

West Devon Hub Committee



West Devon
Borough
Council

Title:	Agenda
Date:	Tuesday, 5th June, 2018
Time:	2.00 pm
Venue:	Chamber - Kilworthy Park
Full Members:	<p style="text-align: center;">Chairman Cllr Sanders Vice Chairman Cllr Samuel</p> <p><i>Members:</i> Cllr Edmonds Cllr Mott Cllr Jory Cllr Leech Cllr Oxborough Cllr Roberts Cllr Sampson</p>
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
Committee administrator:	Member.Services@swdevon.gov.uk

- 1. Apologies for absence**
- 2. 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.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda, then please contact the Monitoring Officer in advance of the meeting.
- 3. Items Requiring Urgent Attention**

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any)
- 4. Confirmation of Minutes** **1 - 4**

Minutes of meeting held 24 April 2018
- 5. Public Questions** - a period of up to 15 minutes is available to deal with issues raised by the public
- 6. PART TWO ITEM: Council Owned Asset Investment and Development** - **Report to Follow**
- 7. PART TWO ITEM Financial Stability Review Group Update - Cllr Jory** **5 - 6**
- 8. Enabling Homes to meet the needs for all - Cllr Jory** **7 - 94**
- 9. Crowdfund Devon - Cllr Samuel** **95 - 98**
- 10. Transformation Programme Closedown - Cllr Sanders** **99 - 114**
- 11. Lead Member Update**

PART TWO ITEMS ARE THOSE WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION IS LIKELY TO BE DISCLOSED (if any)

If any, the Committee is recommended to pass the following resolution:

“RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraphs given

in Schedule 12A to the Act.”

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Agenda Item 4

At a Meeting of the **HUB COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **24th** day of **APRIL, 2018** at **2.00pm**

Present: Cllr P R Sanders – Chairman
Cllr L Samuel – Vice Chairman

Cllr C Edmonds Cllr J Moody
Cllr R Oxborough Cllr R F D Sampson

In attendance: Executive Director (Service Delivery and Commercial Development)
Section 151 Officer
Group Manager Commercial Services
Commissioning Manager
COP Lead Environmental Health
Senior Specialist Environmental Health
Senior Specialist Development Management
Specialist Democratic Services

Other Members in attendance:

Cllrs Cheadle, Cann OBE, Lamb, Leech, Moyse and Pearce

***HC 75 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs Jory and Mott.

***HC 76 DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be discussed but none were made.

***HC 77 URGENT BUSINESS**

The Chairman agreed to one item of urgent business being raised at this meeting.

In line with the Overview and Scrutiny Committee Procedure Rules, Cllr Leech had submitted a Scrutiny Proposal Form that was entitled:

'Community Transport Groups Commercial Operators Licences Legislation Changes.'

In support of the Form, it was noted that the Department for Transport (DfT) was undertaking a consultation exercise on a proposal to amend the Permit system in use by Community Transport providers. Currently, Community Transport providers operated under an exemption. However, due to concerns raised nationally by commercial operators, it was being proposed that Community Transport providers who undertook paid services would need to obtain an 'Operator's' Licence and their drivers a 'Passenger Carrying Vehicles' Licence, which would increase costs significantly. In addition, most Community Transport operators had contracts with Devon County Council thereby impacting heavily on the sector and likely to result in a reduction in the number of volunteers willing to drive minibuses.

However, since this Proposal Form had been submitted, it had become apparent that the deadline for responses to this consultation exercise was 4 May 2018 (i.e. before the next Overview and Scrutiny Committee meeting).

Members were concerned at the proposals and generally felt that all Members should be encouraged to respond to the consultation. The Head of Paid Service agreed to contact Devon County Council (DCC) to follow up a prior request that they circulate a summary of the issues for consideration. The Leader also asked that the Scrutiny Proposal Form be circulated with the summary sheet from DCC officers. Whilst a very tight timescale, such was the potential impact that Members and Town and Parish Councils should be encouraged to respond to the consultation, and local MPs should also be contacted for support. All Members agreed that this was a matter of importance that could have serious consequences for residents of West Devon Borough Council.

It was then **RESOLVED** that the Hub Committee send a formal response to the DfT consultation outlining concerns, before the deadline for receipt of responses on 4 May 2018.

***HC 78**

MINUTES

The Minutes of the Hub Committee meeting held on 13 March 2018 were confirmed and signed by the Chairman as a correct record.

A Member queried Minute HC 68 as it referred to information to be circulated by the Lead Member for Economy, but that information had not yet been received. The Lead Member for Economy confirmed he had not yet had the opportunity to circulate the information, but would do so as soon as he was able.

***HC 79**

LEAD MEMBER UPDATE – CLLR SAMPSON

Cllr Sampson updated the Committee on his area of responsibility including the following:

- The new method for collection of recycling waste had been launched the previous week and early indications were that quantities were up to standard;
- The project to look at Waste Contract procurement was proceeding and reports would be presented to Hub Committee and to Council in July 2018;
- The leisure contract was well embedded, the new changing rooms at Meadowlands had been completed and were well used. The focus was now at the back of the building. At Parklands the new turnstiles were in position and were being used. Also at Parklands new spin cycles had been delivered. Work would be starting on a new upstairs area and Fusion would be attending the O&S Committee meeting in May 2018 to undertake their annual presentation. There was one issue remaining in respect of a land registry restriction and that had been referred for mediation;
- Finally, Members would be aware of the Car Parking Strategy Group meetings and recommendations made and adopted at Council. The Council was about to go to consultation on revised charges, the consultation had been delayed following receipt of a solicitors letter querying the approach being taken. The Lead Member agreed to circulate details of the letter to the wider membership.

The Lead Member for Commercial Services responded to questions.

HC 80 **CORPORATE STRATEGY REVIEW**

Members were presented with a report that introduced a new, refreshed and more focused five year Corporate Strategy, for recommendation to Council.

The Leader introduced the report and responded to questions. The Commissioning Manager confirmed that once the Corporate Strategy had been approved at Council, work would commence on delivery plans that would monitor performance and measure success of the themes contained within the Corporate Strategy.

It was then **RESOLVED** that Council be **RECOMMENDED** to adopt and publish the West Devon Corporate Strategy.

HC 81 **ANNUAL REPORT**

Members were presented with a report that sought recommendation to Council for approval of the Annual Report. The Report reviewed the Council's progress over the last financial year and also set the scene for the upcoming year ahead.

The Leader introduced the report and responded to a number of questions of clarity. The Commissioning Manager confirmed that the document was in draft, and took note of suggested revisions.

One Member stated that this was a positive report and asked that thanks be placed on record to all staff for their hard work to produce such good results. Finally, the Commissioning Manager was particularly thanked for her hard work in producing both the Corporate Strategy and Annual Report documents.

It was then **RESOLVED** that Council be **RECOMMENDED** to:

- 1) Note the progress and achievements made by the Council; and
- 2) Adopt and publish the West Devon Annual Report (as presented at Appendix A to these minutes) for the financial year 2017/18.

HC 82 **DEVON WIDE HOUSING ASSISTANCE POLICY**

Members were presented with a report that set out how Disabled Facilities Grant (DFG) funding had increased and outlined the proposals to utilise the increased funding with the aim of ensuring that vulnerable individuals could remain safe and healthy in their own home.

The Lead Member for Health and Wellbeing introduced the report and he and the Senior Specialist Environmental Health responded to questions of clarity. Members were supportive of the revised policy.

It was then **RESOLVED** that Council be **RECOMMENDED** that the existing Homes Assistance Policy be updated and then adopted in line with the Devon Housing Assistance Policy.

HC 83 **DEVELOPMENT MANAGEMENT PRE APPLICATION ADVICE**

Members were presented with a report that set out the proposed changes to the pre application service following a review, and sought approval to go to public consultation.

In the absence of the Lead Member for Customer First, the Leader introduced the report. The Senior Specialist Development Management responded to questions of clarity. Members made minor suggestions to the proposed document and asked that they be considered prior to the document going out for consultation.

It was then:

RESOLVED

That the proposed pre-application process be approved for consultation with users of the service, subject to inclusion of minor amendments where appropriate.

(The meeting terminated at 3.40pm)

Chairman

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF HC80, HC81 AND HC82, WHICH ARE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 22 MAY 2018, WILL BECOME EFFECTIVE FROM WEDNESDAY 2 MAY 2018 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

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Enabling homes to meet the needs for all

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: **Hub Committee**

Date: **5 June 2018**

Title: **Enabling homes to meet the needs for all**

Portfolio Area: **Cllr N Jory, Environment and Assets**

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

Date next steps can be taken: **Following call in 13 June 2018**

Authors: **Darren Arulvasagam**
Group Manager, Business Development
Darren.Arulvasagam@swdevon.gov.uk

Alex Rehaag
Senior Specialist, Place & Strategy
Alex.Rehaag@swdevon.gov.uk

Recommendations: That the Hub Committee:

1. Acknowledge the work already carried out to support the Council's strategic aim of enabling homes to meet the needs for all as outlined in section 3.
2. Agree and support the principles outlined in the report at section 4.
3. Agrees that it will consider a detailed business case for the formation of a West Devon Borough Council Wholly Owned Company which will increase the Council's capability to enable homes to meet the needs for all.

1.0 **Executive Summary**

- 1.1 This report has been prepared to summarise the Council's investigation into the range of options available to deliver social/affordable housing in West Devon for those who find it difficult to purchase their own property and/or find suitable rented accommodation.
- 1.2 The findings of this investigation are that a wholly owned local authority housing company can be used as a vehicle to own and let properties acquired by the Council for income generation and affordable housing purposes, e.g. the residential property acquisition project approved by Council in December 2017.
- 1.3 A local housing company could potentially be used as a mechanism to deliver the corporate strategic aim of enabling homes to meet the needs of all, e.g. by providing support for Community-led housing, generating modest income streams and increasing the number and value of assets owned by the Council.

Enabling homes to meet the needs for all

- 1.4 This report sets out a number of principles on which a local housing company could be formed. Members are asked to consider and agree these principles.
- 1.5 If supported, it is recommended that a detailed business case is prepared and presented to Council for consideration. If progressed, a new housing company will require funds for set-up and trading along with additional officer resources. Details would be included within a detailed business case.

2. Background

- 2.1. Members have signalled their dissatisfaction at the lack of available affordable housing for purchase and rent and requested the Council consider options to once again become a housing stock holder, perhaps through the formation of a local authority housing company.
- 2.2. This topic has been researched in detail over the past two years. Legal advice and counsel opinion has been sought which confirmed the council has legal powers to develop and/or acquire property and these are best served via the formation of a wholly owned company (WOC).
- 2.3. The Housing Minister has previously stated that Councils who set up WOCs to avoid right to buy legislation would not be tolerated and therefore would be treated as if they were liable for right to buy. Work on the housing company initiative paused due to changing housing legislation & policy and whilst the Council considered the formation of a South Hams / West Devon Local Authority Controlled Company and then a single council.
- 2.4. Late last year 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 has been provided free of charge to the Council.
- 2.5. A copy of the Altair report is enclosed as exempt appendix 3 (due to copyright issues & potential commercial sensitivities, this report is not to be made publically available).
- 2.6. The Altair report provides the council with information and best practice relating to:
 - 2.6.1. How investment in housing stock can be prudent and viable in light of current right to buy legislation
 - 2.6.2. How such investment can best be funded (eg borrowing / grants)
 - 2.6.3. How such investment can offer a mixture of tenures to support local housing need
 - 2.6.4. The tax, financial and legal implications of any decision
 - 2.6.5. What structures (e.g. WOC) are required to hold / let any properties built
 - 2.6.6. How is land best accessed and acquired

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- 2.6.7. What assistance if any, is given to local residents to acquire (eg mortgages) / manage rental payments
- 2.6.8. How the Council can ensure properties remain 'affordable' in perpetuity
- 2.6.9. Whether there should be restrictions on who occupies
- 2.6.10. What grants / funding is available to improve / speed up / fund delivery
- 2.6.11. How the above applies in a rural & high property value context
- 2.7. If this reports recommendations are approved, officers and the portfolio holders will use the Altair report to formulate the business plan and business case in order to present a recommendation to the Hub Committee in September.
- 2.8. Legal, management, treasury, tax and governance advice commissioned by the Council in relation to the formation of a LACC (Local Authority Controlled Company) will be analysed to inform the WOC business case. It is not anticipated that new advice will be required as officers are confident that the previous advice is still relevant and can be used to cover most aspects of the business case. However, further advice will be sought if necessary.
- 2.9. For the avoidance of doubt, it is not proposed to TUPE transfer staff into a WOC. Instead the WOC will either directly employ staff or will agree a service level agreement with the Council to acquire relevant resources as and when required.
- 2.10. Appendix 1 shows a summary of the potential deliverables of a WOC. This will be detailed in any subsequent business case to be presented to the Hub Committee and Full Council.

3. Enabling Homes to meet the needs of all

- 3.1 According to the draft Devon County Council Local Economic Assessment (April 2018), the average house price in West Devon is £219,475. The average earnings/house price ratio is at 8.96 times annual earnings, similar to the Devon average. West Devon has a lower amount of social housing at 9.7% of the total housing stock than the Devon average. Appendix 2 is the National Housing Federation Home Truths report 2017/18 which shows by district/borough, data to provide context for the need for action.
- 3.2 As at the time of writing, there were 345 households registered as being in housing need on Devon Home Choice, the Devon wide Choice based lettings system for the allocation of social and affordable housing. There were a further 369 households who did not have an identifiable housing need, but were still seeking affordable housing. The biggest need was for 1 bed accommodation, a need reflected in the changing demographic of people seeking housing advice through the Council's Housing Options Service.
- 3.3 Good quality private rented accommodation is unaffordable to many West Devon residents, particularly in more rural areas and those who claim assistance with their rent through Universal Credit or Housing

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Benefit. Payments are limited to a "shared room rate" for people under 35, and shared housing fails to meet demand our rural District. Families and older people struggle to find accommodation within the local housing allowance applicable amounts, often making up huge shortfalls of rent which pushes people into debt and poverty.

- 3.4. The Council already helps deliver affordable housing within the borough. Detailed below is some of the most recent activity:

Affordable Homes delivered 2017/18	= 24
Projected Affordable Home completions for 2018/19	= 55
Projected Affordable Home completions for 2019/20	= 255

South Tawton

Construction is underway by Hastoe Housing Association for a 100% affordable housing, exception site of 6 homes in the village of South Tawton. The housing mix is:

1 x 1 bed home; 2 x 2 bed homes; 3 x 3 bed homes

West Devon Borough Council have supported the development with a £50,000 grant payment. These homes are due to be completed later this year.

Horrabridge

West Devon Borough Council are supporting the development of 10 affordable homes to rent at Walkham Meadows with a grant of £111,000. Liverty Housing is the Registered Provider. These are due to be completed in August 2018.

- 3.5. **Community Housing Strategy**

The Council supports a Community Housing Strategy introduced last year. Officers are working with communities to target the delivery of homes for those with local connection where the cost of market housing beyond their reach. *NB: typical house prices in many of the communities we are working in are between 10 – 15 times average incomes.* Particular focus is providing for those people who wish to buy but cannot afford to do so.

- 3.6. A Community Housing Fund award of £250k has enabled internal resource to be put in place and drive forward a standardised delivery processes to deliver a growing number of projects across West Devon. The bulk of these schemes propose utilising exception planning policy (largely removing land value from the cost of development thus reducing the overall build cost). An element of cross-subsidisation through some open market housing will be required to meet affordable objectives (subject to a viability assessment).
- 3.7. Housing projects will comprise a mixture of discounted purchase (protected by covenant in perpetuity) and rented, which will be available for local people. Standardisation of approach is enabling

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improved efficiency, cost effectiveness, speed of delivery and easy access to mortgage products.

3.8. A Council Housing WOC would assist the delivery of community led housing schemes as it would provide a vehicle for the community schemes to offer rented properties. The WOC could acquire finished units from the community housing scheme and let these to prospective tenants.

3.9. Progress to date:

3.9.1. Officers are working on 3 prospective community housing schemes in West Devon and if progressed these could yield 35 units.

3.9.2. West Devon proposes directly managing and funding the development process of a growing number of projects working in close collaboration with community groups. Option Agreements are proposed at two sites (land owned by third parties) which should yield circa 20 units.

3.9.3. The provision of "Temporary Housing" units as part of some community housing schemes to reduce cost to authority (replacing the reliance on B&B) is also being investigated.

3.9.4. There is a focused plan to utilise modular build off-site construction methods which will speed up delivery time and reduce programme and pricing uncertainty.

3.9.5. Integration of self-build / custom build housing delivery within community housing schemes is also being explored.

3.10 Rent Plus

The Council has adopted the Rent Plus model and the first homes have been successfully completed in North Tawton at Bathway fields where 19 properties have been completed, 8 for affordable rent and 11 for intermediate home ownership. The homes in North Tawton were allocated to people who have a strong local connection to the parish and would have had difficulty in saving a deposit to access open market home ownership. All of the tenants moving into Bathway Fields were either living with family in the village or in a private sector rented property. Some families moved from current affordable rented properties, thus freeing them up for future re-let.

3.11 The new residents will rent their home for a period of 5, 10, 15 or 20 years at an affordable rent, which is approximately 80% of the market rent for the area. At the end of the rental period, they will have the opportunity to purchase the property with the help of a 10% gifted deposit. Tenants will be encouraged to save towards the purchase during their period of rent as the homes are highly energy efficient and all repairs and maintenance will be carried out by Tamar Housing Association.

3.12 We expect the Rent Plus model to continue to grow and develop over the next few years as it requires £0 public subsidy and is funded by institutional investors. Rent Plus is compliant with the NPPF definition of affordable housing. Interest has been shown by the company to deliver houses in Tavistock and Okehampton.

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- 3.13 Through the planning process a number of schemes are coming forward which will provide affordable housing on site. The emerging target is 30% in the JLP and it is anticipated that viability discussions will decrease once ratified, the proposed changes in the NPPF could also ensure that the local authority is achieving 30% on the allocated sites within the JLP.
- 3.14 Current sites with outline approval or reserved matters consents should provide the council with an estimated 300 – 350 properties in the next 2 – 5 years. It is not possible to provide a clearer indication on timescales as the delivery of the affordable homes is within the gift of the developer.
- 3.15 The Council currently has £290k in s106 deposits which has been collected to be used towards affordable housing. These payments were collected in lieu of on-site provision and usually needs to be spent within 10 years. It is unlikely that the authority will have large sums of money collected in the future from less than 6 dwellings due to legal changes. Some off-site contributions will be collected where it is not deemed appropriate to provide on-site accommodation, e.g. Blue Cedar Homes. In addition to this, monies will be collected on developments for 6 – 10 units as per the NPPF.

3.16 Proposed Residential Property Purchase

The Council approved a report in December 2017 recommending the purchase of up to 18 units from a local housing developer within West Devon, subject to planning permission being approved. A housing WOC could be used to assist with this scheme in order to let the properties to tenants at open or discounted market rents. The scheme is currently being consulted on within the community, prior to a planning application being made. It is expected that the Council will take ownership once the properties are completed, which subject to planning permission, should be during 2019/20.

4. Principles for setting up a WOC

- 4.1. Below are the principles by which the Council would be agreeing to form a WOC. The strategic aims of the WOC would be broadly as detailed below. It is important to note that any deviation from this would 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:
- 4.1.1 Housing delivery must be commercially viable and make a minimum financial return commensurate with the risk profile of the business; i.e. Cost of the development, including acquisition, construction, planning, financing, marketing and maintenance. This venture will not be cross-subsidised by the Council or Council tax payers. S106 contributions could be used to help facilitate development and increase housing delivery.

For reference, commercial developers operate on a >20% margin, whereas the Council could set its own, lower target perhaps circa.10%. This lower margin is mainly predicated on the concept that land owners would be prepared to sell land at reduced value to Councils to

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build houses to support their community. It has been proved to work for homes that have a local covenant, but it is not tested for Council built homes without a local covenant.

- 4.1.2 Any WOC 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 borough, for those with a local connection or those identified as key workers.
- 4.1.3 The WOC would be wholly owned by West Devon Borough Council.
- 4.1.4 The volume and speed of new affordable housing supply in the borough will be increased. Housing delivery from the WOC should provide an alternative source of supply to existing developers and registered providers.
- 4.1.5 The intervention in the market must be as rapid as possible to address mounting local housing market challenges.
- 4.1.6 Any affordable housing delivered must ensure long term provision & retention of affordable housing.
- 4.1.7 New housing delivery will support the medium to long-term alleviation of homelessness.
- 4.1.8 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 proposed JLP policy.
- 4.1.9 Affordable housing rents will be set in order to meet the objectives as detailed above. This does not mean that social rents will be made available.
- 4.1.10 As an ancillary benefit, new housing delivery on some schemes may make a commercial financial return (above the minimum return sought in objective 4.1.1) to help ease the medium-to long term budget pressures facing the Council.
- 4.1.11 Governance arrangements are to be agreed, however following advice from the LGA & Altair, it is unlikely that Members will be named as company board members (directors) unless they have the relevant housing & development experience. All posts will be recruited based on skills and experience and fitness for purpose. The Council will retain control over the WOC via its 100% shareholding.

5 Options available and consideration of risk

- 5.1. 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 costs would be incurred – however the issues raised in this report will not be addressed without further action.

If option 2 is chosen, then work will progress as detailed in section 6 below. Alternatively, Members could request further information. If required, a clear indication of what additional information is required will need to be given. Additional cost could be incurred depending on what is required.

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- 5.2. A risk analysis will be presented as part of a detailed business case to support the formation of a WOC.

6 Proposed Way Forward

- 6.1 If the Hub Committee approve the recommendations in this report, officers will work in conjunction with the portfolio holders to prepare a detailed business case relating to the formation of a WOC. This will be presented to the Hub Committee in September.
- 6.2 Appendix 1 shows a summary of the potential deliverables of a WOC. This will be detailed in any subsequent business case to be presented to Hub Committee and Full Council in due course.
- 6.3 In order to progress the formation of a WOC and deliver housing, the Council will need to review its borrowing limits, its treasury management strategy, its capital expenditure forecast and governance arrangements.

7.0 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>There are no direct legal or governance consequences in relation to this report or its recommendations. Details about the legal and governance impacts relating to the formation of a WOC will be included within any subsequent detailed business case.</p> <p>Officers have sought legal counsel regarding the implications of the Council purchasing and letting residential property to generate income. A WOC can help to protect the financial interests of the Council.</p> <p>Details about the Council's legal powers and issues surrounding the formation of a WOC will be included within any subsequent detailed business case. This will be informed by the legal and governance advice obtained in relation to the proposed formation of a LACC.</p> <p>Appendix 3 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 report 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>There are no direct financial consequences in relation to this report or its recommendations. Details about the financial impacts relating to the formation of a WOC will be included within any subsequent detailed business case.</p>

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		<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 subsequent business case.</p> <p>Funding to acquire land and finance a housing development will need to be sourced when it is required. It is envisaged that the majority of this will be funded via borrowing, e.g. the Public Works Loan Board. Other sources of funding could be from any capital receipts yielded from open market sales, s106 affordable housing contributions, grant funding, or any other unallocated or available Council reserve.</p> <p>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. A revised treasury management strategy would need to be approved by Council increasing the Council's borrowing limits for any housing development scheme.</p>
Risk	Y	There are no inherent risks in relation to this report and its recommendations. Details about the risks relating to the formation of a WOC will be included within any subsequent detailed business case.
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 1: Potential WOC Delivery Options

Appendix 2: National Housing Federation Home Truths 2017/18 – The housing market in the south west

Appendix 3: EXEMPT - Altair report on stock holding options for South Hams / West Devon Councils

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted	Yes (Appendix 3 only)

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Appendix 1 – Potential WOC Deliverables

Option 1 – Acquisition of residential property (income generation and creation of quality rented stock)

- Council purchases properties on open market (either new build or existing open market stock)
- Refurbish properties as required in readiness for letting
- Fund acquisitions from New Homes Bonus, s106 monies, borrowing or available capital (NB: borrowing reduces income potential).
- Leases properties to Council's wholly owned company (operating lease)
- Wholly owned company rents properties either at market or sub-market rates (NB: renting at sub-market rates will reduce income earned)

If required:

- Council is responsible for refurbishment works where required = raising standards and can reclaim VAT on works completed.
- Maintenance and/or Renovation works carried out either in-house or through an 3rd party local contractor

Advantages:

- ✓ Can help to increase quality of available rented stock
- ✓ Creates an asset and income stream for the Council

Disadvantages:

- ✗ Limited benefit as doesn't create new housing stock & little need across district
- ✗ Income stream likely to be fairly low, given cost of property

Option 2 – Council develops new housing

- Council develops new build properties funded from New Homes Bonus grants, s106 contributions, borrowing or available capital (NB: borrowing will reduce income potential and creates a funding issue during design & build period).
- Once complete, the council can dispose at either market or sub-market rates, let at market or sub-market rates or any combination of these options.
- Lettings could be conducted as per option 1 (i.e. requirement for a Wholly Owned Company)
- Management, Maintenance and/or Renovation works carried out either in-house or through an 3rd party local contractor during property life

Advantages:

- ✓ Will increase availability of properties in specific towns and parishes, for both sale or rent
- ✓ Council can influence rent or purchase price levels and access to properties those with local connections or those identified as key workers
- ✓ A discount to market price can be enforced into perpetuity for those with local connections or key workers (criteria to be determined)
- ✓ Creates an asset and income stream for the Council

Disadvantages:

- ✗ Council owns limited land, so land will need to be identified, acquired and planning permission sought
- ✗ Land and property prices in district are very high
- ✗ Timing – process between decision to proceed and new homes being ready for occupation could take 2 – 5 years
- ✗ Income stream likely to be fairly low, given cost of land acquisition, planning and construction process – however any housing strategy should be seen as a community benefit / place shaping rather than an income generator in the short term

Pre-requisites (things that will need to be resolved):

- Need set-up of company & be formally constituted
- Governance arrangements to be agreed – recommendation that members are not directors, following LACC & Altair advice. Members (Council) retain control through share-holding (ownership)
- Whether right to buy applies
- Company will incur running costs and must pay corporation tax on any profits made
- Properties will need to be actively managed, with voids, marketing and maintenance all reducing net income. This is not currently resourced within the council
- Increased level of stamp duty payable increasing acquisition costs

Option 3 – Council develops an open market shared ownership scheme

- Detail to be provided – similar to Winchester Council’s “My Home” initiative, where council takes active stake in open market housing, enabling buyers to obtain mortgage products on open market (rather than new build) properties.
- Council’s share can either attract market or discounted rent
- Effectively be treated as an appreciating investment, with repayment on sale of property

The housing crisis in the South West

The South West is home to metropolitan cities, historic towns, vast stretches of coastline, national parks and many rural communities, but the region is characterised by the housing crisis. Low and stagnating wages combined with drastically rising house prices mean the South West is one of the most unaffordable regions in the country.

This report provides local data on the housing market in the South West and highlights that:

- The average house price in the South West is £270,054. Regionally, house prices have risen by nearly £14,000 in the last year. House prices in the Cotswolds are nearly 50% higher than the regional average.
- The average house in the South West costs more than 10 times typical earnings and the average family would need a household income of at least £61,700 to afford a mortgage.
- The average cost of renting is over £700 per month, swallowing up around 36% of local incomes and pushing many families into rent poverty.
- More than 20% of all second homes in the UK are located in the South West, increasing prices for local people.
- The region isn't building enough homes. Between 2012 and 2016, there was a shortfall of over 21,000 houses across the South West.

Solving the housing crisis

Housing associations are united by a single purpose – to ensure everyone can live in a good quality home that they can afford.

Last year we built 26% of new homes in England and our ambition is to deliver 120,000 homes a year by 2033. **Housing associations in the South West built over 4,200 homes in 2016-2017, and started a further 4,100. We are exploring innovative means to solve the housing crisis, including through modern methods of construction.**

In Bristol, housing associations are working with the city council to provide land and grants for affordable and social housing.

Recent changes in Government policy will help us deliver even more. An extra £2bn investment included a specific commitment to allow new homes to be built for social rent – the first time such funding has been available since 2010.

Certainty over future rents and recognition for supported and sheltered housing are steps in the right direction. The Government must now deliver the final part of the jigsaw: the long-term supply of affordable land. Only then will the right amount of homes, of the right kind, in the right places, be built to meet changing housing needs.

If you share our sense of purpose and ambition, let's work together to end the housing crisis.

Contact

National Housing Federation,
Lion Court, 25 Procter Street,
London WC1V 6NY

020 7067 1010
info@housing.org.uk
#HomeTruths2018

NATIONAL
HOUSING
FEDERATION



Home Truths 2017/18

The housing market
in the South West

South West	Average (mean) house prices in 2016/17 ¹	Mean monthly private sector rents in 2016/17 ²	Mean annual earnings in 2017 ³	Ratio of house prices to incomes ⁴	Income required for 80% mortgage (80% at 3.5x) ⁵	Percent of Housing Benefit claimants in employment ⁶	Unemployment rate 2016/17 ⁷	Five-year shortfall 2012-2016 ⁸	Long-term empty homes ⁹	Second homes ¹⁰	Total housing association affordable homes 2017 ¹¹
England	£288,898	£852	£28,444	10.2	£66,034	24%	4.8%	482,905	200,145	248,747	2,672,026
South West	£270,054	£770	£25,366	10.6	£61,727	23%	3.9%	21,597	18,117	51,440	251,806
Bath and North East Somerset UA	£381,089	£1,190	£27,570	13.8	£87,106	24%	4.2%	n/a	404	778	11,799
Bournemouth UA	£259,365	£792	£25,553	10.2	£59,283	26%	4.2%	2,700	673	3,079	3,949
Bristol, City of UA	£290,197	£1,025	£26,551	10.9	£66,331	22%	4.7%	5,892	876	2,113	12,952
North Somerset UA	£271,631	£731	£27,388	9.9	£62,087	18%	3.1%	3,384	211	506	9,730
Plymouth UA	£184,665	£583	£23,369	7.9	£42,209	20%	5.1%	n/a	678	700	23,383
Poole UA	£333,244	£848	£26,208	12.7	£76,170	28%	3.9%	2,069	462	1,583	3,234
South Gloucestershire UA	£274,777	£929	£27,253	10.1	£62,806	27%	3.3%	n/a	321	183	12,796
Swindon UA	£226,087	£699	£27,258	8.3	£51,677	16%	4.2%	3,041	494	224	5,979
Torbay UA	£210,746	£589	£21,606	9.8	£48,171	22%	5.1%	737	1,079	1,541	5,920
Cornwall UA	£245,305	£648	£22,443	10.9	£56,070	24%	3.7%	2,911	3,230	13,767	23,033
Isles of Scilly UA	£308,125	n/a	n/a	n/a	£70,429	n/a	n/a	n/a	n/a	187	61
Devon	£268,836	£711	£23,499	11.4	£61,448	24%	4.7%	208	2,471	11,842	30,408
East Devon	£294,625	£704	£24,903	11.8	£67,343	27%	3.2%	n/a	393	2,603	2,766
Exeter	£266,880	£869	£22,786	11.7	£61,001	24%	5.7%	331	326	530	4,762
Mid Devon	£237,618	£642	£25,199	9.4	£54,313	21%	3.2%	208	220	249	1,527
North Devon	£245,785	£624	£21,518	11.4	£56,179	24%	3.2%	153	538	1,721	4,753
South Devon	£330,744	£776	£24,939	13.3	£75,599	26%	2.6%	n/a	198	3,896	4,891
Teignbridge	£261,486	£699	£22,802	11.5	£59,768	25%	3.6%	n/a	364	1,333	6,188
Torridge	£224,203	£577	£22,589	9.9	£51,246	21%	4.2%	240	311	985	2,969
West Devon	£253,836	£674	£23,639	10.7	£58,020	25%	2.6%	662	121	525	2,552
Dorset	£311,426	£783	£24,518	12.7	£71,183	25%	2.9%	1,798	1,308	6,623	24,377
Christchurch	£352,319	£878	£26,837	13.1	£80,530	24%	2.9%	610	150	768	2,673
East Dorset	£366,400	£914	£27,066	13.5	£83,749	26%	2.9%	710	214	258	3,260
North Dorset	£283,114	£730	£24,752	11.4	£64,712	25%	2.4%	17	245	429	4,450
Purbeck	£329,563	£843	£20,686	15.9	£75,329	29%	2.7%	n/a	149	1,631	2,622
West Dorset	£307,181	£778	£25,048	12.3	£70,213	25%	2.9%	587	336	2,568	6,937
Weymouth and Portland	£232,266	£657	£21,575	10.8	£53,089	25%	5.3%	n/a	214	969	4,435
Gloucestershire	£278,492	£783	£27,659	10.1	£63,655	23%	3.7%	1,555	2,464	3,700	30,196
Cheltenham	£300,652	£803	£29,900	10.1	£68,721	22%	3.6%	1,670	395	915	2,652
Cotswold	£397,558	£982	£29,843	13.3	£90,870	24%	2.6%	n/a	313	1,623	6,392
Forest of Dean	£225,636	£633	£26,863	8.4	£51,574	20%	4.5%	n/a	465	267	5,213
Gloucester	£191,453	£559	£24,523	7.8	£43,761	23%	4.3%	814	543	124	8,524
Stroud	£287,624	£734	£28,517	10.1	£65,743	22%	2.6%	371	477	517	1,942
Tewkesbury	£273,940	£730	£26,343	10.4	£62,615	25%	3.5%	n/a	271	254	5,473
Somerset	£245,091	£646	£23,702	10.3	£56,021	22%	3.5%	n/a	2,070	3,108	27,445
Mendip	£283,474	£700	£24,045	11.8	£64,794	21%	4.8%	n/a	460	403	6,720
Sedgemoor	£224,919	£625	£24,398	9.2	£51,410	20%	5.5%	215	335	552	3,425
South Somerset	£240,417	£634	£22,157	10.9	£54,953	24%	3.5%	378	595	832	11,638
Taunton Deane	£237,649	£655	£25,360	9.4	£54,320	22%	4.3%	n/a	456	341	3,110
West Somerset	£243,309	£637	£20,457	11.9	£55,614	21%	3.5%	6	224	980	2,552
Wiltshire UA	£289,993	£827	£26,816	10.8	£66,284	25%	3.2%	n/a	1,376	1,506	26,544

1. Office for National Statistics (ONS), small area statistics
2. Valuation Office Agency
3. ONS, Annual Survey of Hours and Earnings

4. ONS, small area statistics and Annual Survey of Hours and Earnings
5. ONS, small area statistics and National Housing Federation own analysis

6. Department for Work and Pensions, Stat Xplore
7. ONS, NOMIS model based estimates

8. Town and Country Planning Association household projections; Ministry for Housing Communities and Local Government (MHCLG) table 253 and Federation own analysis
9. MHCLG, table 615

10. MHCLG, Council Tax base
11. Homes England, Statistical Data Return 2017
n/a: not available

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Report to: **Hub Committee**
Date: **5 June 2018**
Title: **Crowdfund Devon**
Portfolio Area: **Deputy Leader of the Council**
Wards Affected: **All Wards**
Relevant Scrutiny Committee: **Overview and Scrutiny Committee**

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

Date next steps can be taken: **Following Call in
13 June 2018**

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

Contact: Nadine.Trout@swdevon.gov.uk **01822 813624**

RECOMMENDATION

That the Hub Committee approve the proposed Crowdfund West Devon application process as detailed in paragraph 5.

1. Executive summary

1.1 This report provides an overview of the Crowdfund Devon initiative and in particular a mechanism to award West Devon Borough Council funding.

2. Background

2.1 Council resolved in minute 57(iv) on 20 February 2018 to make £10,000 available for crowdfunding purposes.

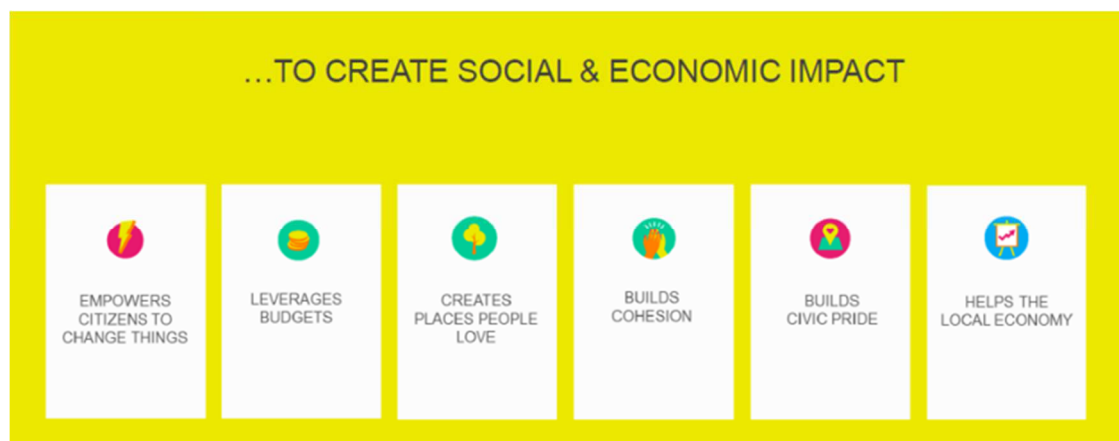
2.2 What is crowdfunding? Crowdfunding is the practice of funding a project by raising money from a large number of people (i.e. a crowd), who each contribute a relatively small amount, typically via the internet.

2.3 West Devon Borough Council has partnered with Devon County Council, Devon and Cornwall Police, East Devon District Council, Teignbridge District Council and Crowdfunder UK to create a 12 month crowdfunding pilot.

- 2.4 The crowdfunding pilot will be known as Crowdfund Devon which in essence will be a website that is due to go live in June/July 2018. The website will be created at no cost to the Council and will provide a mechanism to distribute £10,000 of West Devon Borough Council funding.
- 2.5 Experience from other local authorities shows that it is really important to keep crowd funding criteria as simple as possible. It is also important to make authorisation as quick as possible. Projects on Crowdfunder have limited time to raise funds – typically 4 weeks at most.

3 Outcomes/outputs

- 3.1 The Crowdfund Devon initiative shows a commitment by local authorities to make funding available to local projects in a transparent and open manner.
- 3.2 The initiative better reflects the current resourcing of local authorities and seeks to make the awarding of funding a more streamlined and efficient process.
- 3.3 Ultimately Crowdfund Devon aims to:



4 Options available and consideration of risk

- 4.1 The Council for a number of years has made grant funding available to local communities. However, the recipients of this funding have been quite narrow in nature with the same groups receiving funding year after year.
- 4.2 In a bid to make the awarding of funding more transparent and to amplify funding opportunities it is considered prudent to utilise crowdfunding.
- 4.4 Rather than administer all Council grant funding via crowdfunding a 12 month pilot has been created in the first instance, namely Crowdfund Devon. If the pilot is deemed a successful way of

administering the £10,000 allocated the Council could consider at a later stage to deploy all grant funding via this method.

5. Proposed Way Forward

- 5.1 It order to make the awarding of West Devon Borough Council funds on Crowdfund Devon as simple as possible it is proposed the Council use the following funding criteria:
- a. Project funding is open to all West Devon based community led projects and must benefit people located in the West Devon Borough i.e. at least 75% of the people benefitting from the project should live in West Devon.
 - b. The project looks to help support the reduction of demand on Council services; or commits to an aspect of building local capacity; or demonstrates added benefit for the West Devon area, for example using local businesses or developing the skills of local people.
 - c. Projects must raise 25% of their target from the "crowd" before they will be considered eligible for Council funding.
 - d. The Council could pledge up to 50% of a project's funding target (up to maximum value of £500).
 - e. The Council's minimum pledge for eligible projects is £50.
 - f. The money pledged by the Council will only be released if the full fundraising target has been reached.
- 5.2 It is proposed that in the first instance the Commissioning Manager would oversee the awarding of funds and the approval process. Before pledging funds on behalf of the Council the Commissioning Manager would consult with relevant ward Members. Members would be required to respond within 5 working days. If a response is not received from a relevant Member within 5 working days and the project clearly meets the funding criteria a pledge will be made.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Hub Committee has a responsibility to provide Leadership to the overall activities of the Council. Crowdfunding is a new initiative and as such a decision from Hub Members is sought.

Financial	N	There are no financial implications as a result of this report that have not already been budgeted for.
Risk	Y	Risk is mitigated by piloting crowdfunding in the first instance rather than rolling out as a mechanism for all grant funding.
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		None

Supporting Information

See:

<https://www.crowdfunder.co.uk/funds/crowdfund-cornwall>

<https://www.crowdfunder.co.uk/crowdfund-plymouth>

Report to: **Hub Committee**
Date: **5 June 2018**
Title: **Transformation Programme (T18) Closedown report**
Portfolio Area: **Leader of Council - Cllr Philip Sanders**
Wards Affected: **All**
Relevant Scrutiny Committee: Overview and Scrutiny Committee

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

Date next steps can be taken: **Following Call In
13 June 2018**

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

Contact: lisa.buckle@swdevon.gov.uk (01803) 861413

Recommendations:

It is recommended that the Hub Committee:

1. Endorse the contents of the T18 Transformation Programme Closedown report and the benefits realised, as set out in Section 8.
2. Make any recommendations to Council on the contents of the report.

1. Executive summary

- 1.1 Despite the shared service arrangement already delivering an annual saving of £1.7 million across both Councils (in 2013), West Devon and South Hams Councils recognised that the Councils would be facing a predicted funding gap of £4.7 million over the next four years and up to 2018. The Councils were adamant that they did not want to cut front line services, so both authorities agreed to embark on an ambitious and challenging Transformation Programme (T18) to remodel how the Councils worked.

- 1.2 The Transformation Programme has been total and radical and has left no service untouched. Change has never been seen as a token gesture but a total transformation of everything that the Councils do, how they do it and the culture which surrounds it.
- 1.3 The original Business Plan was approved in 2013 and in December 2014, the Council approved an updated business plan for the T18 Transformation Programme. Its aims were to deliver a new operating model for the Council (in partnership with South Hams District Council), to ensure that both Councils could continue to deliver quality services for their customers and communities. For West Devon Borough Council, an investment budget of £2.83 million was approved, to deliver annual recurring revenue savings of £1.64 million.
- 1.4 The Transformation Programme received the backing of Central Government and the Council was awarded £266,000 of Government funding towards the upfront investment costs (this was WDBC's share of the funding). The Government funding recognised the scale of ambition within the Councils' model.
- 1.5 The table in Appendix A shows that the predicted final spend (£2.767 million) is £63,000 less than the budget of £2.83 million. Appendix A details the individual budget lines and highlights the areas which were underspent and overspent.
- 1.6 The total annual savings realised from the T18 Transformation Programme were £1.505 million. The majority of these savings were staffing savings. Between 2014 and 2015, the majority of employees at both Councils went through a rigorous recruitment process and the workforce was reduced by 30%. The overall savings represented a saving of over 25% on the Councils' net revenue budgets.
- 1.7 The original estimated payback period for the T18 Transformation Programme was 2.75 years. The items set out in Section 6 had an adverse impact on the payback period of the Transformation Programme and increased the actual payback period to just under three years.

2. Background

- 2.1 West Devon Borough Council and South Hams District Council have been shared service partners since 2007. As two of the very first Councils to share a Chief Executive, the Councils have been bold in challenging the traditional local government model and have always been at the forefront of radical change and innovation. Shared services (through sharing staff) has now yielded the Councils £6.1 million annually in savings.
- 2.2 Having a successful track record of reducing costs through shared services whilst improving services, the two Councils approved a Joint Transformation Change Programme in December 2013.

- 2.3 The Councils continue to face significant reductions in Central Government funding and the Transformation Programme developed some financial resilience for the Councils and for a few years reduced the reliance on making annual budget reductions that inevitably impacted on front line services. However, the Council has continued to see a reduction in the level of Government funding and currently has a predicted budget gap of £0.9 million by 2020.
- 2.4 The Councils pioneered a new model for local government which was transferrable to other local authorities irrespective of the scale, acting as a catalyst for extending shared services, without undermining each participating Councils' democratic sovereignty.
- 2.5 West Devon and South Hams Councils were the first in the country to adopt a new operating model for local government across two Councils in a fully shared services partnership. Having presented at a number of national conferences and Councils, the T18 model is proving to be an exemplar in local government and the Councils continue to share our experiences.
- 2.6 The Council is now providing its services in an entirely new way - by becoming more flexible and customer focused using the latest technology. Services were redesigned around our customers and communities and as a consequence all departmental silos were removed. This involved re-engineering over 400 business processes and sharing all of our corporate services and information technology systems. The first phase of the programme (Support Services) went live in September 2014. The main phase of the programme went live in June 2015, with the last phase going live in April 2016.
- 2.7 At its heart, the Transformation Programme (T18) was one of cultural change. Peoples' lives are constantly changing and we must change with them. The radical transformation was the most significant change in the way that the Councils worked for more than 40 years. The Councils' non-manual workforce was reduced by 30%, with all staff roles changing to be flexible and responsive to the needs of the customer. Officers from different areas of the Councils now work together to improve the service for the customer and reduce the need for office accommodation.
- 2.8 The Transformation Programme was structured with a number of workstreams and each are reported on below.
- 3. Outcomes/outputs – HR Workstream**
- 3.1 Working with our employees, the Councils developed a new competency framework that identified a set of behaviours that underpin how we work and deliver services to our customers and communities. The new framework, called IMPACT, identified 6 key behaviours and it now forms an integral part of our workplace culture and how we manage people, including forming a critical component of the staff appraisal system. Between 2014 and 2015, the majority of employees at both Councils

went through a rigorous recruitment process and the workforce was reduced by 30%. The overall savings represented a saving of over 25% on the Councils' net revenue budgets.

- 3.2 An assessment centre was successfully designed and delivered, working in partnership with iESE, to make sure the right people were appointed to the right roles in the new operating model. Each member of staff was assessed by independent assessors and the outcomes informed the role they were offered.
- 3.3 All roles in the new structure were subject to the assessment process, including the senior leadership team. We still successfully use behavioural assessments when recruiting new people to the Council and when making internal appointments and promotions.
- 3.4 A voluntary redundancy programme was put in place to reduce the need to make compulsory redundancies. In total, 137 employees left the Councils' employment. This compared to 110 anticipated at the start of the Transformation Programme. The Councils experienced some resourcing challenges as rationalisation meant that some key skills were no longer available or limited during implementation.
- 3.5 The T18 Programme also provided an opportunity to implement a revised pay and grading structure and job evaluation tool. This has led to greater fairness and consistency in how we reward staff and has given the Councils greater control over their pay bill.
- 3.6 The new operating model is based on Communities of Practice rather than a traditional departmental structure. This provides greater flexibility in how we deliver our services and makes sure our people are doing the work they are qualified for and have the skills and experience to do. The Councils categorised the work into administrative (case management) and specialist tasks, took a cross-function approach and demonstrated that 80% of the Councils' work is best carried out by case managers, leaving specialists to concentrate on providing professional expertise.
- 3.7 A new agile way of working was introduced, with the removal of all cellular offices and the creation of a hot desk environment in both the main offices. The new agile way of working also includes the flexibility for staff to work where and when it is convenient for them and our customers. The recent staff survey suggests that a majority of people think that agile working has made them more effective in what they do. We also know that the flexible way of working attracts new people to work for us and is a factor in retaining key people.
- 3.8 The Councils were nominated as finalists in the Municipal Journal Local Government Awards in the Transforming Through People category in recognition of work done to change organisational culture by assessing people against the IMPACT behaviours.

- 3.9 The Councils' HR Community of Practice have been very successful in selling the Councils' services (i.e. knowledge and expertise on the HR Workstream) to other Councils who are looking to implement a Transformation Programme and are on track to generate income of over £100,000 (shared between both Councils) in this respect from confirmed work. We are also talking to other Councils which could lead to further income generation.

4. Outcomes/outputs – Accommodation Workstream

- 4.1 Having reviewed a wide range of accommodation options, moving the main staff base to Totnes, at the same time as implementing an agile working environment for all staff, has achieved benefits not only financially but in terms of effectiveness. It has allowed services to be further aligned between the two Councils, whilst retaining the ability to offer front line services across a large geographic area across both Councils.
- 4.2 Fresh, newly designed open plan offices have supported the Councils' new agile policy and inspired cultural change. A hot-desk approach has helped embed the behavioural and cultural change; this no fixed desk approach has helped breakdown old departmental silos with staff from all levels and different disciplines sitting and working together. The ratio of workspaces is 6 desks to 10 members of staff has encouraged home working; only two functional areas have dedicated space due to the specialist software required.
- 4.3 The new ways of working and the rationalisation of assets has enabled additional new rental income from releasing surplus accommodation (£30,000) and reduced running costs (£30,000) for West Devon. Desktop telephones have been removed, all telephone contact is through laptops using Business Skype, which is also used for meetings, video conferencing, live sharing of documents, training and instant messaging to reduce internal email traffic.
- 4.4 The accommodation project was largely finished in 2015 and practical completion was issued in Summer 2015. The project delivered an agile area in Kilworthy and a further approx. 150 agile work spaces on the second floor in Follaton, new meetings rooms, improved kitchen facilities and a completely transformed working environment.

5. Outcomes/outputs – ICT Workstream

- 5.1 The ICT element of the T18 Programme was considerable and comprised of 10 distinct elements. Each project in its own right was a significant piece of work. The purpose was to provide a single technology platform on new infrastructure that supported the new ways of working and facilitated customer self-serve. The Technology solution comprised of Hardware and Infrastructure upgrades, the software solution and services provided by Civica, a complete telephony refresh and provision of new ICT facilities for Members. Below is a description of each of the elements and a summary of the benefits that were delivered. A separate report is to be produced looking at the Civica implementation and the lessons learnt as a result.
- 5.2 T1-Core Infrastructure - The provision of a new high availability infrastructure (servers, software) and configuration to support the Civica W2 application suite and platform to run processes started within W2 or the Web Portal. Since the beginning of the programme cloud services have become more affordable and some services are now running on cloud infrastructure. The existing infrastructure has, where possible, been used to support back-up and resilience to the current infrastructure.
- 5.3 T2-Mobile - To deliver a solution for mobile and agile locality officers. To support the new culture, the majority of officers were issued with a new mobile computer set up which allowed staff to work from anywhere. This has been a radical change for many officers, who have had to adapt to new working practices such as not having a fixed desk. The mobile product was still undeveloped at the start of the T18 Programme. Despite assurances the Civica mobile product does not meet all the Councils' requirements and although we continue to work with Civica to develop their solution, an alternative solution is being deployed i.e. where the Civica solution does not meet the business need. The cost of this solution is £3,000 per annum funded from the core ICT budget.
- 5.4 T3-GIS (Geographical Information Systems) – To replace the existing GIS and enable improved self-serve using spatial data (maps). The FastGaz product was not fit for purpose and has since been retired by Civica. The Councils purchased an alternative solution from an alternative supplier.
- 5.5 T4-Web/Portal – To develop a solution that promoted 'digital by choice', and enabled 2 way communication with our residents. It enabled citizens to 'apply for it', 'pay for it', 'report it', 'book it' and view and track any of those requests. The scope of this project was expanded during implementation to include the website. Early iterations of the Civica portal were not customer friendly, however the team continue to make significant progress across all service areas and online transactions have across both Councils increased by 140% in the past 12 months.

- 5.6 T5-Telephony – A corporate unified communications solution to aid agile working. It provided an integrated, modern and flexible new telephony system for the Customer First contact centre. Whilst the new phone system took longer to achieve than anticipated, it was a success.
- 5.7 T6-Back office systems migration – To migrate the Waste, Planning, Land Charges, Environmental Health, Licensing, Housing back office systems to Civica APP. Data migration proved to be a resource intensive and lengthy process. After implementation Civica were unable to develop a working solution for Land Charges and an alternative solution was put into place.
- 5.8 T7-Back office system integration – To enable integration of Civica W2 with remaining back office systems e.g. Revenues and Benefits. Completed for the major systems.
- 5.9 T8-Infrastructure – The replacement of the corporate IT infrastructure to support agile working and provide a fast, reliable, cost effective and resilient scalable platform. Completed. The most recent evidence of this was during the recent severe weather when it enabled 210 officers to work from home to continue to deliver many Council services. The ability to work in an agile way is a key attraction to the recruitment of new staff and retention of existing staff.
- 5.10 T9-Members ICT – To equip Members with technology that enabled them to work and communicate effectively. All Members were issued with iPads, enabling Members to operate in a paperless way. This has now removed the need for paper based agendas at Committee meetings, creating savings in printing and paper. The workstream provided a way in which Members could meet with staff electronically over Business Skype, rather than by face to face meetings. It provided a modern flexible tool for Members to carry out their duties efficiently and conveniently. Members have up to date information and email available during meetings and elsewhere. An important requirement is the ability to share calendars but this is not possible as yet on the iPads.
- 5.11 T10-Document / Image migration – To move historic documents, files and images associated with a customer or property record to the new Civica W2 system. This enabled efficient records management and the decommissioning of the old document management systems. Over the last two years, the Councils have been extracting and importing documents into the new system and this process is almost now complete. Not enough time and resources were allocated to this workstream for the identification, extraction, importing and testing.
- 5.12 As stated in 5.1, there will be a separate report produced looking at the Civica implementation and the lessons learnt as a result.

6. Outcomes/outputs – Finance Workstream

- 6.1 In December 2014, the Council agreed an investment budget of £2.83 million for the Transformation Programme (T18), in order to deliver annual recurring revenue savings of £1.64 million.
- 6.2 The table in Appendix A shows that the predicted final spend (£2.767 million) is £63,000 less than the budget of £2.83 million. Appendix A details the individual budget lines and highlights the areas which were underspent and overspent.
- 6.3 In 2014/15 the Council achieved £160,000 of T18 salary savings. In 2015/16 the salary savings achieved were £700,000. By 2016/17, the T18 salary savings realised totalled £1.385 million. The £1.385 million is an annual salary saving from 16/17 onwards. In addition there were annual savings from the Accommodation workstream totalling a further £60,000 and a further £60,000 of savings from travel and other savings. Therefore the total annual savings for West Devon Borough Council realised from the T18 Transformation Programme were £1.505 million. The overall savings represented a saving of over 25% on the Councils' net revenue budgets.

Payback Period

- 6.4 The original estimated payback period for the T18 Transformation Programme was 2.75 years. The following items have had an adverse impact on the payback period of the Transformation Programme and have increased the actual payback period to just under three years.
- i) In June 2016, Members approved temporary transitional resources of a one-off amount of £215,522. This cost was funded through a re-investment of previous T18 savings back into the T18 Programme and through a reallocation of New Homes Bonus funding. This was to improve customer satisfaction and public perception of the Council during the implementation period of the Programme.
 - ii) As part of the Budget proposals for 2017/18 which were approved by Council on 7th February 2017, it was agreed to utilise £50,000 of the Budget Surplus Contingency Earmarked Reserve to fund five additional case managers within Development Management for a period of one year (2017/18).
 - iii) The initial business case included anticipated savings of £47,000 per annum for reduced annual IT software costs. These savings have not been realised due to the additional software that was either not anticipated, out of scope of the original programme or required to replace solutions that did not meet the Councils' requirements. It should be noted that a reduced contract cost was negotiated with Civica.

6.5 Whilst the budget reductions were achieved, the transition to the new model did result in increased call volumes, increased call waiting times and some service backlogs for an interim period, whilst the Transformation Programme was being embedded. Quarterly performance reports were presented to the Overview and Scrutiny Committee. The resourcing model and staff numbers in the new model were developed by Ignite and were based on:

- The new technology being delivered and more importantly embedded across the organisation.
- New more efficient and streamlined processes implemented and embedded.
- Customers using the new technology and process to self-serve rather than calling or visiting the Councils.

6.6 Due to a number of factors listed below the technology was delayed:

- The Councils' IT resources were reduced at the start of the Programme.
- The delivery of the technology solutions from the supplier suffered delays.
- A number of the IT solutions needed significant development to meet the requirements of the Councils.
- The availability of staff for testing and training was limited due to the need to carry on with day to day customer activity.

7. Outcomes/outputs – Customer Workstream

7.1 The Customer Workstream related to the engagement required with our customers to maximise the benefits of the future operating model. These benefits were both for the customer, in terms of improved customer service and greater access to on-line services and for the Councils through reduced costs.

7.2 At the centre of the new staffing structure is a band of 'Case Managers'. They take a request or task from start to finish and the customer has one point of contact throughout their enquiry. Case Managers are helped by Specialists in different fields, who can be asked for their expertise when necessary. They have been freed up from administrative duties to focus on their specialism.

7.3 The focus of the new computer systems was the customer, enabling them to track service requests through a personal online account and having access to our services at a time and place that suits them.

8. Benefits Realisation and Performance figures

- 8.1 With new technology, there is a greater customer expectation to meet their needs 24/7 using a variety of channels, just as they would expect from other services such as their utilities and banks. Peoples' lives are constantly changing and the Councils recognised that we must change with them. In response, the Councils fundamentally changed their service delivery model which has enabled the Councils to reduce costs whilst meeting the demands of customers and communities. It has ensured that our Councils deliver a value for money solution to the taxpayer, delivering quality services at the lowest cost.
- 8.2 In creating the Councils' new operating model, officers talked to other 'pace setting' Councils and combined their successful approaches with our own experience to date, to design a radical new operating model which delivered the following non-monetised benefits:
- 24/7 access to those who choose to use our on-line services
 - Increased range of access options to recognise the diversity of our customers
 - Customer and site details held in one place for use by all services
 - A flexible workforce with empowered roles
 - An enhanced locality role for Members as community enablers
 - Commissioning options for each Council that participated in the model
 - Flexible options for sharing with any potential future partners
 - Locality workers – customer/community services out and about
 - Improved work/life balance for our staff.
- 8.3 The non-monetised benefits are in addition to the annual savings realised from the T18 Transformation Programme of £1.505 million. The overall savings represented a saving of over 25% on the Councils' net revenue budgets.
- 8.4 The success of the T18 operation model was aptly demonstrated during the recent bad weather from snow. The Councils had 210 members of staff working from home using mobile technology and the majority of services were able to continue to be delivered to customers.
- 8.5 The Transformation Programme has shown results, both financially and through service delivery. The Performance figures for the Councils during the main implementation period of the T18 Programme have been regularly reported to the Overview and Scrutiny Committee. Performance figures are also reported annually in the Council's Annual Report.
- 8.6 Detailed below is a list of the things that went well with the Transformation Programme (Successes) and also a list of items that could be changed in the future (Challenges).

‘Successes’:

- The Councils’ detailed Business Case helped them to focus on what was important and manage budgetary control
- Undertaking Accommodation changes alongside the Programme helped support the Councils’ future operating model aspirations
- Our level of communication was strong (in both level of detail and frequency), throughout the duration of the Programme.

‘Challenges’:

- Data migration proved harder than expected (due to source data quality issues and the number of extracts required). Albeit the approach of taking all data from the source systems may have contributed.
- More detailed planning & definition of both the delivery and go live phases could well have helped manage its resourcing and duration (or inclusion of a little more project contingency in the plans)
- Losing Support Services staff in the first phase hindered progress in subsequent phases, perhaps retaining some transitional resource and/or reordering some projects would have helped.
- Managing the resource conflicts across Business as Usual and the Transformation Programme was a challenge. The Councils could have tried to ring fence project resource more (both technical and business).

9. National Awards

9.1 In recognition of the Councils’ achievements, West Devon and South Hams Councils were awarded the prestigious title of Council of the Year, at the 'Improvement and Efficiency Social Enterprise' (iESE) awards 2016. This was a huge achievement for both Councils, the award recognised that the Councils continue to rise to the challenges facing Local Government and were not afraid to tackle them head on.

10. Current issues and key risks

10.1 The capacity of the organisation to maintain business as usual service as well as be available for training and testing in new processes and systems was a risk that materialised and was a key issue. This resulted in continued delays in the Programme roll-out of technology and processes. The transitional resources approved ensured that business as usual service was improved, whilst technology and new processes were embedded.

10.2 To minimise the risks of project slippage, the following measures were in place:

- Lessons learnt from the planning portal deployment are now in place for future deployments. These included more comprehensive testing and involvement of key stakeholders (Members etc.).
- Weekly reviews were in place with Civica at both operational and senior management level.

- The Support Services Group Manager reported progress weekly to the senior leadership team.
- The Lead Member for Support Services was regularly briefed.
- A weekly review took place with the project team.

11. Summary

11.1 The Transformation Programme (T18) has been extremely successful overall and has achieved the annual revenue savings required, improved performance across the board, changed the culture of the organisation and has given customers much better access to our services.

11.2 None of this could have been achieved without the goodwill and sheer hard work of all of the staff, which went beyond expectations, coupled with the support of Members.

12. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council delegated to the Hub Committee to monitor the budget monitoring position of the Transformation Programme.
Financial	N	There are no financial implications arising directly from this report. The finances of the programme are set out in Section 6.1 to 6.6.
Risk	Y	See Section 10.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Safeguarding	N	This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Community Safety, Crime and Disorder	N	None
Health, Safety and Wellbeing	N	This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Other implications	N	None

Appendix A – Financial Summary

Supporting Information

Council - 9 December 2014

Hub Committee –22 March 2016 – T18 Budget Monitoring report

Hub Committee – 7 June 2016 – Transitional Resources report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

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Expenditure Category	2014-2015 T18 Actual Expenditure	2015-2016 T18 Actual Expenditure	Actual expenditure 16/17, 17/18 and predicted for 18/19 & 19/20 (mainly Pension strain payments)	Total Predicted Expenditure for the T18 Programme (Columns A to C)	Comparison to the Total T18 Budget (One-off Investment costs)	Notes
	(A)	(B)	(C)	(£)	(£)	
	(£)	(£)	(£)	(£)	(£)	
Revenue Expenditure						
ICT technology, implementation, workstream development and project management	298,586	336,466	21,000	656,052	615,750	Note 1
ICT workstation costs and infrastructure	111,373	35,255	-	146,628	155,000	Note 2
Training and Accommodation	36,055	32,896	-	68,951	97,000	Note 3
Implementation and design of the future operating model	143,875	750	-	144,625	175,000	Note 4
Redundancy and Pension Strain costs	1,311,698	77,856	70,197	1,459,751	1,520,000	Note 5
Contingency	0	95,000	72,000	167,000	175,000	Note 6
Capital Expenditure						
ICT Software	92,250	31,750	-	124,000	92,250	Note 7
TOTAL	1,993,837	609,973	163,197	2,767,007	2,830,000	

Summary – The table shows actual expenditure to 31st March 2018 and predicted expenditure for 18/19 and 19/20 (for pension strain costs). The table above shows that the predicted final spend (£2.767 million) is £63,000 less than the budget of £2.83 million.

Note 1 - ICT technology, implementation, workstream development and project management costs – These are the contract payments to the IT supplier for delivering the IT system and project management costs. These were slightly over budget by £40,000 (6.5%*), mainly due to project management costs.

Note 2 - ICT workstation costs and infrastructure – This was underspent by £8,000 and was for the purchase of workstations and infrastructure.

Note 3 – Training and Accommodation – The budget was underspent by £28,000.

Note 4 - Implementation and design of the future operating model – The was for the work with IESE and the budget was underspent by £30,000.

Note 5 – Redundancy and Pension Strain costs – This was the area of the budget which was the most difficult to predict. The Council now has certainty of these costs.

Note 6 – Contingency – The contingency budget was underspent by £8,000.

Note 7 – ICT Software – This was the software element of the contract payments to the IT supplier. This is treated as capital expenditure.