- 3.3 Officers detailed the incidents that had caused concern with the performance of the contract and presented evidence of the poor service received from Metric. See Appendix A for details.
- 3.4 The outcome of the discussion may be summarised as follows:
- Metric have introduced a system to allow them to monitor the performance of their engineers, and they will share this information with us on a monthly basis.
 - Metric are reviewing the frequency of the delivery of parts to their engineers to make them more efficient.
 - Updated contact details to be provided by Metric, to make it easier for officers to escalate issues in the future, although if all else fails, officers will contact Mr Kinch direct.

- Service desk employees are now a brand new team at Metric, hand-picked by Mr Kinch for their service experience within the industry.
- New engineer now in post and fully trained.
- Maintenance engineers now focus on Business as Usual, with a separate team of engineers dealing with P&D machine installations, which are time consuming.
- Metric have undertaken a remodelling of engineer areas to ensure a quicker response and more flexibility.
- Repeat breakdowns will be monitored by Metric in the future, in partnership with officers.

3.5 In respect of the contract between Metric and South Hams District Council, it was acknowledged that this is now dated and should include performance measures and financial penalties for service failure. Working with an updated standard contract, officers will negotiate acceptable turnaround times, and consider inclusion of a list of priority machines, where the turnaround time could be reduced to ensure that machines are back in working order as quickly as possible at key locations in the District. Officers will consider the impact of these improvements on the cost of contract versus lost income when machines are out of action.

3.6 In respect of the lost income, although Metric are unable to make a financial contribution to this, they have agreed to compensate as follows:

- Enhanced machine maintenance training to be given to all CEOs by an engineer trainer.
- Metric will undertake a complete overhaul of all machines (in addition to the twice-yearly service) to include the replacement of all escrows, a deep clean and a software upgrade.
- Metric will consider what other compensation they are able to offer and Members will receive a verbal update on this at the Overview & Scrutiny meeting.

3.7 Officers will monitor the performance of Metric and will meet with the same Metric representatives in November 2018 in order to provide feedback and to conclude maintenance contract negotiations.

4. Options available and consideration of risk

4.1 Should Metric fail to meet their obligations, as promised, officers, who have already begun to look at alternative P&D machine providers, will recommend that the Council moves to an alternative provider. However, it should be noted that it will take up to 10 years to make the switch for all machines from Metric to the alternative, as it would be a gradual process.

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		Metric to make contribution towards income loss of £17,500, as shown in Appendix A.
Risk		Further loss of income if Metric don't adhere to their commitments. The introduction of a new maintenance contract will go towards mitigating this.
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

Appendix A – Metric Machine Fault Analysis 2018/19

DATE OF FAULT	MACHINE	DETAIL OF FAULT	REPORT NUMBER	REPORTED BY	DATE FIXED	Number of days not operational	Number of days to Fix (working days)	potential loss of income
03/04/18	Shadycombe 1	Vault Fault	1193163	Wayne	04/04/18	1	1	none second machine
03/04/18	Mayor's Avenue 1	Clam shell stuck open	1193164	Aslan	04/04/18	1	1	none second machine
03/04/18	Strete Gate	Shutter stuck closed	1193165	Aslan	04/04/18	1	1	£94
03/04/18	Park & Ride 2	Shutter stuck closed	1193166	Aslan	03/04/18	0	0	none second machine
03/04/18	Bigbury 4	Not accepting coins & every other ticket isn't cutting	1193167	Wayne & Lee	04/04/18	1	1	none 4 other machines
03/04/18	Memorial 2	Vault Fault	1193171	Wayne	04/04/18	1	1	none second machine
01/04/18	north sands	Vault Fault		wayne	not operational 1-9 and 24-31			£2,256.25
03/04/18	Mayor's Avenue 2	Shutter stuck closed	1193218	Lee	04/04/18	1	1	none second machine
04/04/18	fore street	printer error	1193616	Lee	04/04/18	1	0	none
05/04/18	Heaths Nursery 2	Ecsrow stuck	1193933	Bill	12/04/18	7	5	none second machine
09/04/18	Longmarsh 1	Start up failure	1194529	Lee	10/04/18	1	1	none second machine
09/04/18	Old Market	No Payment methods available	1194530	Lee/Aslan	10/04/18	1	1	none second machine
09/04/18	Shadycombe 1	Vault Fault	1194532	Wayne	24/04/18	15	11	none second machine
09/04/18	Memorial 1	Clam shell stuck open	1194533	Aslan	10/04/18	1	1	none second machine
09/04/18	Fore Street	Not cutting tickets	1194534	Lee	10/04/18	1	1	£93
09/04/18	Bigbury 2	Escrow fault	1194535	Lee	10/04/18	1	1	none 4 other machines
10/04/18	cattlemarket	coins not going through	1194800	peter	14/04/18	3	3	£93
12/04/18	Fore Street	Vault won't open	1195495	Wayne	Done	0	0	none
12/04/18	Heaths Nursery 2	Escrow stuck	1195496	Bruce	12/04/18	0	0	none second machine
12/04/18	Cattlemarket	No Communications	1195604	Aslan	Done	0	0	this fault doesn't effect use - still in operation
12/04/18	Heaths Nursery 1	Vault needs resetting	1195605	Wayne	24/04/18	12	8	none second machine
17/04/18	Cattle Market	Coins not going in machine	1196372	Chris	24/04/18	7	5	£158.90
20/04/18	Old Market	Clam shell stuck/not accepting coins	1196992	Bruce	24/04/18	4	2	£810.30
23/04/18	quay 1	coin sensor stuck	1197143	peter	24/04/18	1	1	none machine still in operation
23/04/18	cattlemarket	coin sensor stuck	1197144	peter 1197563	27/04/18	4	4	£171.50
25/04/18	quay 1	weather shield stuck and been disabled	1197559	bruce	27/04/18	2	2	none machine still in operation
25/04/18	bigbury 2	out of use language. Key not recognised	1197560	bruce	27/04/18	2	2	none 4 other machines
25/04/18	North Street	clam shell stuck	1197561	bruce	27/04/18	2	2	none machine still in operation
25/04/18	Glanvilles Mill	out of service escrow	1197562	lee	17/05/18	21	14	£2,705.30
25/04/18	torcross layby	green button not working		gareth reported direct				none
30/04/18	Shadycombe 1	Coins going under escrow	1198149	Chris	08/05/18	8	6	none second machine
01/05/18	Old Market	Coin System Failure, Escrow stuck	1198572	Chris	08/05/18	7	5	see below
01/05/18	Fore Street	A service		Given to a colleague to schedule but not logged Wayne				machine still in operation accumulated see total loss in
03/05/18	Fore Street	Printer not available	1198972	Chris	08/05/18	7	3	15/05/2018 cell
03/05/18	Old Market	No Payment methods available	1198973	Aslan	08/05/18	5	3	£521.55
01/05/18	Torcross Layby	Not printer all of ticket & green button not working	1200219	Lee/Gareth	14/05/18	9	2	£280
10/05/18	Fore Street	Printer not available	1200214	Aslan	11/05/18	1	1	accumulated see total loss in 15/05/2018 cell
10/05/18	Mayor's Avenue 1	Printer not available	1200215	Aslan	11/05/18	1	1	none second machine
10/05/18	Shadycombe 1	Vault Fault	1200218	Wayne	17/05/18	6	5	none second machine
10/05/18	Strete Gate	Shutter stuck closed	1200217	Aslan	14/05/18	4	2	none machine still in operation
10/05/18	Heaths Nursery 2	Shutter stuck closed	1200216	Aslan	11/05/18	1	1	none machine still in operation
10/05/18	Sunbay Layby	Printer and Escrow Error	1200213	Lee	11/05/18	1	1	£20
01/05/18	North Sands	Vault Fault	1200342		14/05/18	14	10	£1,291.20
11/05/18	Fore Street	Printer Comms Failure & Knife Stuck	1200400	Pete	14/05/18	3	1	£3,228.40
14/05/18	Civic Hall	Front buttons not working	1200667	Dave	17/05/18	3	3	£69
15/05/18	Mayor's Avenue 1	Printer error i2c comms fail	1200874	Lee	17/05/18	2	2	none machine still in operation
15/05/18	Fore Street	Printer keeps going down	1200863	Aslan	17/05/18	2	2	£304.90
17/05/18	Shadycombe 1	Escrow error and vault fault	1201358	Bruce	26/06/18	40	27	none second machine
17/05/18	Torcross Layby	Not printing tickets correctly	1201359	Lee				none
18/05/18	Heaths Nursery 1	Fault Vault	1201504	Wayne	22/05/18	4	2	none second machine
18/05/18	Victoria Street 1	Fault needs resetting	1201505	Wayne	22/05/18	4	2	none second machine
18/05/18	Leonards Road 2	Modem error response	1201505 - I think it shou	Wayne				this fault doesn't effect use - machine still in operation
18/05/18	Mayor's Avenue 1	Clam shell stuck open & i2c comms fail	1201507	Aslan/Chris	22/05/18	4	2	none second machine
18/05/18	Torcross Layby	Coins getting jammed on the slider	1201509	Chris	22/05/18	4	2	none second machine

21/05/18	Bigbury 1	Freezes, resets itself and works	1201731	Wayne	22/05/18	1	1	none 4 other machines
21/05/18	Longmarsh 1	Vault needs resetting	1201733	Aslan	22/05/18	1	1	none second machine
21/05/18	Civic Hall	Green button not working	1201773	Bill	30/05/18	6	1	£376.80
22/05/18	Sunbay Layby	i2c comms fail	1201905	Lee	24/05/18	2	2	£80
22/05/18	Fore Street	Green button not working	1201916	Lee	Cancelled 23/05/2018 by Wayne	0	0	none
22 or 23/05/2018	Mayor's Avenue	i2c comms fail	1202124	Bill	24/05/18	1	2	none second machine
23/05/18	Park & Ride 4	Modem error	1202030	Bruce	24/05/18	1	1	this fault doesn't effect use - machine still in operation
24/05/18	Pavilions 1	Vault needs resetting	1202150	Wayne	24/05/18	0	0	none second machine
25/05/18	North Street	Escrow failure	1202491	Chris	01/06/18	7	4	£700
25/05/18	Pavilions 1	No modem response	Neither got a response	Aslan/Lee				this fault doesn't effect use - machine still in operation
25/05/18	Bigbury 1	Print Failed	1202495	Lee	01/06/18	7	4	none 4 other machines
29/05/18	Heaths Nursery 2	Green button not working	1202599	Lee	Cancelled by Lee	0	0	none
29/05/18	Torcross Layby	Vault won't open	1202811	Wayne	01/06/18	3	3	£284
30/05/18	Mayor's Avenue 1	Escrow Stuck	1202867	Aslan	01/06/18	2	2	none second machine
31/05/18	Old Market	Vault Fault	1203029	Wayne	06/06/18	6	4	none machine still in operation
31/05/18	Heaths Nursery 1	Vault needs resetting	1203030	Wayne	01/06/18	1	1	none machine still in operation
04/06/18	North Street	No Payment methods available	1203881	Aslan	06/06/18	2	2	
04/06/18	Memorial 2	Slider stuck open	1203880	Aslan	06/06/18	2	2	none second machine
04/06/18	Torcross Tank	No modem	1203879/1205251	Ongoing				this fault doesn't effect use - machine still in operation
04/06/18	Longmarsh 1	No Communications	1203882	Aslan	Cancelled by Wayne - 06/06/2018	0	0	none
06/06/18	Longmarsh 1	Vault Fault	added to 1203882	Wayne	Parts on order (06/06/2018)			none second machine
11/06/18	Heaths Nursery	Coin sensor not working	1204882	Pete	Cancelled by Pete (13/06/2018)	0	0	none
11/06/18	Strete Gate	Printer not available	1204882	Aslan	Cancelled by Chris (13/06/2018)	0	0	none
11/06/18	Fore street	Green button not working	1204922	Pete		9	7	£1,633.80
13/06/18	Whitestrand	escrow	1205136		26/06/18	13	9	no income lost machine in operation
14/06/18	Memorial 1	Coin slot broke	1205318	Lee	26/06/18	12	8	none second machine
15/06/18	Memorial 1	Clam shell stuck open		Aslan	19/06/2018 Parts on order			none second machine
15/06/18	Mayor's Avenue 1	12C Comms error	1205484	Aslan	21/06/18	6	3	none second machine
15/06/18	Longmarsh 1	Vault Fault	1205486	Lee	21/06/18	6	3	none second machine
	shadycombe 2	vault fault	1205749		19/06/18			none other machines
	torcross tank	printer error	1205750		19/06/18			none other machines
	Leonards Road 2	escrow	1206449		22/06/18			none other machines
19/06/18	Pavilions 1	No Communications	1205948	Aslan	21/06/18	2	2	this fault doesn't effect use - machine still in operation
19/06/18	Fore Street 1	Shutter stuck open	1205947	Aslan	21/06/18	2	2	none 2 other machines
19/06/18	North Sands	Modem not working	1205999	Aslan	26/06/18	7	5	This fault doesn't effect use - machine still in operation
19/06/18	Whitestrand	VRM pad faded	1205999	Emma	26/06/18	7	5	This fault doesn't effect use - machine still in operation
19/06/18	Bigbury 2	Clam shell stuck/printer error	1206007	Bruce	28/06/18	9	7	none 4 other machines
22/06/18	Bigbury 1	Keeps restarting itself	1206514	Bruce	28/06/18	6	4	none 3 other machines
22/06/18	Bigbury 4	escrow is stuck	1206514	Bruce	28/06/18	6	4	none 2 other machines
22/06/18	Park & Ride 2	Printer Error	1206515	Chris	28/06/18	6	4	none 1 other machines
22/06/18	Victoria Street 1	Vault needs resetting	1206516	Wayne	28/06/18	6	4	none second machine
26/06/18	Heathway 4	Print is fading	1206957	Pete	28/06/18	2	2	this fault doesn't effect use - machine still in operation
26/06/18	Heaths Nursery 2	Green button	1206958	Bruce	28/06/18	2	2	none second machine
26/06/18	Quay 3	Escrow Stuck	1206982	Lee	28/06/18	2	2	none two other machines
27/06/18	Pavilions 1	Vault needs resetting	1207084	Wayne	28/06/18	1	1	none other machine
27/06/18	Memorial 1	Vault Fault	1207085	Wayne	28/06/18	1	1	none other machine
29/06/18	Shadycombe 1	Vault Fault	1207490	Wayne	03/07/18	4	2	none second machine
29/06/18	Quay 3	No Payment methods available	1207492	Wayne	03/07/18	4	2	none two other machines
29/06/18	Heaths Nursery 2	Slidder stuck closed	1207494	Aslan	03/07/18	4	2	none second machine
01/07/18	Bigbury 2	Escrow Stuck	1208206	Lee	03/07/18	2	2	none 3 other machines
02/07/18	Sunbay Layby	i2c comms fail	1208379	Lee	Canceled 06/07/2018	0	0	none
05/07/18	Bigbury 1	Inside keypad not working	1208684	Wayne	09/07/18	4	2	This fault doesn't effect use - machine still in operation
05/07/18	Whitestrand	Clam shell stuck open	1208685	Aslan	Canceled 06/07/2018	0	0	none
06/07/18	Pavilions 2	Escrow stuck	1208952	Chris	11/07/18	5	3	none second machine

06/07/18	North Sands	Escrow stuck	1209041	Chris	11/07/18	5	3	£1,336.20	
09/07/18	Civic Hall	Green button not working	1209311	Chris	11/07/18	2	2	£160	
10/07/18	Longmarsh 2	Escrow stuck and comms error	1209390	Pete	11/07/18	1	1	none 1 other machines	
10/07/18	North Sands	No Communications	1209392	Aslan	11/07/18	1	1	this fault doesn't effect use - machine still in operation	
10/07/18	Strete Gate	Slider Stuck	1209483	Chris	17/07/18	6	5	this fault doesn't effect use - machine still in operation	
10/07/18	Heaths Nursery 1	Outside buttons not working	1209538	Pete	11/07/18	1	1	none 1 other machines	
13/07/18	memorial 1	vault fault	1209877	wayne	17/07/18	3	2	none 2 other machines	
13/07/18	shadycombe 1	vault fault	1209878	wayne	17/07/18	3	2	none 1 other machines	
18/07/18	Shadycombe 1	vault fault	1210481	wayne	20.07.2018	2	2	none 1 other machines	
17/07/18	north sands	machine commission		wayne				to be fixed wed 25/07/2018	
								£2,200	
								TOTAL INCOME LOST	£18,868

27/07/18	Bigbury 1	Coins dropping through	1211534	pete	28/07/18	1	1	none 3 other machines	
	Longmarsh 1	Keys aren't working	1211397	pete	27/07/18	0	0	none 1 other machine	
	Nursery	E12C Comms Failure	1211398	Aslan	27/07/18	0	0	none	
	Torcross Layby	no Power	1211298	Aslan	30/07/18	3	1		£285
30/07/18	Park & Ride 2	Printer Error	1211822	Pete	31/07/18	1	1	none 1 other machine	
30/07/18	Bigbury 2	Not cutting tickets	1211823	Pete	Cancelled by Bruce - 30/07/2018	0	0	none	
30/07/18	Victoria Street 1	No Payment methods available	1211824	Pete	31/07/18	1	1	none 1 other machine	
30/07/18	Shadycombe 2	No Communications	1211826	Aslan	31/07/18	1	1	none 1 other machine	
30/07/18	Longmarsh 2	Escrow Stuck	1211832	Bruce	31/07/18	1	1	none 1 other machine	
30/07/18	Mayor's Avenue 1	Not printing on tickets	1211893	?	31/07/18	1	1	none 3 other machines	
30/07/18	Bigbury 1	Only printing half of the tickets	1211895	Pete	31/07/18	1	1	none 3 other machines	
30/07/18	Poundwell Street	Upper lock fault	1211908	Dave	03/08/18	3	3		£210
31/07/18	Park & Ride 2	Vandalised	1212045	Pete	Visited on 31/07/2018	0	0		
01/08/18	Poundwell Street	Tickets not pulling through	1212755	Wayne	03/08/18	2	2		
02/08/18	Bigbury 1, 2 & 4	Not cutting tickets	1213019	?	Cancelled by Lee - 03/08/2018	0	0		
03/08/18	Creek 1	Taking coins but not issuing tickets	1213229	Dave					
03/08/18	Fore Street	Green button not working	1213229	Pete	06/08/18	3	3		
04/08/18	Memorial 1	Vault Fault	1213416	Pete	07/08/18	3	2		
04/08/18	Bigbury 1	Not cutting tickets	1213417	Bruce	06/08/18	2	1		
06/08/18	Creek 1	Not Issuing Tickets	1213468	Wayne					
06/08/18	Quay 2	Green button	1213517	Leigh	06/08/18	0	0		
07/08/18	Quay 3	Roller not catching tickets	1213539	Leigh	07/08/18	0	0		
07/08/18	Longmarsh 2	Slider Stuck	1213682		08/08/18	1	1		
10/08/18	Strete Gate	Display not working	1214148						
10/08/18	Mayor's Avenue 2	Slider Stuck	1214149						
11/08/18	Quay 2	Only cutting half of each ticket							
13/08/18	bigbury 1	vault needs restting	1214506	wayne	15/08/18	2	2		
	bigbury2	12c comms error		Wayne	15/08/18	2	2		
13/08/18	quay 2	knife not finding home	1214355	Wayne					
13/08/18	mayors ave 1	coin sensor not going back	1214354	Wayne					

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South Hams District Council
Code of Conduct Scrutiny Code of Conduct Hearing Panel
Decision Notice relating to allegations of breach of the Code of Conduct

Complaint reference:	SH 09 170817
Councillor:	Cllr G Coles
Complainant:	Ms Heather Nesbitt
Authority:	Dartmouth Parish Council
Panel Members	Cllr M. Saltern (Chairman) Cllr J. Green Cllr P. Smerdon
Independent Person	Mr G Barnicott
Deputy Monitoring Officer	Sue Nightingale
Summary of the complaint:	<p>The Complainant alleges that Cllr Coles has broken the DPC Code:</p> <ul style="list-style-type: none"> • That the Subject Member breached the Code of the Council due to comments the Subject Member made to the editor of the Dartmouth Chronicle orally and in writing and further in an email to a member of the public dated 11 August 2017.
The Investigating Officer's findings:	<p>The Investigating Officer found a breach of the following provisions of the Code only in relation to the contents of an email dated 11 August 2017:</p> <p>4(a) You must treat others with respect and courtesy;</p> <p>5(h) conduct yourself in a manner or behave in such a way so as to give a reasonable person the impression that you have brought your office into disrepute.</p>
Procedure	<p>The subject Member attended the hearing with witnesses and made representations on the breaches and proposed sanctions. The Investigating Officer attended the hearing and made representations on the breaches and proposed sanctions.</p>

Purpose of Hearing	<p>In accordance with the Council's Policy, on 25 July 2018, the Code of Conduct Hearing Panel considered:</p> <ul style="list-style-type: none"> • whether or not it agreed with the Investigating Officer's findings, and reasons for a breach of the Code of Conduct; • what sanctions (if any) were appropriate; and • any other comments.
Localism Act 2011	<p>There were no additional provisions of the Localism Act 2011 for consideration</p>
Documentation considered by the Panel	<ul style="list-style-type: none"> • The complaint and the subject member's response. • The Members' Code of Conduct; • The Investigating Officer's Final Report; • Adopted Policy documents on dealing with standards complaints and hearings; and • The view of the Independent Person on the findings.
The Panel's Decision	<p>Having regard to the Council's adopted policy, and having carefully considered the documentation set out above and the written representations made, the Code of Conduct Hearing Panel made the following decisions:</p> <ul style="list-style-type: none"> • that it agreed with the Investigating Officer's findings that the Councillor had broken the Members' Code of Conduct only in relation to an email dated 11 August 2017.
Sanctions imposed by the Panel	<p>In considering sanctions, the Panel considered the overarching aim of the Code in upholding the standards of conduct expected of councillors, and had regard to the criteria set out in the adopted policy, and to the representations received on sanctions.</p> <p>The Panel considered:</p> <ul style="list-style-type: none"> • The high volume of public criticism that the subject member had received following the publishing of the article in the Dartmouth Chronicle. • The subject member's acknowledgement that she had unintentionally breached the code in her reply to a member of the public on 11 August 2017 and now understood how the code applied to the situation. • The subject member's health and the delay in concluding the investigation due to a concurrent press complaint. <p>and decided that in the light of the above mitigation no further sanction was appropriate but made the following recommendation.</p>

Recommendations	<ul style="list-style-type: none"> • A recommendation that the subject member should seek further training on the Code of Conduct with either Dartmouth Parish Council or South Hams District Council. •
Copies of the Decision Notice have been sent to:	<ul style="list-style-type: none"> • The Members of the Code of Conduct Hearing Panel; • The Councillor; • The Complainant; • The Independent Person; • The Investigating Officer and • Dartmouth Parish Council.

Signed by the Chairman of the Scrutiny Code of Conduct Hearing Panel

Michael S. Hester

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Dated: July 2018

South Hams District Council

Code of Conduct Scrutiny Code of Conduct Hearing Panel

Decision Notice relating to allegations of breach of the Code of Conduct

Complaint reference:	SH011 071117
Councillor:	Cllr R Adams
Complainant:	Cllr Tony Crellin-Whitty
Authority:	Totnes Town Council
Panel Members	Cllr M. Saltern (Chairman) Cllr K. Baldry Cllr P. Smerdon
Independent Person	Mr G Barnicott
Deputy Monitoring Officer	Fiona Shirra
Summary of the complaint:	<p>The Complainant alleges that the Councillor has broken the TTC Code:</p> <ul style="list-style-type: none">• That the Councillor breached the TTC Code due to comments the Councillor made in social media postings and email.
The Investigating Officer's findings:	<p>The Monitoring Officer referred the matter for investigation, and in his Final Report, the Investigating Officer found that the Councillor had broken the Code of Conduct for the following reasons:</p> <ul style="list-style-type: none">• Breach of para 4 (a); Failure to treat others with courtesy and respect with regard to the comments made in her emails dated 12 October 2017 sent at 18:41 and 13 October 2017 sent at 15:26.
Procedure	<p>The Councillor was unable to attend but asked that the Hearing went ahead in her absence with her written representations placed before the Panel.</p> <p>The Chairman was consulted and considered it appropriate for the matter to be dealt with in the Councillor's absence.</p>

Purpose of Hearing	<p>In accordance with the Council's Policy, on 25 July 2018, the Code of Conduct Hearing Panel considered:</p> <ul style="list-style-type: none"> • whether or not it agreed with the Investigating Officer's findings, and reasons for a breach of the Code of Conduct; • what sanctions (if any) were appropriate; and • any other comments.
Localism Act 2011	<p>There were no additional provisions of the Localism Act 2011 for consideration</p>
Documentation considered by the Panel	<ul style="list-style-type: none"> • Emails and completed Forms from the Councillor about the findings and proposed sanctions; • The Members' Code of Conduct; • The Investigating Officer's Final Report; • Adopted Policy documents on dealing with standards complaints and hearings; and • The view of the Independent Person on the findings.
The Panel's Decision	<p>Having regard to the Council's adopted policy, and having carefully considered the documentation set out above and the written representations made, the Code of Conduct Hearing Panel made the following decisions:</p> <ul style="list-style-type: none"> • that it agreed with the Investigating Officer's findings that the Councillor had broken the Members' Code of Conduct..
Sanctions imposed by the Panel	<p>In considering sanctions, the Panel considered the overarching aim of the Code in upholding the standards of conduct expected of councillors, and had regard to the criteria set out in the adopted policy, and to the representations received on sanctions.</p> <p>The Panel considered:</p> <ul style="list-style-type: none"> • The Councillor's written representation that she did not accept the findings of the Investigating Officer's Final Report and would not issue an apology; <p>and decided that the following sanction was appropriate:</p> <ul style="list-style-type: none"> • In the circumstances, a written apology would be the appropriate sanction but, as the Councillor has already indicated that she will not do this, Totnes Town Council censure the Councillor. •
Recommendations	<ul style="list-style-type: none"> • The Code of Conduct Hearing Panel would encourage the Town Council to renew their officer training on electronic communication and social media with DALC or other appropriate body.

**Copies of the
Decision Notice
have been sent to:**

- The Members of the Code of Conduct Hearing Panel;
- The Councillor;
- The Complainant;
- The Independent Person;
- The Investigating Officer and
- Totnes Town Council.

Signed by the Chairman of the Scrutiny Code of Conduct Hearing Panel

Michael S. Llewellyn

Dated: July 2018

Report to: **Overview and Scrutiny**
Date: **6 September 2018**
Title: **Drugs and Alcohol Task and Finish Group Interim Report**
Portfolio Area: **Customer First**

Wards Affected: **Totnes**

Relevant Scrutiny Committee:

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

Date next steps can be taken: At SH Executive on 13th September 2018

Author: James Kershaw Role: **Senior Specialist**

Contact: **Tel: 01803 861287**
email: james.kershaw@swdevon.gov.uk

Recommendations:

That the Panel

- 1. consider the Briefing note on designing out intravenous drug use in South Hams District Council public conveniences; and**
- 2. RECOMMENDS to the Executive to spend £2,500 from the Repairs and Maintenance Earmarked Reserve, to pay for the works necessary to design out the use of intravenous drugs in Coronation Road male toilets.**

1. Executive summary

- 1.1** In December 2017 following ongoing complaints about intravenous drug use, and a reduced amount of resources over the Christmas period to assess damage and instigate urgent repairs, the decision was taken to close the three toilet blocks in Totnes.

- 1.2 The problems reported were in relation to intravenous drug use and the disposal of needles and other drug paraphernalia.
- 1.3 The Council sought out the advice of the Police Architectural Liaison Officer, who specialises in designing out crime from buildings. They visited the toilets and made several recommendations in how the design of the building could be altered to dissuade drug users from using the toilets and make it easier to safely dispose of the needles and other paraphernalia.
- 1.4 These recommendations have been transposed into the attached report. Since the toilets were reopened there has been a significant improvement in the state of the toilets, however there has been regular problems with the gents toilets in Coronation Road.

Therefore as there has been an improvement in anti-social behaviour with in the majority of toilets it is proposed to only apply the suggested improvements to Coronation Road gents' toilet, at this time. Should problems re-occur in other toilets in the future a recommendation will be brought forward to extend these improvements to the Council for approval.

2. Background

- 2.1 In 2017 the Council received a spate of complaints in relation to the state and condition of the toilets in regards to blood splattered walls and irresponsibly disposed of needles as well as other drug paraphernalia.
- 2.2 The risk to the posed to the public was managed by increased inspections of the toilets, which would then be closed until a thorough cleanse could be arranged. However in December 2017 it was recognised that a shortage of officers over the Christmas break would mean that this could not happen, and it was on this basis the decision was made to close the public conveniences.
- 2.3 Due to the public outcry over this decision, and recognising that the situation was not sustainable a request was made to the Police Architectural Liaison Officer (ALO) for their advice on how the facilities could be improved to dissuade drug users from abusing the facilities.
- 2.4 The ALO advised that there were several improvements that could be made to the toilets to dissuade drug users these suggestions included:-
 - Removal of flat surfaces
 - Reduction in height of the toilet cubicle doors
 - Changing the toilet roll holders and soap dispensers to minimise the risk of needles being hidden in them.
 - Installation of sharps bins

- Install hooks on the back of cubicle doors to prevent the need for shelves.

3. Outcomes/outputs

- 3.1 Following the receipt of the recommendations made by the ALO the attached policy was produced, the aim of the policy is to consider how the Council could improve their facilities following complaints about anti-social behaviour associated with intravenous drug use.
- 3.2 Following the re-opening of the toilets in January 2018 there was a significant improvement in complaints about the Steamer Quay, or Market toilets. There has been sporadic problems in the gents' toilets at Coronation Road, therefore it is proposed to only carry out the suggested ALO improvements to the facilities at Coronation Road at this time.
- 3.3 The estimated cost of carrying out the full list of works proposed is £3,500, however a combined grant of £1,000 has been offered by the South Devon Community Safety Partnership and Devon Public Health, due to the harm reduction benefits of these proposals. It is recommended to spend £2,500 from the Repairs and Maintenance Earmarked Reserve to pay for the necessary works..
- 3.4 There will also be an increased budgetary pressure for the ongoing maintenance of the facilities and the increased waste collection costs for the required clinical waste collection of the sharps bins. This is estimated to be an additional £1300 per annum.

4. Options available and consideration of risk

- 4.1 The Council has a duty to its staff and members of the public using its facilities to ensure that all reasonable steps have been taken to keep them safe. It could be argued that the proposals by the Architectural Liaison Officer (ALO) reflect good practice in designing out intravenous drug use and in turn reduces the risk of irresponsible needle disposal.
- 4.2 The ALO's report does state that the proposed pay on entry may be a sufficient deterrent to drug users, however local Police officers have stated that they are aware that as a few of the users are also begging for change in Totnes that they may have easy access to the correct change needed and therefore 'pay on entry' on its own may not be sufficient.
- 4.3 A large proportion of the costing is due to the number of proposed needle bins, it is proposed to install one in each cubicle. The aim of this is to promote the usage of the bins for the safe disposal of needles and to ensure that the bins were located in a way that was more discreet. There would be a lower cost if there was a single bin in the communal area of the toilet.

5. Proposed Way Forward

- 5.1 That the Panel recommend to Executive for further consideration; the briefing note on designing out intravenous drug use in South Hams public conveniences.
- 5.2 That the Panel recommend to Executive that the proposed works to Coronation Road gents toilets be incorporated into any works to implement pay on entry to these facilities.
- 5.3 That the Panel recommends to the Executive to spend £2,500 from the Repairs and Maintenance Earmarked Reserve, to pay for the works necessary to design out the use of intravenous drugs in Coronation Road male toilets.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Failure to adequately protect the public and our workforce from injury may lead to the Council being non-compliant with their duties under the Health and Safety at Work Act and the Occupiers Liability Act.</p> <p>There are also considerable reputation issues for the Council and effective management of substance abuse and its consequences for all should be considered appropriately.</p>
Financial		<p>There is a cost of £3,500 needed for the works, however a grant of £1,000 has been offered by the Community Safety Partnership and Devon County Council Public Health.</p> <p>Therefore the Committee will need to recommend to the Executive that the shortfall of £2,500 is taken from the Repairs and Maintenance Earmarked Reserve.</p> <p>There will also be an increased revenue cost for the emptying of the needle bins, and restocking the bins. This is estimated to be an additional £1,300/ annum.</p>
Risk		Failure to curtail the intravenous drug use and

		irresponsible needle disposal may mean that the long term future of the facility has to be re-considered.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None foreseen.
Safeguarding		None foreseen
Community Safety, Crime and Disorder		If the proposed works are implemented there should be a reduction in the anti-social behaviour associated with irresponsible needle disposal.
Health, Safety and Wellbeing		The safety of the toilet cleaners and facility users will be improved if the proposed works have the predicted improvement in irresponsible needle disposal.
Other implications		None foreseen

Supporting Information

Appendices:

Appendix A: Briefing note on designing out intravenous drug use in South Hams District Council public conveniences

Background Papers:

None

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South Hams District Council

Briefing note on designing out intravenous drug use in South Hams District Council public conveniences

Background

In December 2017 following a significant number of complaints about discarded needles being found in the public toilets on Coronation road Totnes, the decision to close the toilets on a temporary basis to try and break the anti-social behaviour routine of “dirty needle” disposal, protect public safety, and protect our employees from needle-stick injuries.

As part of the process of re-opening the toilets we asked the Architectural Liaison Officer at Devon and Cornwall Police to assess the toilets and to suggest improvements that could be made to the design to limit the ease of drug taking in them.

Potential design features that could be installed

Minimising flat surfaces: Any flat surface can be used to prepare drugs on, this includes but not limited to the cistern behind the toilet, and baby changing facilities in private cubicles. Therefore minimising flat surfaces by boxing in cisterns and moving baby changing facilities to the communal areas. This would also apply to the removal of the toilet seat cover.

Cubicle doors: Doors that are full height are great for privacy of the users, however they also provide additional privacy for drug users. Therefore proposals would be to change the doors so that they are shorter in height, whilst still protecting the modesty of the users of the cubicles.

Concealed toilet roll holders: Recently these have posed an issue where drug users have hidden used needles inside the holder, it is unclear whether this is for malicious purposes but clearly there is an increased risk to both our operational staff and the public.

Changing the toilet roll holders to an open kind, enables the toilet operative as well as the public to see when a roll has been tampered with. It also removes a further flat surface from the cubicle that can be used for the preparation of drugs.

Sharp disposal bins: These should be seen as a way of safely disposing of needles used by the public for other intravenous medications, but it would also help to ensure the safe disposal of needles used by illicit drug users and thusly protect the public from the risk of contracting a blood-borne infection from a needle stick injury.

It would be suggested that these could be sited either above the toilet cistern in the new boxing or in the communal area. The design of the sharps disposal bin would incorporate a lockable cabinet to house a sharps box with a needle chute into it. This design minimises the risk of accidental injury when putting the needle into the bin, and also minimises the risk of persons attempting to access the needles to re-use them in desperation.

An example of the needle bin that could be used is as below;



There is a cost of emptying the bins that would need to be built into the annual servicing cost of a toilet block if they were to be installed and this is estimated as being £x. The Community Safety Partnership has agreed a fund of £x to cover initial installation.

Pay on entry: Evidence has shown that pay on entry does deter illicit drug use in toilets, as this is already proposed for most of the Council owned toilets we should see an improvement.

The Police have however warned that in some areas where the users are begging they will have access to the correct change needed to use the toilets. Therefore the impact of pay on entry on its own may not be as great.

CCTV: CCTV could be installed in the vicinity of the toilet blocks covering the entrances, this would be used to identify any potential culprits of anti-social behaviour in the toilets.

The estimated cost of a CCTV installation can be quite high with recent figures suggesting around £50k for up to 6 cameras and then an annual cost of around £500 per camera for storing the data in a secure location.

It is currently not the Council's policy to undertake the installation of CCTV to protect our assets such as toilets, due to this cost burden.

Proposed way forward

The main anti-social drug use has been associated with male public conveniences on Coronation Road. These toilets have been identified for pay on entry already, therefore it is proposed that as part of these renovation works the following additional works are undertaken;

- Box in the area above the cistern and install a needle sharp box in each cubicle
- Change the toilet roll holders so they are no longer concealed
- Change doors so they are no longer full height

The estimated initial cost of these works is £3,500, a total of £1,000 has been agreed to be paid out of the Community Safety Partnership Budget however there will also be a need to increase the operational budget to cover waste collection from the sharps bin by £1291.16 / annum.

Should we see an escalation of anti-social drug use in other toilets it is proposed that the above list of proposed works be installed subject to budget constraints, with the decision being made by the Senior Specialist for Environmental Protection, Parking and Public Conveniences.

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Report to: **Overview and Scrutiny Panel**
Date: **6 September 2018**
Title: **Community Task & Finish Group Findings**
Portfolio Area: **Partnership Arrangements**
Wards Affected: **All Wards**
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision) **Executive and Council**

Author: **Nadine Trout** Role: **Commissioning Manager**

Contact: Nadine.Trout@swdevon.gov.uk

RECOMMENDATION

That the Panel RECOMMENDS to the Executive that it RECOMMENDS to Council to endorse the proposed funding reductions to the South Devon CVS and South Devon AONB as detailed in paragraph 5 of this report.

1. Executive summary

- 1.1 This report is presented by the Chairman of the Overview and Scrutiny Panel and details the work of the Community Funding Task and Finish Group.
- 1.2 The work of the Community Task & Finish Group has identified a potential £32,316 saving for 2019/20 and beyond.

2. Background

- 2.1 O&S Scrutiny Panel resolved on the 28 June 2018 to establish a Task and Finish Group comprising of Cllrs Baldry, Hicks, Hopwood and Saltern to review community funding.
- 2.2 The Task and Finish Group is the third of its kind to have been established in recent years to investigate external partnership funding. The role of this Task and Finish Group was to consider the merits and relevance of the work undertaken by funding recipients

in line with the Council's newly adopted strategic themes and emerging Medium Term Financial Strategy.

3 Outcomes/outputs

- 3.1 Task and Finish Group Members met on three occasions throughout July 2018.
- 3.2 The first meeting of the Task and Finish Group on the 2 July 2018 considered those organisations in scope of review, namely:
 - a. South Devon Area of Outstanding Natural Beauty (AONB)
 - b. South Hams Community Volunteer Service (CVS)
 - c. South Hams Citizens Advice
 - d. Ivybridge Ring & Ride
 - e. Totnes and Dartmouth Ring & Ride (Operated by Newton Abbot Community Transport Association)
 - f. South West Rotary Youth Games
- 3.3 The Task and Finish Group also agreed to assess each organisation on the following:
 - a. Funding needs post 2019
 - b. Current financial status and income streams including other funding partners
 - c. Long term sustainability plans
 - d. Core service offering and how it contributes to Council priorities/statutory duties
- 3.4 To make these assessments information was obtained from each organisation. Information supplied to the Task & Finish Group by the Citizens Advice, Ring & Rides and South West Rotary Youth Games was viewed as satisfactory by Task & Finish Group Members, with each organisation demonstrating financial need, value for money and clear alignment to the Council's strategic themes.
- 3.5 The Task and Finish Group felt further information and presentations were needed from both the South Devon AONB and CVS.
- 3.6 The second meeting of the Task and Finish Group on the 10 July 2018 included a presentation from the South Devon AONB Manager. Key points from his presentation are as follows:
 - a. AONB staffing, 3.4 FTE core funded posts and 2 FTE project posts.
 - b. South Hams District Council give £20,749 core funding and £9,700 project funding to the AONB.
 - c. South Hams District Council would be liable for AONB staff redundancy costs if it withdrew core funding.

- d. AONB funding arrangements are to be reviewed by DEFRA before 2020 with talk of bringing AONB status in line with National Parks and possibly funding levels too.
- e. DEFRA currently provide 75% of core funding to AONBs.
- f. Of the remaining 25% funding there is disparity between South Hams District Council and Devon County Council. SHDC pay slightly more, as opposed to 12.5% of core funding each.
- g. Approximately two thirds of all AONBs are hosted by county, not district councils.
- h. In addition to receiving core and project funding from DEFRA and South Hams District Council the AONB receives in excess of £105,000 project funding from an array of partners.
- i. Whilst the AONB was not subjected to T18, assurance has been given that every attempt has been made to reduce core operating costs including outsourcing IT

3.7 The third meeting of the Task & Finish Group on the 23 July 2018 included a presentation by the South Devon CVS Manager. Key points from her presentation are as follows:

- a. CVS has tailored its outgoings to cope with the £20,000 reduction in funding from the Council by reducing office and staffing costs with minimum impact on service delivery.
- b. In 2017 South Hams District Council gave twice as much core funding to the CVS compared to Devon County Council.
- c. In 2018 the core funding contributions from the District and County Council are pretty much on a par.
- d. CVSs in other parts of the county receive similar levels of funding from the county council but significantly less in core funding from their district council.
- e. CVS continues to assist over 500 community groups by providing up to 3 hours of advice. However, only 40 community groups pay for this advice by making a £20 payment.
- f. CVS receive donations from approximately 6 South Hams based Parish Councils with 53 Town/Parish councils choosing not to contribute despite being invited to do so.
- g. CVS will receive over £16,000 in project funding during 2018 from a range of mental health and social prescribing providers.
- h. Projected CVS spend for 2018 is £5,000 more than income.
- i. CVS has financial reserves to cover a 2018 overspend.
- j. The CVS has sufficient monies in reserves to cover 12 months operating costs and staff redundancies.

4 Options available and consideration of risk

- 4.1 Continue funding all organisations at the current level for 2019 and beyond. This is considered a high risk approach and irresponsible because organisations might not be providing value for money or services aligned to the Council's agreed strategic themes.
- 4.2 Note the work carried out by the Community Task and Finish Group and consider the recommendations detailed in section 5 of the report. This is considered low risk and a pragmatic approach to

ensure services provided by external organisations align with the Council's strategic themes and offer value for money, thus helping to underpin a sound Medium Term Financial Strategy.

5. Proposed Way Forward

- 5.1 The Task and Finish Group recommends funding contributions remain the same for 2019 and throughout the term of the Medium Term Financial Strategy for the following organisations:
- a. South Hams Citizens Advice
 - b. Ivybridge Ring & Ride
 - c. Totnes and Dartmouth Ring & Ride
 - d. South West Rotary Youth Games
- 5.2 The Task and Finish Group recommends a £22,616 cut in funding to the South Devon CVS in 2019, bringing the Council's contribution to the CVS to £0 as of 1 April 2019. The rationale being as follows:
- a. The CVS has failed to increase income from users of their services despite being advised by Task and Finish Groups over the years to do so.
 - b. The CVS has failed to partner with neighbouring CVSs to reduce operating costs; again, despite being advised to do so.
 - c. Income generated from users is woefully low and dropping; which therefore begs the question do users value CVS services?
 - d. An understanding of what the CVS does is at best vague. Several attempts have been made to gain a clear understanding of how the CVS adds value, yet the Task and Finish Group have struggled to align the CVS's work to any of the Council's corporate themes. It is felt the work they undertake sits more firmly with the social care sector and not that of the Council.
 - e. The CVS has sufficient reserves in place to bear the impact of a reduction in South Hams District Council funding.
- 5.3 The Task and Finish Group recommends a £9,700 cut in *project funding* to the South Devon AONB for 2019/20 whilst continuing to maintain *core funding* up until 2020. The rationale for the recommendation is as follows:
- a. The Task and Finish Group recognises the importance of the core funding provided to the AONB and understands that if it were to withdraw core funding it would be liable for staff redundancies.
 - b. The AONB enjoys a high level of project funding from a range of partners and whilst a £9,700 reduction in project funding from the Council would be disappointing for the AONB it would still be able to operate.
 - c. By reducing project funding in 2019 (ahead of the DEFRA funding review in 2020) it sows the seeds for the Council to negotiate fairer and more appropriate funding levels post 2020.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Overview & Scrutiny Panel has a responsibility to assist the Council in identifying areas for improvement and to make any necessary recommendations to the Executive and Council.
Financial	Y	The work of the Community Task & Finish Group has identified a potential £32,316 saving for 2019/20 and beyond.
Risk	Y	A failure to review Community Funding levels and achievements could lead to: Lack of coherent policy and delivery Reputational harm Ineffective use of resources Poor quality service These risks are mitigated by: The recommendations outlined in this report
Comprehensive Impact Assessment Implications		
Equality and Diversity		None – no policy or service change is proposed in this report.
Safeguarding		None – no policy or service change is proposed in this report.
Community Safety, Crime and Disorder		None – no policy or service change is proposed in this report.
Health, Safety and Wellbeing		None – no policy or service change is proposed in this report.
Other implications		-

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		Neighbourhood Planning Groups; and 6. That the Toolkit be produced and finalised before the end of August 2018.	Tom Jones	
2 August 2018	Community Housing Strategy – Six Monthly Update O&S.20/18	A Member highlighted the reference in the report to the financial models that had already been developed and asked to be in receipt of more information outside of this meeting. It was agreed that information relating to costs per unit would be circulated to Members. RESOLVED That the update on the progress with the Community Housing Strategy and the programme of action going forward be welcomed.	Rob Ellis Rob Ellis Rob Ellis	
2 August 2018	SHWD Sports and Community Development Annual Report 2017 Presentation (to include Youth Leisure Nights Update) O&S.21/18	Upon the conclusion of the presentation, it was agreed that a copy would be circulated to all Members for their information and reference. When questioned, the representative informed that, to date, the outreach and engagement work in the smaller South Hams parishes had been limited. Whilst accepting the point and noting that resources were limited, Members still requested that progress be made that could be demonstrated when Fusion presented its next annual report.	Jon Parkinson Jon Parkinson	Circulated to all Members on 28 August 2018
2 August 2018	Quarter 1 2018/19 Performance Report O&S.22/18	Some concerns were raised over difficulties that Members were experiencing in accessing the latest dashboard information and it was requested that officers follow up on this point outside of this Panel meeting. A number of Members considered the presentation and format of the DM performance information within the published agenda to be unacceptable. It was therefore agreed that the information would be re-formatted and circulated to all	Jim Davis Drew Powell	Circulated to all Members on 3 August 2018

		<p>Members following this meeting;</p> <p>In light of some concerns over the additional workload arising from the universal credit initiative, it was agreed that lead officers would prepare a briefing note that would be sent to all Members.</p>	Issy Blake	
2 August 2018	Code of Conduct Hearing Panel – Complaints Process O&S.23/18	<p>RESOLVED</p> <p>That the Panel:</p> <ol style="list-style-type: none"> 1. request that a full review of the Council’s Code of Conduct be undertaken by the Monitoring Officer, in consultation with the Members of the Code of Conduct Hearing Panel, with the findings being presented back to a future meeting of the Overview and Scrutiny Panel; 2. ask officers to write to Town and Parish Council Clerks outlining the total number of town and parish councillor complaints that had been received by the District Council and the consequent costs that were associated with their administration; 3. RECOMMEND to Council that representations be sent to the Secretary of State and local MPs outlining the Council’s concerns over the current regulations (e.g. the lack of any meaningful penalties and the unfairness of District Councils having to absorb the costs of administering the scheme for its local Town and Parish Councils); 4. promote to Town and Parish Council Clerks the benefits of informally resolving complaints before a formal process is instigated; 5. ask officers to convene a ‘Code of Conduct and Councillor Behaviour’ training session for town and parish clerks and councillors; 	<p>Sue Nightingale</p> <p>Sue Nightingale</p> <p>Sue Nightingale</p> <p>Sue Nightingale</p> <p>Sue Nightingale</p>	To be considered by Council at its meeting on 27 September

		<p>6. convene a meeting between the Hearing Panel Members; the Monitoring Officer; and the Devon Association of Local Councils County Solicitor to express the concerns of the District Council over the number of complaints that are being received against local town and parish councillors; and</p> <p>7. encourage the Monitoring Officer to revisit the Council's pool of Investigating Officers in an attempt to build capacity to ensure that complaints are dealt with in a more timely manner.</p>	<p>Sue Nightingale</p> <p>Sue Nightingale</p>	
2 August 2018	Task and Finish Group Updates (a) Drug and Alcohol Abuse O&S.24/18(a)	By way of an update, it was confirmed that the Group would present its initial recommendations to the next Panel meeting on 6 September 2018 before then presenting its final concluding report to the Panel meeting on 4 October 2018.	James Kershaw	Work programme updated accordingly
2 August 2018	Task and Finish Group Updates (b) Community Funding O&S.24/18(b)	<p>The Chairman advised that the Group had met on three separate occasions and it was intended that its concluding report would be considered by the Panel at its next meeting on 6 September 2018.</p> <p>In light of the potential overlap, it was agreed that the Chairmen of this Group and the Drug and Alcohol Abuse Task and Finish Group would discuss the recommendations arising from these Reviews prior to their consideration by the Panel.</p>	<p>Nadine Trout</p> <p>Cllrs Saltern and Smerdon</p>	Work programme updated accordingly
2 August 2018	Actions Arising / Decisions Log O&S.25/18	With regard to the meetings to be held between relevant officers and Members on a ward by ward possible to investigate and ascertain possible opportunities to the Wholly Owned Company. A Member expressed his disappointment that these meetings had yet to be held and questioned how these would be arranged since the matter was to be re-considered by the Panel on 6 September 2018. In	Darren Arulvasagam	Drop-in Sessions were held on 9, 16 and 23 August 2018

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OVERVIEW AND SCRUTINY PANEL

DRAFT ANNUAL WORK PROGRAMME: 2018/19

Date of Meeting	Report	Lead Officer
4 October 2018	Executive Forward Plan	Kathy Trant
	Task and Finish Group Updates (to include): - Drug and Alcohol Abuse Concluding Report	James Kershaw / Louisa Daley
	GDPR / Data Protection Policy Update	Darren Arulvasagam
	Business Continuity Plan	James Kershaw
	Section 106 Agreements Schedule	Sonia Powell
	Ombudsman Annual Letter	Sue Nightingale
1 November 2018	Executive Forward Plan	Kathy Trant
Page 111	Task and Finish Group Updates (if any)	
	Community Safety Partnership Annual Report	Louisa Daley
	Future of Town Centres Proposal Update	Tom Jones
	Safeguarding Update	Louisa Daley
24 January 2019	Draft Budget 2019/20 (<i>joint meeting with DM Committee Members</i>)	Lisa Buckle
14 February 2019	Executive Forward Plan - Peer Review	Kathy Trant SLT
	Task and Finish Group Updates (if any)	
28 March 2019	Executive Forward Plan	Kathy Trant
	Fusion: Annual Report	Jon Parkinson
	Task and Finish Group Updates (if any)	

Future items to be programmed:-

- Renewable Energy – Income Generation Opportunities (*timing depends on outcome of Corporate Strategy*);
- ICT Resilience – Twelve Month Update (June 2019).

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