

South Hams Executive



Title:	Agenda
Date:	Thursday, 13th December, 2018
Time:	10.00 am
Venue:	Cary Room - Follaton House
Full Members:	<p style="text-align: center;">Chairman Cllr Tucker Vice Chairman Cllr Wright</p> <p><i>Members:</i> Cllr Bastone Cllr Hopwood Cllr Gilbert Cllr Wingate</p>
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
Committee administrator:	Member.Services@swdevon.gov.uk

1. Minutes	1 - 14
to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 22 November 2018;	
2. Urgent Business	
brought forward at the discretion of the Chairman;	
3. Division of Agenda	
to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;	
4. Declarations of Interest	
Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;	
5. Public Question Time	15 - 16
a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;	
6. Council Tax Reduction Scheme 2019/20	17 - 34
7. Business Rates - Section 47 Discretionary Rates Relief Policy	35 - 44
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9. Revenue Budget Monitoring 2018/19	99 - 112
10. Capital Programme Monitoring	113 - 134
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14. Commercial Development Opportunities

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY 22 NOVEMBER 2018**

Members in attendance:			
* Denotes attendance			
∅ Denotes apologies for absence			
*	Cllr H D Bastone	*	Cllr R J Tucker (Chairman)
*	Cllr R D Gilbert	*	Cllr S A E Wright (Vice Chairman)
*	Cllr N A Hopwood	*	Cllr K R H Wingate

Also in attendance and participating		
Item 6	E.42/18	Cllrs Brazil, Green and Pennington
Item 7	E.43/18	Cllrs Bramble, Green, Pearce, Pennington and Vint
Item 9	E.45/18	Cllr Baldry
Item 10	E.46/18	Cllrs Baldry, Birch, Brazil, Brown, Green, Hicks, Hitchins, May, Pearce, Saltern, Steer and Vint
Item 12	E.48/18	Cllr Green
Item 13	E.49/18	Cllrs Baldry, Brazil, Green and Pearce

Officers in attendance and participating		
All items		Head of Paid Service, Group Manager Customer First and Support Services and Senior Specialist – Democratic Services
Item 7	E.43/18	Group Manager – Business Development
Item 8	E.44/18	Community Of Practice Lead – Environmental Health
Item 10	E.46/18	Group Manager – Commercial Services; Community Of Practice Lead – Environment Services; Senior Specialist (Commercial Services); and Senior Specialist (Assets)
Item 12	E.48/18	Senior Specialist (Assets)
Item 13	E.49/18	Section 151 Officer, Group Manager – Commercial Services and Commissioning Manager (Waste)

E.39/18 MINUTES

The minutes of the Executive meeting held on 13 September 2018 were confirmed as a true and correct record and signed off by the Chairman.

E.40/18 DECLARATIONS OF INTEREST

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

The Chairman informed that, as a consequence of Executive Procedure Rule 1.9.4 (below):

'Where a decision relates to an Executive Members' local ward, that Member may take part in the discussion, but will abstain from any vote on the item.'

the Council's Deputy Monitoring Officer had granted himself and Cllrs Bastone, Gilbert and Wright a Dispensation to be able to take part in the vote on agenda item 10: 'Public Toilet Review' (Minute E.46/18 below refers). It was noted that this Dispensation would be in force until the next Annual Council meeting in May 2019;

Cllr R F D Gilbert declared a personal interest in agenda item 6: 'Heart of the South West Joint Committee Update' (Minute E.42/18 below refers) by virtue of sitting on the Local Enterprise Partnership Board and, in light of the close linkages between the Board and the Heart of the South West, he remained in the meeting during the debate, but abstained from the vote on this item;

Cllr R F D Gilbert also declared a personal interest in agenda item 7: 'Supporting the Formation of South West Mutual' (Minute E.43/18 below refers) by virtue of being the Devon County Council lead Member for the Economy. Whilst he remained in the meeting, he did not take part in the debate and abstained from the vote on this item;

Cllr R F D Gilbert also declared a Disclosable Pecuniary Interest in agenda item 10: 'Public Toilet Project' (Minute E.46/18 below refers) and specifically the proposals for the Ferry Steps at East Portlemouth. In the event of any discussion ensuing on the proposals for this site, Cllr Gilbert informed that he would leave the meeting room.

E.41/18 **PUBLIC QUESTION TIME**

It was noted that the following public questions had been received in accordance with the Executive Procedure Rules, for consideration at this meeting:

1. Question received from Mr Colin Luker

'The SHDC Councillors will no doubt be aware that on 5 November 2018, Totnes Town Council unanimously approved a similar motion to that below. I am now asking the South Hams District Council to support a similar motion.'

"I would ask the SHDC to write to Sarah Wollaston MP and to the Secretary of State for Work & Pensions to pause the managed roll-out of Universal Credit whilst necessary amendments are made.

Without the needed vital changes, it is highly likely that Universal Credit will have a significant detrimental impact on many residents & families in South Hams.

The recent Secretary of State for Work & Pensions, Esther McVey, acknowledged that many people would be financially worse off as a result of their existing benefits being consolidated into one payment.”

May I request a polled vote on this matter.’

In response, Cllr Tucker informed that the Executive had no jurisdiction to ask that a letter be written on behalf of the Council without the prior approval of the Council. That being said, Cllr Tucker did wish to provide some relevant background facts as follows:-

- The Council had closely observed the national picture with regard to Universal Credit and had monitored closely the recent roll out in South Hams;
- Areas of the South Hams first went to full service in April 2018, with the remainder of the District (including Totnes) going in September 2018;
- Council officers were working very closely with the Department of Work and Pensions and Job Centre Plus and had processes in place to assist the most vulnerable to ensure that people did not slip through the net;
- The Council had used its Discretionary Housing payment pot to assist people in financial hardship with their living costs and the Council's Housing Options service was also assisting;
- Furthermore, Citizens Advice was offering budgeting support and residents could receive assistance with making their claim online from Mobile Locality Officers and by coming in to the Council offices;
- The new Secretary of State for Works & Pensions had indicated that she would be listening very carefully to concerns over Universal Credit and it was important to give her the opportunity to undertake this task.

In reply to a supplementary question over the Council's position regarding the abolition of severe disability premium, Cllr Tucker reaffirmed his previous point that the Executive was in no position to provide a formal Council view in this respect.

2. Question received from Dr Rob van Es

‘Will the Council agree that to close the toilets at Millbay, East Portlemouth, will result in visitors using the unofficial public convenience of the adjacent woodland, causing untreated urine and faeces to run-off into the freshwater stream running across the beach, which is a favourite playing area for children?’

In reply, Cllr Tucker advised that a revised recommendation would be tabled to the meeting during consideration of agenda item 10: ‘Public Toilet Review’ (agenda item E.46/18 below refers) that was likely to allay Dr Van Es' concerns.

3. Question received from Mrs Fiona van Es

'I read with grave concern of the possible closure of the Mill Bay toilets in East Portlemouth so my question is this:

Is it considered safe and reasonable for families with young children to have to walk ten minutes to the ferry toilets along a busy single track road.'

Cllr Tucker replied by reiterating the response he delivered to Question 2 (above) whereby a revised recommendation would be tabled to the meeting during consideration of agenda item 10: 'Public Toilet Review' (agenda item E.46/18 below refers) that was likely to allay Mrs Van Es' concerns.

E.42/18 **HEART OF THE SOUTH WEST JOINT COMMITTEE UPDATE**

A report was considered that reminded Members that the Heart of the South West Joint Committee was formally established in early 2018 by the partner councils and organisations that had been involved since 2015 in the Devolution Partnership. The report noted that the Joint Committee was tasked with improving productivity across the Heart of the South West (HotSW) area in collaboration with the HotSW LEP and other organisations as necessary.

The Leader introduced the report that summarised the progress made by the Joint Committee over recent months in key areas of activity and set out actions proposed in the coming months.

In the ensuing discussion, reference was made to:-

- (a) the need to be involved. On balance, a number of Members were of the view that the benefits to the Council were greater from being involved in the Heart of the South West Partnership than being on the outside;
- (b) the Brexit Joint Regional Sounding Board event on 12 November 2018. In reply to a request, a commitment was given to provide an interested Member with feedback from this event outside of this meeting;
- (c) the Local Industrial Strategy (LIS). A Member expressed his concern at the extent of the influence that the Local Enterprise Partnership was to have in the development and endorsement of the LIS;
- (d) the Productivity Strategy. A Member took issue with the intention in the Strategy to 'double the size of the HoTSW area economy over 20 years'. Whilst an admirable intention, the Member was of the view that it was an unrealistic target and therefore brought into question the credibility of the whole Strategy;

- (e) the annual Council contribution. It was confirmed that, in the event of any future proposal being brought forward to increase the Council's annual contribution of £1,400, then this would require the approval of the Council.

It was then

RECOMMENDED

That the Executive **RECOMMEND** to Council to:-

- (a) note the progress report setting out the work of the Heart of the South West (HotSW) Joint Committee since its establishment in March 2018;
- (b) agree to delegate the development and endorsement of the HotSW Local Industrial Strategy (LIS) to the HotSW Joint Committee (noting that final approval of the HotSW LIS rests with the HotSW Local Enterprise Partnership (LEP) and the Government);
- (c) note the Heart of the South West Joint Committee Budget statement for 2018/19 (as set out in Appendix B of the presented agenda report) and that, in accordance with the decisions taken at the time the Committee was established, the Council will be asked to make an annual budgetary provision (£1,400 for South Hams District Council) to meet the support costs of the Joint Committee in line with the 2018/19 contribution. Final clarification on any additional 2019/20 Heart of the South West Joint Committee budget requirement will be provided following the completion of the review of the Joint Committee's role, function and management support arrangements and development of its work programme for 2019/20; and
- (d) agree the Budget and Cost-sharing Agreement (as set out in Appendix B of the presented agenda report).

E.43/18

SUPPORTING THE FORMATION OF THE SOUTH WEST MUTUAL

The Executive considered a report that sought a recommendation to full Council to support the formation of the South West Mutual.

In his introduction, the lead Executive Member warned that this proposal was not without risk and, whilst acknowledging the potential share offer implications, he **PROPOSED** an alternative part 1 recommendation as follows:

'That Council be **RECOMMENDED** to approve, *if 50% of the other Devon local authorities give a commitment to support*, the granting of £49,995 from the predicted 2018/19 business rate pilot gain in order to support the formation of South West Mutual as detailed in section 3 and Appendix 2 of the presented agenda report.'

This alternative was subsequently **SECONDED**.

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

- (a) In support of the formation of South West Mutual, some Members felt it deeply regrettable that the likes of Salcombe and Dartmouth residents did not have access to a high street banking facility. Other Members also expressed their support and felt the Business Plan to be credible in its own right with the proposals constituting a far more palatable venture than the recent commercial property acquisition proposals;
- (b) Other Members urged caution over the proposal, but did acknowledge that the revised recommendation helped to minimise the risk implications. Before the Council meeting on 6 December 2018, the Leader committed to contacting his counterparts across Devon in order to establish their Councils' respective position on the proposal;
- (c) A Member was of the view that a Working Group should be formed to carry out a detailed review of the proposals. In response, the majority of Members felt that the time to establish a Working Group would be at the point when the Mutual had been granted a licence;
- (d) With regard to a specific query over the proposed salary levels, a Member sought assurances that these would not be comparable with those being paid in the City;
- (e) Reference was made to the Member Treasury Management Training session on Monday, 26 November 2018 and it was felt that a number of the issues raised in this debate would also be relevant to this session.

It was then:

RECOMMENDED

That the Executive **RECOMMEND** to Council to:

1. approve, *if 50% of the other Devon local authorities give a commitment to support*, the granting of £49,995 from the predicted 2018/19 business rate pilot gain in order to support the formation of South West Mutual as detailed in section 3 and Appendix 2 of the presented agenda report;

2. delegate authority to the Group Manager, Business Development, to conclude the ordinary share acquisition; and
3. agree that, where possible, officers support the formation of the Mutual by promoting it to local authorities within the South West.

E.44/18 **ANNUAL REVIEW OF HEALTH AND SAFETY POLICY STATEMENT**

Members considered a report that sought recommendation to full Council of the adoption of the revised Health and Safety Policy Statement.

The report noted that the Council was required to prepare a written health and safety policy statement by the Health and Safety at Work Act 1974. Once agreed, it was a requirement for the Policy to be signed off by the Head of Paid Service and Leader of Council.

In discussion, officers agreed to update the draft Policy Statement to include greater reference to Members prior to its consideration by full Council.

It was then:

RECOMMENDED

That the Executive **RECOMMEND** to Council that the revised Policy be adopted and signed by the Head of Paid Service and Leader of Council.

E.45/18 **REPORTS OF OTHER BODIES**

a) Overview and Scrutiny Panel – 4 October 2018

O&S.51/18 TASK AND FINISH GROUP UPDATES

1. Drug and Alcohol Abuse – Outcome Report

RECOMMENDED

That the Executive **RECOMMEND** to Council that it support and participate (wherever possible) in Police and Public Health England campaigns around drug reporting, harm minimisation and education.

b) Overview and Scrutiny Panel – 1 November 2018**1. O&S.59/18 CUSTOMER SATISFACTION ACTION PLAN****RESOLVED**

1. That the proposed Customer Satisfaction Action Plan (as detailed in Section 5 of the presented agenda report) be endorsed;
2. That the proposed Customer Service Standards (as detailed in Appendix B of the presented agenda report) be supported; and
3. That the direction of travel in relation to the Housing Benefits / Contact Centre pilot be endorsed.

2. O&S.62/18 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**RECOMMENDED**

That the Executive **RECOMMEND** to Council that the updated RIPA Policy (as attached at Appendix B of the presented agenda report to the Panel) be approved;

3. O&S.63/18 GENERAL DATA PROTECTION REGULATION (GDPR) AND DATA PROTECTION POLICY UPDATE**RECOMMENDED**

That the Executive **RECOMMEND** that Council:

1. approve the updated Data Protection Policy as detailed in Appendix A of the presented agenda report to the Panel;
2. delegate approval of the related Codes of Practice and Protocol Documents (as summarised in Section 3 of the agenda report presented to the Panel) to the Council's Data Protection Officer; and
3. note and support the approach and progress made towards GDPR readiness by the Information Governance Group.

E.46/18

PUBLIC TOILET REVIEW

The Portfolio Holder for Commercial Services introduced a report that set out a range of recommendations for specific public conveniences in the district and sought approval to proceed in order to deliver agreed Budget savings.

In light of the outcome of a recent Salcombe Harbour Board Workshop, a revised recommendation was **PROPOSED** and **SECONDED**.

The Chairman informed that, during the debate, he would invite comments on each site listed and, at that time, would welcome the views of the local Ward Member(s) in attendance.

In the ensuing debate, reference was made to:-

(a) concerns over the process undertaken during the Review. The following particular concerns were raised:

- Specifically with regard to the Pay on Entry proposals for Steamer Quay, Totnes, a local Member referred to correspondence that had led him and the town council to assume that this site had not been included as part of these proposals. As a result, the Member asked that the Executive consider deferring a final decision on this site until its meeting on 7 February 2019 to enable time for the town council (and local stakeholders) to consider this proposal. In response, other Members felt this statement to be inaccurate and were supportive of the original recommendation.

Nonetheless, an amendment was **PROPOSED** and **SECONDED** to defer a final decision on the Steamer Quay, Totnes Pay on Entry proposals until the Executive meeting on 7 February 2019.

When put to the vote, this amendment was declared (by virtue of a Chairman's Casting Vote) **LOST**;

- Some Members felt that there had been a lack of clear messaging during the consultation process with town and parish councils. For example, instances were cited where some councils had been encouraged to open negotiations with the Council whereas others were told that this was not possible. These Members felt that such an inconsistent approach was both inappropriate and unfair;
- A Member highlighted the published minutes arising from a recent Kingsbridge Town Council meeting and queried the significant discrepancy between the projected and actual income figures for the facility at Fore Street, Kingsbridge. In response, assurances were given this was the only facility that had seen such a difference between the projected and actual figures and it was confirmed that the Town Council would now be asked to pay the revised actual sum, which was higher;
- The published agenda report had omitted any reference to the payment of on-costs that had been previously included;

- Some inaccuracies were cited in the published agenda report that included: the lack of recognition to Newton Ferrers being a tourism area and the facilities at Thurlestone being much further away from the Hotel and Public House than the three minutes indicated;
- (b) the principle of installing Pay on Entry. Some Members took issue with the comments raised that implementing Pay on Entry charges in some public toilets would have a significant impact to the local economy and tourism industry. In contrast, when considering the likely installation costs, risks of vandalism and the length of payback period, another Member felt that the Business Case underpinning the principle of Pay on Entry was flawed;
- (c) the public health implications. A Member reiterated his concerns over the public health implications of any public toilets being closed;
- (d) recommendation 3. The lead Member emphasised that, in the event of those sites listed in recommendation 3 not being transferred, they would be closed in September 2019. As a result, the Member encouraged the local town and parish councils (and local stakeholders) who had sites included in this list to be proactive and fully engage with the Council before next summer or they would close in September 2019.

To reinforce this point, an amendment was **PROPOSED** and **SECONDED** and, on being put to the vote was declared **CARRIED**, whereby officers be instructed to write to the Clerks of Holbeton, Newton & Noss, Staverton and Ugborough Parish Councils to encourage them to re-open dialogue with the Council.

For clarity, the lead Member also confirmed that, in the event of any interested party having concerns that they would be liable for business rates on the facility for part of the 2019/20 financial year, this would not be the case as the District Council would pay for the entire twelve month period;

- (e) the Shipley Bridge – South Brent facility. A local Member emphasised the importance of this site and he hoped that South West Water and the Dartmoor National Park Authority could work together to find a solution to ensure that this facility was retained;
- (f) additional recommendation 5. A number of Members welcomed the inclusion of this addition and, with the involvement of the Harbour Board, it was hoped that a satisfactory solution could be found in time for the Executive meeting on 7 February 2019. Specifically regarding the inclusion of Bowcombe, it was confirmed that this facility was not at risk of closure at this time.

Whilst appreciating the time of the next Harbour Board meeting (28 January 2019), the Leader hoped that an informed update could still be given to the joint Overview & Scrutiny Panel / Development Management Committee Budget meeting on 24 January 2019.

It was then:

RESOLVED

That:

1. Pay on Entry (PoE) be installed at:
 - (a) Dittisham – The Ham;
 - (b) Ivybridge – Glanville’s Mill;
 - (c) South Huish – Hope Cove; and
 - (d) Totnes – Civic Hall, Coronation Road and Steamer Quay (with code or card access permitted for staff from the nearby Riverside Café and Ferry Office).

2. Income be generated in lieu of PoE through alternative charges at:
 - (a) Bigbury – toilet service charges to be supported through a review of Pay & Display Charges;
 - (b) Kingsbridge: Fore Street – Town Council to make payment in lieu of PoE;
 - (c) Stokenham: Torcross – toilet service charges to be supported through a review of Pay & Display Charges; and
 - (d) Strete Gate – toilet service charges to be supported through a review of Pay & Display Charges.

3. Asset transfers take place (or facility to close in September 2019) at:
 - (a) Holbeton;
 - (b) Kingswear – Lower Ferry;
 - (c) Malborough (asset transfer agreed);
 - (d) Newton & Noss – Newton Ferrers.
 - (e) Salcombe – Cliff House Gardens (to not be re-opened in Spring 2019 following winter closure);
 - (f) South Brent (asset transfer agreed);
 - (g) Staverton;
 - (h) Stoke Fleming (Parish Council have confirmed that an asset transfer is not required);
 - (i) Thurlestone (asset transfer agreed in principle); and
 - (j) Ugborough – Bittaford and Ugborough;

In respect of those sites listed at (a), (d), (g) and (j) above, officers be instructed to write to the local parish clerks (copying in the local ward Member(s)) to encourage them to re-open dialogue with the Council.

4. Other alternative arrangements be approved at:
- (a) Dartmouth – Manor Gardens – to close in September 2019 with no asset transfer to the Town Council;
 - (b) East Portlemouth – Mill Bay – to close in September 2019 unless a 75% contribution from a stakeholder is achieved next financial year, with an asset transfer to be completed by financial year 2020/ 21 (****see recommendation 5 below****);
 - (c) Kingswear – Higher Ferry – to close with no asset transfer to the Parish Council;
 - (d) South Brent – Shipley Bridge – withdraw cleaning service;
 - (e) South Milton – to close in September 2019 unless a 75% contribution from a stakeholder is achieved next financial year, with an asset transfer to be completed by financial year 2020/21; and
 - (f) Wembury – to allow the current lease with the National Trust to expire in June 2020.
5. the proposals for Batson Creek, North Sands, South Sands, Whitestrand, Ferry Steps, Bowcombe and Mill Bay toilets are finally considered following receipt of a Salcombe Harbour Board proposal being provided no later than 29 January 2019 and then to be considered by the Executive at its meeting on 7 February 2019.

E.47/18 EXCLUSION OF PUBLIC AND PRESS

RESOLVED

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

E.48/18 REQUEST FOR LONG LEASE RENEWAL

Members were presented with an exempt report that sought approval to grant a long lease of more than 15 years.

During the debate, Members requested that reference to '*cost of living increase*' be replaced with the term '*Retail Price Index increase*'.

It was then:

RESOLVED

That the request for the long lease renewal (as set out in the presented agenda report) be approved, with authority to conclude the negotiations being delegated to COP Lead Assets, in consultation with the Section 151 Officer and Leader of Council.

E.49/18 **FRONTLINE SERVICES (WASTE & CLEANSING PROCUREMENT)**

Members were presented with an exempt report that detailed the Final Tender Stage of the Waste Procurement Process

During discussion, reference was made to:-

- (a) the intention to convene a Member Question and Answer session before the Council meeting on 6 December 2018;
- (b) confirmation that any revisions to the Board Terms of Reference would require the approval of the Council.

It was then:

RECOMMENDED

That the Executive **RECOMMEND** to Council to approve the proposed way forward (as outlined at paragraphs 8.2 to 8.7 of the presented agenda report).

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.42/18, E.43/18, E.44/18, E.45/18 a), b)2, b)3, and E.49/18 WHICH WERE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 6 DECEMBER 2018, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 3 DECEMBER 2018 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 10.00 am and concluded at 12.55 pm)

Chairman

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PUBLIC QUESTIONS AT EXECUTIVE MEETINGS

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

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

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

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

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Agenda Item 6

Report to: **Executive**
Date: **13 December 2018**
Title: **Council Tax Reduction Scheme 2019/20**
Portfolio Area: **Customer First – Cllr Bastone**

Wards Affected: **all**

Relevant Scrutiny Committee: **Overview & Scrutiny Panel**

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

Date next steps can be taken: **After Call In 24 December 2018**
(e.g. referral on of recommendation or implementation of substantive decision)

Author: **Lorraine Mullineaux** Role: **Housing Benefit Specialist**

Contact: Lorraine.Mullineaux@swdevon.gov.uk

Recommendations:

That Executive

1. Notes the results to date of the Public Consultation for the Council Tax Reduction Scheme in Section 4 of the report.
2. Endorse the proposed approach (to adopt a 4 band scheme ranging from 85% to 25%) for the allocation and management of the new Council Tax Reduction strategy.

1. Executive summary

1.1 It is an annual requirement for Councils to revisit their existing council tax support scheme and make a decision as to whether to replace or revise it.

1.2 In order to make changes to our scheme for 2019/20 we are required by law to:

- Consult with the major precepting authorities

- Consult with other persons as it considers are likely to have an interest in the operation of the scheme.

1.3 The Authority is currently undertaking a comprehensive consultation which started on the 24th October 2018 and is due to end on the 5th December 2018 and has invited all residents the opportunity to contribute to the discussion. To date we have had 28 responses which is relatively a small response but this could be partly due to the technical nature of the changes proposed.

Whilst the numbers are relatively low, every opportunity is being given to the residents to have their say including:

- On line
- E-mail
- Social media
- A short film has also been completed on social media to encourage participation.

1.4 After analysing the results of the survey so far, officers are recommending that the Authority makes the changes to a Banded Scheme from 19/20.

1.5 The final Council Tax Reduction Scheme must be adopted by Full Council, and cannot be delegated to an Officer or Committee.

2 Background

2.1 Council Tax Support (CTS also known as Council Tax Reduction - CTR) was introduced in April 2013 and replaced the national Council Tax Benefit Scheme, with a 10% funding reduction. The CTR scheme for working-age customers is a local scheme, however the scheme that exists for pension age recipients is a national scheme prescribed by regulations and cannot be varied locally. Therefore any savings to the scheme must come from working age customers.

2.2 Local Schemes must take account of and:

- Support work incentives and in particular avoid disincentives for those moving into work
- Our duties to protect vulnerable people (these duties already exist under the Equality Act 2010, The Care Act 2014, Child Poverty Act 2010, The Housing Act 1996)
- The Armed Forces Covenant.

3 The Current Scheme

- 3.1 The working age scheme adopted by this council in 2014 retained the main elements of the former council tax benefit scheme but with the following;
- Liability limit (maximum support) of 80%. This means that everyone pays at least the 20% of their Council Tax.
 - Limiting CTR to a Band D Council Tax charge. This means that customers living in a home with a Council Tax band greater than D must pay the additional charge.
 - No second adult reduction
 - A vulnerability/hardship fund to provide additional financial help.
- 3.2 Retaining the core elements of the Council Tax Benefit scheme, means that we have preserved the means test in its current form, together with the protections and work incentives that have been refined over many years. This means that our scheme allows for the annual uprating's such as; living allowances, permitted earnings and non-dependant deductions in-line with the relevant regulations.
- 3.3 The scheme adopted by this Council also took account of the outcomes following previous public consultation.
- 3.4 Since the start of CTR there have been a number of legal challenges to Billing Authorities schemes. Most of these challenges have been made against the consultation process and whether due regard was given to the equality impact assessment when making changes to the scheme. A Supreme Court ruling in 2014 – [R \(Moseley\) v London Borough of Haringey](#) has meant that consultation on changes to Council Tax Reduction schemes must also include an option on how the current scheme could be retained on the same level of funding.
- 3.5 Since 2013/14 funding for Council Tax Reduction has been included within the overall local government funding grant. The Authority therefore decides how much funding is available to support the Council Tax Reduction scheme.
- 3.6 The aim of the local scheme was for it to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2019/20
- 3.7 The following table sets out the annual expenditure and caseload:

	Total caseload	Working age caseload	Pension age caseload	Working age expenditure £	Pension age expenditure £	Total expenditure £
April 14	6,174	2,802	3,372	1,900,285	3,062,544	4,962,829
April 15	6,005	2,751	3,254	1,816,016	3,009,416	4,825,432
April 16	5,273	2,344	2,929	1,747,454	2,836,706	4,584,160
April 17	5,166	2,349	2,817	1,876,611	2,906,834	4,783,445

April 18	5,079	2,397	2,682	1,959,118	2,879,962	4,839,081
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- 3.8 The slight increase in expenditure is mainly due to the level of increase in council tax for 2018/19.
- 3.9 Over the four years from 2016/17 to 2019/20, the Council's Government funding (Settlement Funding Assessment – SFA) received from Central Government will be reduced by 39% over the four years.
- 3.10 Our current scheme has served its purpose, but it is a very complex and confusing and with Universal Credit now rolled out fully in South Hams it will quickly become not fit for purpose due to the high volumes of changes that Universal Credit generates. A banded scheme will not react to the multiple changes therefore maintaining or improving on the collection rate, there is evidence to show that Authorities that have moved to full service Universal Credit and stayed within a means tested scheme have seen their collection rates reduce by 0.5% to 1%. A banded scheme is simple to understand, by just looking at the grid anyone should be able to work out which band they fall into and what % reduction they will be entitled to, reducing failure demand. The scheme will also be much easier and quicker to administer, reducing the amount of queries and phone calls.

4 Consultation results

- 4.1 28 residents have responded to the survey so far, which is a significant improvement on the previous consultation. However it should be noted that not all respondents answered all the questions, so the % will not always add up to 100%.
- 4.2 An analysis of the responses received so far shows that;
- 35.71% (10 respondents) felt that the Council should keep the current scheme.
 - 46.43% (13 respondents) disagreed
 - 14.29% (4 respondents) didn't know

 - 32% (8 respondents) agreed with a banded scheme
 - 44% (11 respondents) disagreed
 - 24% (6 respondents) didn't know

 - 36.36% (8 respondents) agreed with limiting the number of dependent children to two
 - 54.55% (12 respondents) disagreed
 - 9.09% (2 respondents) didn't know

- 57.14% (12 respondents) agreed with the removal of Non Dependants
- 28.57% (6 respondents) disagreed
- 14.29% (3 respondents) didn't know

- 80% (16 respondents) agreed to us changing the claiming process for all claimants in receipt of Universal Credit.
- 78.95% (15 respondents) agreed with disregarding carer's allowance.

- 40% (8 respondents) agreed to removing the current earnings disregard and replacing with £5, £10 and £20
- 55% (11 respondents) disagreed

- 84.21% (16 respondents) agreed with disregarding the support element of Employment and Support Allowance
- 84.21% (16 respondents) agreed with disregarding the housing element of Universal Credit

- 26.32% (5 respondents) agreed with using Minimum Income Floor for self-employed.
- 63.16% (12 respondents) disagreed
- 10.53% (2 respondents) didn't know

- 68.24% (13 respondents) agreed with setting the minimum level of council tax reduction at £1 per week

- 47.37% (9 respondents) agreed to reduce the capital limit from the existing £16,000 to £6,000
- 42.11% (8 respondents) disagreed

A question that asked whether the council should consider any options rather than the proposed changes to the Council Tax Reduction Scheme was answered as follows;

- Increase the level of Council Tax to cover the additional administration costs?
31.58% (6 respondents) agreed
57.89% (11 respondents) disagreed
- Find the additional administration costs by cutting other Council Services?
15.79% (3 respondents) agreed
78.95% (15 respondents) disagreed
- Use the Council's reserves?

31.58% (6 respondents) agreed
 47.37% (9 respondents) disagreed

5. Proposed Way Forward

- 5.1 Introduce a banded scheme which will assess the maximum level of Council Tax Reduction based on the net income of the claimant and partner.
- 5.2 To keep the scheme simple where a customer receives a passported benefit, such as;
- Income Support
 - Jobseekers Allowance (IB)
 - Employment Support Allowance (IR)

They will automatically receive maximum support by being placed in the top band of the scheme.

- 5.3 Therefore the income bands that will be used in the schemes are as follows;

Council Tax Reduction Level	Pass ported	Single Income Band Weekly £	Couples' Income Band Weekly £	Family with one child Weekly £	Family with two or more children Weekly £
Band 1 – 85%	Relevant Benefit	0.00 to 110.00	0.00 to 160.00	0.00 to 210.00	0.00 to 260.00
Band 2- 65%	N/A	110.01 to 150.00	160.00 to 200.00	210.01 to 250.00	260.01 to 300.00
Band 3 - 45%	N/A	150.01 - 230.00	200.01 to 270.00	250.01 to 330.00	300.01 to 370.00
Band 4 - 25%	N/A	230.01 to 300.00	270.01 to 350.00	330.01 to 400.00	370.01 to 450.00

- 5.4 Main features:-
- 5.4.1 In this scheme as part of our ongoing commitment to support disabled people we will continue to disregard Disability Living Allowance, Personal Independence Payments and War Disablement Benefits for the income used in the assessment of Council Tax Reduction and we will continue to disregard Child Benefit and Child Maintenance Payments.
- 5.4.2 Working-age households will receive a % discount, depending on their level of income, the income bands are set out as above. The higher end of the band limit is increased depending on the size of the household. The rates have been based on

the increases to personal allowances premiums in the current means tested scheme.

- 5.4.3 The following is a summary of the main elements of our proposed working age Council Tax Reduction Scheme:-
 - 5.4.3.1 Working-age people will receive a % discount of either 85%, 65%, 45% or 25%, depending on the level of income and the income band they fall into.
 - 5.4.3.2 Anyone with savings of £6,000 or more will not qualify unless they are in receipt of a passported benefit.
 - 5.4.3.3 Those in receipt of Income Support, Jobseekers Allowance (income-based) Employment Support Allowance (income-related) will automatically be placed into Band 1 (i.e. 85% reduction)
 - 5.4.3.4 Net earnings will be taken into account when calculating Council Tax Reduction.
 - 5.4.3.5 Application for Council Tax Reduction will be made online or through notification of an award to Income Support, Jobseekers Allowance (income-based), Employment and Support Allowance (income-related).
 - 5.4.3.6 Income from Disability Living Allowance, Personal Independence Payments, Armed Forces Independence Payments, Child Benefit, Child Maintenance and War Disablement Benefits will continue to be disregarded when calculating Council Tax Reduction.
 - 5.4.3.7 To support incentives to work, we will have earnings disregard of £5.00 for single people, £10.00 for couples and £20.00 for lone parents, this is the amount of earnings not taken into account.
 - 5.4.3.8 To support incentives to work for those that work over 16 hours we will retain the weekly childcare disregard which will be applied to earnings of up to £175.00 for one child and £300 for two or more. (A disregard is an amount of earnings not taken into account in the calculation of net earnings).
 - 5.4.3.9 Universal Credit – Where the Universal Credit payment is worked out based on wages, we will still take the wages into account. We will then add them to the Universal Credit payment to work out what band to use to calculate the Council Tax Reduction.
 - 5.4.3.10 Deductions taken from Universal Credit by the Department for Works and Pensions (DWP) will not be removed.
 - 5.4.3.11 The housing cost element of Universal Credit will be ignored.
 - 5.4.3.12 Introduce a Minimum Income Floor (MIF) for self-employed after a 12 month start-up period. Linked to National Living wage (£7.83) or National Minimum wage (£7.38 or £5.90 depending on age).
 - 5.4.3.13 Applications from joint tenants will be assessed on their share of the liability.
 - 5.4.3.14 No non-dependant deductions to be applied for any non-dependant. (This is where you have someone else living in your home who is not dependant on you).
 - 5.4.3.15 Backdating is limited to six months and assessed on whether there is good cause to do this.

- 5.4.3.16 Payment of Council Tax Reduction would only be made if it is over £1 per week.
- 5.5 Pension age people are not affected by this change and they will continue to have council tax reduction assessed in the same way through the Governments Council Tax Reduction default scheme.
- 5.6 Through regulations, government set the allowances (applicable amounts), premiums and non-dependant deductions to be used when calculating whether a person of pension age is entitled to Council Tax Reduction. These amounts are uprated by government on an annual basis (not yet available for 2019/20) to reflect increase in cost of living.

6. Supporting Information

- 6.1 For 2017/18 the Council, for working age people in receipt of council tax reduction, had a net liability debt of £954,336 of which we managed to collect just 78.48%, there are also just over £16,000 worth of costs still uncollected, these are summons costs that have been applied to accounts in order for the authority to apply for a liability order to be able to take further action in recovery of unpaid council tax, this highlights the financial burden on some of our most vulnerable residents.
- 6.2 We assess and pay council tax reduction to 5,079 households, of these 2,682 are people of pension age and 2,397 are people of working age.
- 6.3 Council tax reduction caseloads have reduced in South Hams since 2013/14 and the cost for our 2017/18 scheme in April was £4,783,445, the modelling shows that in October the current cost of the scheme was £4,805,681 and the banded scheme (as shown above) would cost £4,779,732.
- 6.4 These costs are based on the caseload as is now but they are by no means certain as those eligible for the benefit will vary based on the wider economic conditions.
- 6.5 Our approach to amending the council tax reduction scheme continues to support the Council's local policy priorities, in particular:-
- Reducing inequalities by protecting the most vulnerable people in our authority; as we continue to disregard child benefit, Disability Living Allowance and war pensions.
 - Supporting work incentives by increasing the weekly amount a person or couple can earn before their income is used in the assessment of council tax reduction.
- 6.6 The scheme will see an increase in the amount of Council Tax Reduction received by 1,861 residents and these are mainly our most vulnerable residents.
- 6.7 Whilst most residents will be better off under the new scheme there will be 531 residents that are adversely impacted, these are mainly due to the changes with Self-employed income and

the introduction of the Minimum Income Floor (MIF), the Capital limit of £6,000 and restriction to two dependants. However these changes will bring us in line with the rest of Devon who have already implemented them.

- 6.8 The Authority still has an Exceptional Hardship Fund which is financed through the collection fund for those residents that find themselves requiring short term financial assistance.
- 6.9 The scheme will be far simpler for the claimant to understand, therefore less customer queries and calls, we won't be verifying information so this will reduce staff assessing time and speed up processing times.
- 6.10 The costs to administer the scheme should reduce significantly, but both Councils would have to agree to the banding scheme to realise all the efficiencies.
- 6.11 See Appendix 2 for case load study.

7. Other Options

- 7.1 Our previous report showed that we had considered awarding 100% reduction to those residents on passported benefits and very low income, however further modelling showed that this would cost the Authority an estimated additional £272,913. This % increase would advantage 1,861 residents whilst disadvantaging 520.
- 7.2 Keeping the top band at 80% in line with our current scheme shows an estimated saving of £120,319, however keeping with 80% would see 985 residents being disadvantaged whilst the remaining 1,440 mainly remain the same.
- 7.3 Increasing the top band to 90% would cost an estimated £84,174, this % would see 520 being disadvantaged and 1,876 gaining
- 7.4 Increasing the top band to 85% we estimate will provide a cost neutral scheme which will see an increase for 1,862 residents and 530 being disadvantaged, as stated above in 6.8 there is an Exceptional Hardship Fund to help those residents that require short term financial assistance.
- 7.5 85% is the officers recommended choice due to this being the closest scheme to reach cost neutral whilst still benefiting the highest proportion of customers.

8. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal/Governance	Y	The relevant powers for this report are contained within the following legislation;

		Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31 st March 2013 and introduces the Local Council Tax Support Schemes to be administered by Local Authorities
Financial	Y	The Government funding (Settlement funding assessment - SFA) received from Central Government will be reduced by 39% over the four years. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of over £0.5 million.
Risks	Agreement on scheme Financial	<p>Failure to agree a scheme by 31st January 2019.</p> <p>Detrimental impact on collection rates</p> <p>Business case in place with all preceptors agreeing financial support to fund extra resource to undertake early intervention and money advice.</p> <p>Future funding reductions could mean that the proposed scheme will not remain fit for purpose</p> <p>Annual review and close monitoring of announcements and national forums</p> <p>Impact on wider economy and most vulnerable</p> <p>Business case in place with all preceptors agreeing financial support to provide Exceptional Hardship Fund to assist those in extreme financial need.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	An equality impact assessment hasn't been completed yet, this will be done once we know the scheme.
Safeguarding	Y	Changes to a Banded scheme could be seen to have a positive impact on child poverty.
Community Safety, Crime and Disorder	Y	As above.
Health, Safety and Wellbeing	Y	Changes to a Banded scheme could be seen to have a positive impact on our poorest and most vulnerable families.
Other implications		

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Appendices:

- Appendix 1 Devon Schemes
- Appendix 2 Banded Scheme examples

Approval and clearance of report

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

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Appendix 1

Local Authority	Limit Liability 2018/19	Band Restriction 2018/19	Upper Capital Limit 2018/19	Welfare Reform Changes following Housing Benefit in 2017/18	Minimum Income Floor 2018/19	Changes Proposed for 2019/20	Hardship Fund 2018/19	Other
East Devon District Council	80%	Band D	£8,000	All	Yes	Consulting on fixed period averages for Universal Credit claims	Yes	
Exeter City Council	80%	N/A	£6,000	Some	Yes	No changes	Yes	2017/18 didn't include 2 child restriction and removal of family premium
Mid Devon District Council	80%	Band D	£8,000	All	Yes	No changes	Yes	
North Devon District Council	75%	Band D	£6,000	All	Yes	None	Yes	Increased earnings disregard
South Hams District Council	80%	Band D	£16,000	None	No	Consult on Income Banded Scheme: <ul style="list-style-type: none"> • 100%, 80%, 60%, 40% & 25% based on level of income • £10,000 capital limit • Minimum Income Floor for self-employed • No non-dependant deductions • Limited to 2 children 	Yes	
Teignbridge District Council	100%	N/A	£16,000	All	Yes	None	No	
Torrige District Council	75%	Band D	£6,000	None	No	None	Yes	
West Devon Borough	80%	Band D	£16,000	None	No	Consult on Income Banded	Yes	

Council						Scheme: <ul style="list-style-type: none"> • 100%, 80%, 60%, 40% & 25% based on level of income • £10,000 capital limit • Minimum Income Floor for self-employed • No non-dependant deductions • Limited to 2 children Income Banded Scheme		
Unitary Authorities								
Page 30 Torbay	70%	Band D	£6,000	Some	Yes	Liability reduced to 70% and Band restriction to	Yes	In 2017/18 didn't remove severe disability premium or make the Employment Support Allowance changes.
Plymouth	78%	Band E	£6,000	Some	Yes	None	Yes	2017/18 didn't include 2 child restriction and removal of family premium

Current Position	Under New Scheme	Benefits for Customer	Benefits for Council
<p>Council Tax liability based on 80% of full charge</p> <p>Single claimant, working with net weekly income after disregards £36.50</p> <p>Income</p> <ul style="list-style-type: none"> Self-employed vehicle recovery working 30 hours earning £0 (business started July 18) Working Tax Credit £53.60 <p>Disregards</p> <ul style="list-style-type: none"> Additional earnings disregard £17.10 per week Council Tax band A weekly net liability £16.51 <p>CTR entitlement £13.76</p>	<p>Under the new scheme MIF rules will not apply until July 19 and net weekly income is £53.60</p> <ul style="list-style-type: none"> All income remains the same Additional earnings disregarded removed £17.10 Council Tax band A weekly net liability £16.51 <p>85% reduction under single income band 0 to £110</p> <ul style="list-style-type: none"> CTR entitlement £14.03 	<ul style="list-style-type: none"> As income changes customer is able to identify the immediate impact on the discount award from the discount table They would stay in the same band unless the earnings exceed £110 Customer has 12 months to increase business income before MIF is applied 	<ul style="list-style-type: none"> Much easier to administer Will be able to be processed automatically without the need of human intervention Applying MIF brings scheme in line with rest of Devon
<p>Couple with 3 dependent children, partner is a company director. Net weekly income after disregards £372.06</p> <p>Income</p> <ul style="list-style-type: none"> Earned income working 40 hours £155.08 3 x child benefit payments £48.10 Child Tax Credit £167.43 Working Tax Credit £76.66 <p>Disregards</p> <ul style="list-style-type: none"> 3 x child benefit payments £48.10 Earnings disregard – Couple £10 Additional Earnings disregards £17.10 Council Tax Band B – net liability £33.07 <ul style="list-style-type: none"> CTR entitlement £19.75 	<p>Under the new scheme revised net income £389.16 per week</p> <ul style="list-style-type: none"> Income remains the same Additional earnings disregard is removed £17.10 Council Tax band D net liability £33.07 <p>25% reduction under Family1plus band £320 - £390 (restricted to two children)</p> <ul style="list-style-type: none"> CTR entitlement £8.26 	<ul style="list-style-type: none"> As income changes customer is able to identify the immediate impact on the discount award from the discount table 	<ul style="list-style-type: none"> Restricting to two children brings scheme in line with rest of Devon.

<p>Single claims with two non-dependents in the household with net weekly income of £66.04 (daughters who are both working)</p> <p>Income</p> <ul style="list-style-type: none"> • Widows Pensions £66.04 • Council Tax Band B – net liability £27.14 <p>CTR award £21.77 (at 80%) minus 2 x non-dependent deduction @£7.90 = £15.80</p> <ul style="list-style-type: none"> • CTR entitlement £5.91 	<p>Under the new scheme there will be no non-dependant deduction and the net income remains at £66.04</p> <ul style="list-style-type: none"> • Council Tax Band B – net liability £27.14 <p>85% reduction under the Single band £0 - £110</p> <ul style="list-style-type: none"> • CTR entitlement £23.06 	<ul style="list-style-type: none"> • As income changes customer is able to identify the immediate impact on the discount award from the discount table • Customer’s decision whether to request contribution towards Council Tax from non-dependants. 	<ul style="list-style-type: none"> • No longer required to request information on non-dependants creating administration saving.
<p>Page 39 Couple in receipt of disability benefits, not working with one non dependant son who is working.</p> <p>Income</p> <ul style="list-style-type: none"> • ESA Income related (passported benefit) • Disability Living Allowance Care • Disability Living Allowance Mobility • Council Tax Band A – net liability £24.09 <p>No non dependant deduction applies as in receipt of passported benefit</p> <ul style="list-style-type: none"> • CTR entitlement £19.27 	<ul style="list-style-type: none"> • All income remains the same • Council Tax Band A – net liability £24.09 <p>85% reduction under the passported band</p> <ul style="list-style-type: none"> • CTR entitlement £20.47 	<ul style="list-style-type: none"> • As income changes customer is able to identify the immediate impact on the discount award from the discount table 	
<p>Single person, self-employed Artist since 2003 working 32 hours per week with net weekly income after disregards of £43.54 per week.</p> <p>Income</p>	<p>Under the revised scheme MIF rules apply and changes to disregards, revised net income £244.23 per week</p>	<ul style="list-style-type: none"> • As income changes customer is able to identify the immediate impact on the discount award from the 	

<ul style="list-style-type: none"> • Self-employed net income £12.43 • Working Tax Credit £53.21 <p>Disregards</p> <ul style="list-style-type: none"> • Earnings disregards £5 • Additional earnings disregard £17.10 <ul style="list-style-type: none"> • Council Tax Band A – net liability £14.49 <ul style="list-style-type: none"> • CTR entitlement £14.49 	<ul style="list-style-type: none"> • Minimum income fleur applied with assumed earnings £196.02 per week • Additional earnings disregard removed £17.10 <ul style="list-style-type: none"> • Council Tax band A – net liability £18.12 <p>25% reduction under the single band £220 - £290</p> <ul style="list-style-type: none"> • CTR entitlement £4.53 	<p>discount table</p>	
<p>Single parent with 2 children on Universal Credit, current net weekly income £190.75</p> <p>Income</p> <ul style="list-style-type: none"> • UC £190.75 <p>Page 33</p> <p>Council Tax band B - net liability £20.77</p> <p>CTR entitlement £16.62</p>	<p>85% reduction under the Family1plus scheme</p> <ul style="list-style-type: none"> • CTR entitlement £17.65 	<ul style="list-style-type: none"> • No need for claimant to complete claim form • We will accept UC notification letter as claim form • Claim will not react to automated change in circumstances produced by Universal Credit thus less bills being produced and instalments not fluctuating allowing tax payer to budget 	<ul style="list-style-type: none"> • By accepting a UC notification as a claim form we improve collection • Claim will not react to automated change in circumstance which will stop multiple bills being issued in the financial year reducing admin costs and allowing the Authority to enforce recovery for the non-payers.

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Agenda Item 7

Report to: **Executive**

Date: **13th December 2018**

Title: **Business Rates – Section 47 Discretionary Rates Relief Policy**

Portfolio Area: Cllr Bastone

Wards Affected: **all**

Relevant Scrutiny Committee:

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

Author: **Steve Henstock** Role: **Revenue Specialist, Housing, Revenues & Benefits COP**

Contact: **01803 861292: steve.henstock@swdevon.gov.uk**

Recommendations:

That Executive approve the adoption of the Business Rates - Section 47 Discretionary Rates Relief Policy for the consideration and award of applications for Discretionary Rate Relief.

1. Executive summary

Members are asked to consider and approve the policy (Appendix 1) covering the ability of a Panel to consider and make Discretionary Awards of Relief against Non Domestic Rates demands, under Section 47 of the Local Government Finance Act 1988.

2. Background

Section 47 of the Local Government Finance Act, as amended, allows Billing Authorities to consider an award of Discretionary Rate Relief to business ratepayers in certain circumstances.

The Council's share of any awards made is currently 40%, however that is before the effect of the Rates Retention scheme, the Local Devon Pool, and any Government pilot scheme that the Council may be a part of.

The policy is to give guidance to ratepayers on what the Panel can and will consider, and factors that are taken into account. The policy also re-iterates that there is no right of appeal against a decision, but does allow for a further review, should relevant information not have been included in an original application.

3. Outcomes/outputs

It is intended to adopt this policy as soon as possible in order to give clarity to Ratepayers. The policy itself does not alter the approach already taken when considering discretionary awards.

4. Options available and consideration of risk

The Council part funds any award, and the policy is mindful of this and the effect on both the Ratepayer and Local Taxpayers with any award.

The policy does not exclude any application from a relevant group, nor does it tie the Council to any award. All applications will be dealt with on their merits.

5. Proposed Way Forward

That Members adopt the Business Rates – Section 47 Discretionary Rates Relief Policy.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Local Government Finance Act 1988, Section 47, as amended by the Localism Act
Financial	Y	The funding for this scheme is met in accordance with the distribution of Business Rates to preceptors. Government meet 50%, South Hams District Council 40%, Devon County 9% and the Fire Authority 1%. The Governments Rates Retention scheme and the Devon wide Pool do have an effect on this.
Risk		There is a risk of business and organisations facing financial hardship, and services and facilities not being available to local residents where appropriate awards are not made.

Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		

Supporting Information

Appendices:

Appendix 1 – Section 47 Discretionary Rates Relief Policy

Approval and clearance of report

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

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South Hams District Council

Business Rates – Section 47 Discretionary Rates Relief Policy

Issue details	
Title:	Section 47 – Discretionary Rates Relief Policy
Version number	Version 1
Officer responsible:	Steve Henstock – Revenue Specialist, Housing, Revenues & Benefits COP
Authorisation by:	Executive
Authorisation date:	

1 Background

1.1 Section 47 of the Local Government Finance Act 1988, as amended, permits Billing Authorities to grant Discretionary Rate Relief to Charities and other organisations of prescribed types. Section 69 of the Localism Act 2011 amended Section 47 to allow Billing Authorities to grant relief to other Ratepayers.

1.1.1. To encourage growth and expansion, the Council has a separate Local Business Rates Relief Discount (LBRRD) policy agreed in 2015 for the Local Discounts mentioned above. Any discount awarded under the LBRRD policy may be at full cost to the local Council Taxpayer.

1.2 This policy is for cases where the application is made under the original Section 47 reliefs and for cases where a request is made for discretionary relief under the changes from the Localism Act, not covered by the existing LBRRD policy.

Applications for Discretionary Rate Relief will be considered and determined by the Rate Relief Panel (the Panel) which will comprise three Members of the Executive and at which two Executive Members are present throughout. The Panel will be supported by Specialist Officers from Revenues and/or Finance.

1.3 The areas where the Panel has discretion to award relief under the existing Section 47 Regulations are for:

1.3.1 Relief for Charities and Not-For-Profit Organisations:
Charities already receive a mandatory 80% relief from their business rates on premises that are wholly or mainly used for charitable purposes. They may apply for discretionary rate relief against the remaining 20% they are required to pay. Where the organisation is a not for profit organisation, whilst they do not receive any mandatory relief, they can apply for discretionary relief against the amount of the rates bill they are required to pay.

The types of business rate payer that can apply are Charities, Charity Shops, Village Halls, Emergency Services (but not Precepting Authorities such as Police or Fire Service), Academy Schools, Sports Clubs or Scouts, not for profit Community organisations etc.

1.3.2 Rural Rate Relief:

Businesses that are in receipt of Rural Rate Relief, which covers 50% of their bill, can apply for discretionary relief against the portion of the rates bill that they are required to pay.

Businesses that receive Rural Rate Relief are the sole post office, general store, public house or petrol filling station in a rural settlement (settlement with a population of not more than 3,000) within the Rateable Value limit set each year by Government.

Any business in a rural settlement (population of not more than 3,000), with a rateable value of less than £16,500 can also apply for discretionary rate relief against their business rates bill, even though they may not qualify for the 50% Rural Rate Relief reduction.

1.3.3 Community Amateur Sports Clubs:

Organisations registered with HMRC as Community Amateur Sports Clubs receive a mandatory 80% relief from their business rates. They may apply for discretionary relief against the remaining 20%.

1.3.4 Hardship Relief:

Under Section 49 of the Act, discretionary relief of up to 100% may be awarded to ratepayers who would suffer financial hardship due to the payment of their rates if relief were not granted.

Relief under this category is usually only awarded where a business is under threat of closure, but is either a viable business that needs short term support, or provides employment and / or provides significant services / amenities to a local area that would be lost if the business were to close.

The amount of any award, should the application be successful, will be at the discretion of the Panel, but could be up to 100% of the bill. When deciding on an application, the Panel will take into account the effect on similar businesses were they to make an award, and the Panel must have regard to the interests of the Council Tax payer who would be funding such an award.

- 1.4 The Localism Act amended the Section 47 Regulations to allow for Discretionary Relief to be awarded to Business that previous fell outside of the criteria in 1.3, provided the award was made having regard to the interests of the Council Tax payer who would be funding such an award.
- 1.5 The cost to the Council of any award, prior to any Government Rates Retention Scheme or Devon Pooling arrangements is 40% of any award. The Government meet 50%, Devon County Council 9% and the Fire Authority 1%.

1.5.1 Rates Retention Scheme

The cost to the Council, Devon County Council and the Fire Authority may be higher than above where the Council is in a pilot to retain more than 50% Business Rates locally.

1.5.2 Local Discretionary Relief Awards

Where an award is made under the changes from the Localism Act, the Council may be liable for 100% of the award depending on the Council's financial position at the end of the financial year.

2 What is South Hams District Council's policy?

2.1 The Panel will consider any applications for Discretionary Rate Relief.

2.2 The Panel will make a decision based on the individual application for relief, the Council's financial position and with regards to the best interests of the local Council Tax payer who will be funding the part of the award that is met by the Council.

2.3 The general factors that the Panel will take into consideration:

- Any relevant guidance issued by Central Government
- Whether the award of relief is in the interests of the Council Tax payers who will be funding the part of any award that is met by the Council
- A decision of whether to make an award and how much, will only be taken once the ratepayers liability for business rates is known, and any mandatory reliefs / reductions taken in to account
- Applications from any ratepayer are dealt with on their individual merits
- The financial position of the ratepayer
- The business or organisation must bring significant benefits to the local area or community
- National and profitable organisations are less likely to receive relief
- Ratepayers should not view discretionary relief as an automatic entitlement every year
- The Panel would expect ratepayers to do all they can to negate the need for discretionary relief, such as applying for any mandatory reliefs they may be entitled to, or improving the commercial viability of the business

2.3.1 For a Business applying for relief under the additional powers conferred by the Localism Act, the ratepayer would also need to show:

- Should they be successful, how the relief awarded would benefit the local taxpayer? This could be, but not limited to, additional employment or services provided locally.

2.4 The Application Process:

2.4.1 An application must be made, where possible, in writing by the ratepayer or someone authorised to do so on their behalf.

2.4.2 The application will be considered by the Panel, along with any supporting evidence provided with that application.

2.4.3 The application should be made with a copy of the ratepayers most recent accounts.

2.4.4 The Panel may request any reasonable further information for them to make a decision. Should that not be provided, the Panel will make a decision on the original application, which may not be to the advantage of the ratepayer.

2.4.5 Applications for Hardship Relief will need to be fully supported with previous years accounts and future forecasts to show an accurate financial and trading position of the ratepayer.

2.4.6 Where discretionary awards have been made in previous years, the Panel may ask for evidence of what that has been used for, before making any decision. This is especially the case for Hardship Relief applications, to show the business has been strengthened, or the service to local residents maintained or improved.

2.4.7 Whilst an application is made, the ratepayer should continue to pay their Business Rates instalments. Discretionary awards are not guaranteed and should not be assumed to be automatic.

2.5 Decisions, Awards and Appeals:

2.5.1 The Council will inform the ratepayer of the decision of the Panel with reasons for the decision in writing, which for the avoidance of doubt includes email.

2.5.2 Any award will be reduced from the ratepayers Business Rates bill.

2.5.3 The period and amount of any discretionary award will be decided by the Panel. An award will normally be a daily award for a maximum of one financial year, and therefore discretionary relief, if required, would need to be applied for annually.

The award will only continue for the full year should the ratepayers circumstances remain the same as at the time of the application.

Should there be a change to the ratepayers circumstances, such as moving premises or losing Charitable status, the award will be recalculated (on a daily basis) to the date of the change.

2.5.4 There is no right of appeal against the decision of a discretionary award by the Panel. A ratepayer may ask the Panel to review the decision within four weeks of being notified of the outcome. Any decision will only be reviewed once, and the Panel would expect additional information not provided with the original application, to support the request for a review. The

Panel may decide to review any decision where it is felt the award was not originally sufficient.

2.5.5 Should an application find to have been made with false or incorrect information, any award will be reviewed by the Panel, and in the case of deliberately false information any award removed completely.

2.5.6 If successful in receiving an award, the ratepayer will notify the Council of any change to their circumstances that may affect the award – such as ceasing to occupy a premises.

2.6 Fully Government funded Discretionary Relief Schemes:

Where the Government have designed a scheme of relief and provide guidance for qualification, but expect the use of the Council's powers under Section 47 to grant that relief, the decision as to whether award the relief to qualifying businesses based on that scheme or guidance, will be with the Panel.

This is only where the Government will fully compensate the Council for its lost income through a Section 31 Grant, so there is no impact on local Council Taxpayers, in the circumstances where the Government has had insufficient time to properly Legislate for the relief.

3 **Equality impact considerations** – the policy is high relevance to equality if it has a big impact on residents and users of the service.

Low

- 3.1 This Equality Impact Assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:
- Age (including children and young people)
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation
 - Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)
- 3.2 This policy has a positive or neutral impact on all protected characteristics.
- 3.3 The protected characteristics which are positively impacted are local factor of community considerations. This is because the policy, will reduce the outgoings through the rates bill of successful applicants. When considering discretionary applications, the Panel will have the interests of local taxpayers in mind.

4 Related Policies/Strategies, Procedures and Legislation

4.1 Related policies

Local Business Rates Relief Discount (LBRRD) policy

4.2 Legislation

Local Government Finance Act 1988 – Section 47

5 Policy date for review

5.1 This Policy will be reviewed periodically where the Panel feels it is required.

The Policy may also be reviewed or replaced should there be changes to the Business Rates Retention scheme, or through changes to Legislation.

DRAFT

Report to: **South Hams Executive**

Date: **13 December 2018**

Title: **Consider the Clean Air Strategy following public consultation**

Portfolio Area: **Strategy and Commissioning**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

Date next steps can be taken: Referral to full Council

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

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

Recommendations:

1. That the Executive consider the proposed Clean Air Strategy and **RECOMMEND** to Full Council that South Hams Council adopts the strategy and the air quality action plans for Ivybridge and Dean Prior.

1. Executive summary

- 1.1 In February 2018 the Council resolved to undertake a public consultation on the Clean Air Strategy for South Hams and West Devon including proposed air quality action plans for Totnes, Ivybridge and Dean Prior.
- 1.2 This public consultation received around 40 consultation responses, with the lead officer attending Town and Parish Council meetings by invitation in Ivybridge, Totnes, Littlehempston, Dartington and Marldon.
- 1.3 The consultation responses for the Totnes area highlighted that the community had some additional ideas for improving air quality in

the area that needed further exploration. There was significant concerns raised by Ivybridge Town Council and residents to the proposals, but no substantial alternative suggestions were brought forward.

- 1.4 The strategy has been devised in co-ordination with Devon County Council, who as highway authority are key to a successful plan being delivered, conversations on delivery of the air quality action plan for Ivybridge have been very productive and are progressed.

2. Background

- 2.1 The Environment Act 1995 lays down a number of statutory duties for Local Authorities regarding the management of air quality in their districts. Once an Air Quality Management Area has been declared under Section 82 of the Act, then the Council is under a duty to produce an action plan describing how they intend to tackle the problem and in what timescale.
- 2.2 In April 2016 the author brought before the executive a report recommending that the AQMA for Totnes be amended to incorporate True Street Junction. This Order was duly made following decision at Full Council on the 25th June 2009. A copy of the Council's AQMAs can be found on our website, along with the annual status reports we produce for DEFRA each year (<https://southhams.gov.uk/article/3902/Air-Quality>).
- 2.3 Following the declaration of the AQMA in 2016 meetings have been held with Devon County Council (DCC) to discuss options for improving air quality in both Totnes and Ivybridge.
- 2.4 As part of these discussions it was agreed that DCC would commission traffic studies for Ivybridge and the potential options, this work was commenced in September 2017 with the report published in the summer of 2018.
- 2.5 The draft Clean Air Strategy was brought to Executive in February 2018 seeking approval to carry out a public consultation on the proposals. This consultation was commenced in April 2018 and ran for 8 weeks.
- 2.6 During the consultation a total of 40 emails were received from members of the public regarding the strategy and the action plans, with the vast majority of the responses being in regards to the proposals for Totnes and Ivybridge.
- 2.7 The author attended by invite Towns and Parishes in the vicinity of Ivybridge and Totnes to discuss the proposals and to seek the views of the local elected representatives and the public.

2.8 Following consultation it became apparent that there is the potential for more schemes to be identified in the Totnes area that need further exploration, and these conversations have commenced with local members, Devon County Council and others. Therefore the current document has had the Totnes AQAP annex has been removed at this time with the aim of concluding an options appraisal and further public consultation by April 2019 to allow this annex to be brought back for adoption to the Council in summer 2019.

3. Outcomes/outputs

- 3.1 Having consulted the public on the clean air strategy and the action plans, the author has reviewed the comments and have reflected where appropriate those comments in the strategy and action plans. This has led to the removal of Totnes AQAP at this time, and the inclusion of a cycle strategy for South Dartmoor Towns.
- 3.2 By adopting the action plan work can continue towards implementation of the proposals and seek funding from developers or grant funding towards the delivery of these improvements as well as statutory public consultation exercises for road traffic orders etc.

4. Proposed Way Forward

- 4.1 That the Executive recommend to full Council that the Clean Air Strategy and associated air quality action plans for Ivybridge and Dean Prior be adopted.
- 4.2 This final version to be submitted to DEFRA for approval.

5. Implications

Implications	Relevant to	Details and proposed measures to address
--------------	-------------	--

	proposals Y/N	
Legal/Governance		<p>The UK government has a duty imposed on them by the European Union directive 96/62/EC and 99/30/EC.</p> <p>The UK government were successfully sued by pressure group Climate Earth in April 2015, due to their inaction in resolving air quality problems. The Localism Act 2013 allows the UK government to pass any fines received in European Courts to local authorities if the fine is due to the failure of an authority.</p> <p>The Council has a legal duty under the Environment Act 1995 to review and assess air quality in their area. It also has a duty to prepare adequate plans to address air quality deficiencies within its area.</p> <p>The objective limits that the Council should be achieving are set in the Air Quality Regulations 2000, and the Air Quality (England) (Amendment) Regulations 2002.</p>
Financial		<p>There is no immediate financial implications to the Council due to this recommendation.</p> <p>Should the Council fail in its duty to manage the air quality problems in its area then there is a risk that any future fines received by the UK government could be passed down to the local authority.</p>
Risk		
Comprehensive Impact Assessment Implications		
Equality and Diversity		No implications.
Safeguarding		No implications
Community Safety, Crime and Disorder		No implications
Health, Safety and Wellbeing		Having an active air quality strategy for South Hams which is being implemented and improving air quality will have a positive impact on the health and wellbeing of the residents in the area of elevated airborne pollutants.
Other implications		

Supporting Information

Appendices:

Draft Air Quality Strategy for South Hams and West Devon

Background Papers:

None

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A CLEAN AIR STRATEGY FOR SOUTH HAMS AND WEST DEVON INCORPORATING THE AIR QUALITY ACTION PLANS

January 2019

www.southhams.gov.uk/airquality

www.westdevon.gov.uk/airquality

Foreword



Sophie Hosking
Executive Director

South Hams District and West Devon Borough Councils recognise the importance of the environment in protecting and promoting good health of their residents.

While air quality is generally good across the two areas, there are a number of hot spots of concern in South Hams and as such the Council has declared 3 air quality management areas being;

- an area on Western Road, Ivybridge
- an area of the A38 running through Dean Prior
- an area of the A385 stretching from True Street Junction, Berry Pomeroy and Clay Lane, Dartington

In West Devon there are currently no Air Quality Management Areas, although monitoring is undertaken. This strategy seeks to ensure that there is no degradation of the situation, but should a declaration need to be made in the future a solution can be implemented quickly.

This document highlights the problems facing air quality in the two areas, details the proposed planning policies guidance for developers and places the proposed air quality action plans into a single strategic document for the two areas. The aim of which is to identify best practice solutions to improve and protect air quality across the area.

South Hams and West Devon are sited within the Devon County Highway Authority area and have a number of strategic transport networks running through them. This document has been produced with our partners and neighbouring authorities and is viewed as providing an essential strategy for protecting and improving air quality in the region.

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Executive Summary

Currently there are three air quality management areas (AQMA) declared in the South Hams and none in West Devon. The air quality action plans to support these declarations are out of date and in need of review, hence the production of this strategy.

The first AQMA was declared in 2005 for an area adjacent to the A38 at Dean Prior, further AQMA were declared for Ivybridge and Totnes in 2009 by South Hams District Council. In 2016 having undertaken further assessments the AQMA for Totnes was amended and extended, triggering the need to review the AQAP for the area.

All three AQMA were declared on the basis of exceeding the National Air Quality Strategy annual mean objective for Nitrogen Dioxide, with road traffic being the predominant source of pollution.

This strategy was developed with the aim of formalising the Councils' approach to dealing with air quality through the development management process with the key aim of protecting and improving the air quality of the region.

South Hams and West Devon Councils will continue to monitor the air quality across the two areas in order to monitor the impact of the action plans. This strategy, has the two general aims of being in a position to revoke the existing AQMA in South Hams and ensure that no further AQMA need to be declared in either Council area.

The aim of this strategy will be to:-

- educate the public regarding the levels of pollution affecting the region and steps they can take to reduce their exposure and contribution;
- significantly reduce levels of pollution within AQMA, with fundamental aim of reducing these to below the objective levels;
- raise awareness and provide policy, guidance, and a framework for development and impact mitigation to those wishing to develop in South Hams or West Devon;
- promote the uptake of Ultra Low Emission Vehicles with the objective of a zero emission car and truck fleet by 2050;
- ensure that the Councils own air quality impact is minimised through corporate policies on travel and fleet procurement;
- provide an approach for screening potential sources of and then reducing emissions of fine particulates (PM 2.5) in order to help improve and protect public health in accordance with the National and Devon public health strategies;
- ensure that permitted processes in the two Council areas are regulated to minimise their contributions to air pollution.

This strategy and associated action plans have been developed in recognition of the legal requirement on the Local Authorities to work towards Air Quality Strategy (AQS) objectives under Part IV of the Environment Act 1995 and relevant regulations

made under that part and to meet the requirements of the Local Air Quality Management (LAQM) statutory process.

This Plan will be reviewed every five years at the latest and progress on measures set out within this plan will be reported on annually within South Hams and West Devon Councils' air quality Annual Status Report (ASR).

Having reviewed the limited options above, there are no easy solutions for the problems faced in Totnes, Ivybridge or Dean Prior. It is believed that the Council should promote alternatives to private car use through the adoption of a planning policy to require contribution towards green travel vouchers and green travel planning, with promoting green travel to new residents.

At the same time planning policies should seek the promotion of ultra low emission vehicles, by ensuring the infrastructure is designed into the new developments.

[Shortlist of options for Totnes](#)

In the short term funding should be secured from developers to secure improvements to public transport signage, and to the pedestrian crossings in the town to off-set the impact of their developments.

There is the potential for greater use of cycling for short regional journeys within Totnes and the immediate area, however the road network does not easily facilitate this.

There is no intention at this time to consider the further the option of compulsory/voluntary purchase at this time.

[Shortlist of options for Ivybridge](#)

On top of the generic options identified the most feasible option is to consider the parking changes along Western Road, and this work should be commenced in 2018. The work will involve consultation with the public along Western Road in regards to the proposed benefits of the scheme, and the proposed alternative parking proposals. Once the consultation has been carried out Devon County Council are happy to explore the road traffic order needed as long as there is local public support.

The Councils will continue to work with landowners and others to determine the feasibility of an alternative access route for Eastern Ivybridge to the South of the A38. In order to progress options 2 or 3 a traffic assessment and some initial design work will be needed, Devon County Council commenced feasibility work in 2017 for these projects.

There is no intention to consider further the option of compulsory/voluntary purchase at this time.

[Shortlist of options for Dean Prior](#)

The Council will need to work with Highways England further to determine whether there is any technically feasible options for this area of the A38. Should a technically feasible option be found then this may be progressed with the homeowners to

determine whether it is acceptable to them. Although voluntary purchase and compulsory purchase is not viewed as being appropriate at this time.

DRAFT FOR CONSULTATION

1. Policy Context

1.1 Local Air Quality Management

It is a requirement of Section 82 of the Environment Act 1995 that every local authority shall review the air quality within its area, this shall include an assessment of the current situation and the predicted future air quality. Section 83 requires local authorities to designate an Air Quality Management Area (AQMA) where air quality objectives are not being achieved, or are not likely to be achieved, as set out in the Air Quality (England) Regulations 2000. Once the area has been designated, Section 84 requires the local authority to develop an Action Plan detailing remedial measures to tackle the problem within the AQMA.

The air quality objectives set out in the Air Quality (England) Regulations 2000, as amended by the Air Quality (England) (Amendment) Regulations 2002, provide the statutory basis for the air quality objectives under Local Air Quality Management (LAQM) in England. As previously stated South Hams currently has 3 AQMAs and West Devon has 0.

Local authorities in England are expected to report on nitrogen dioxide (NO₂), particulate matter (PM₁₀) and sulphur dioxide (SO₂) as standard within their Annual Status Report. However, local authorities are no longer expected to report on Benzene, 1,3-butadiene, Carbon Monoxide and Lead as objectives for these pollutants have been met for several years and are well below limit values. In addition to the objectives set in Regulations, local authorities have a new, flexible role in working towards reducing emissions and concentrations of PM_{2.5}.

In the past local authorities were required to undertake a process of 'Review and Assessment' over a three year period detailing monitoring data and actions. From 2016 one Annual Status Report (ASR) is required.

It is recommended that all local authorities, should consider drawing up an Air Quality Strategy. The strategy helps to focus on areas with and without Air Quality Management Areas (AQMA) in place and drive improvements in air quality.

PM_{2.5} has been included in this strategy on the basis that there are no recognised safe levels for this pollutant and there is significant public health concern due to the highly respirable nature of this pollutant. This strategy also sets out how sources of this pollutant will be screened and then targeted for reduction and links with both the National and Devon Public Health Strategies.

2. Baseline Information

2.1 South Hams and West Devon Population data

South Hams has a population of roughly 84,600 living in 43,000 households, whilst in West Devon there are 54,000 people living in roughly 25,000 properties (<https://new.devon.gov.uk/factsandfigures/>).

The population of the two Authorities is focussed around the main towns which are for South Hams; Dartmouth, Ivybridge, Kingsbridge and Totnes; and for West Devon are; Tavistock and Okehampton.

2.2 South Hams and West Devon Traffic information

In 2011 there were 54,303 cars registered in the South Hams and 33,823 in West Devon. There are approximately 500,000 visitors to the South Hams area each year.

The traffic flowing in the Air Quality Management areas is a key concern to the Authorities. The A385 through Totnes has roughly 22,000 vehicles a day travelling along the stretch around Bridgetown Hill an increase of 26% since 2000, while in Ivybridge there are no recent traffic count data provided by Devon County to the Department for Transport. The graph showing the vehicle counts by year is shown in appendix A1.

In regards to the A38, traffic flows through the Dean Prior AQMA has not changed dramatically over the last 17 years. The graph showing the vehicle counts by year is shown in Appendix A2.

While there are no current air quality management areas in West Devon, there is traffic data for Tavistock. In Tavistock, the traffic data is collected on the stretch of road between the A390 and the B3557 and there were 13,400 vehicles a day in 2015, a decrease of 12% since 2000.

<http://api.dft.gov.uk/v3/trafficcounts/countpoint/id/27053.csv>

2.3 National Trends in Vehicle Types

By the end of 2016 there were 12.1 million diesel cars on the roads in the UK, accounting for 39% of the total, up from only 10% in 1996. There were only 388,000 alternative fuel cars licensed by December 2016, but this was up 25% over the year. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608374/vehicle-licensing-statistics-2016.pdf

In total, 41,819 new ultra-low emission vehicles (ULEVs) were registered for the first time in the United Kingdom in 2016, up 140% from 29,965 in 2015. Most of this increase has been due to vehicles eligible for plug-in car and van grants.

This trend is also largely believed to be due to taxation incentives for company car drivers and lower road fund licence fees encouraging the take up of vehicles with lower CO2 emissions.

Summary: Our Commitments

AQ1: WE WILL REVIEW THE COUNCIL FLEET TO ASSESS THE SUITABILITY OF LOW EMISSION VEHICLES

AQ2: WE WILL INCREASE THE NUMBER OF ELECTRIC CHARGING POINTS AVAILABLE WITHIN COUNCIL CAR PARKS AND IN OTHER LOCATIONS

AQ3: WE WILL SEEK ADDITIONAL TRAFFIC MONITORING POINTS WITHIN OUR AQMAS AND OTHER KEY LOCATIONS, TO ENABLE BETTER ASSESSMENT OF TRAFFIC FLOWS.

DRAFT FOR CONSULTATION

3. Air Pollution in South Hams and West Devon

3.1 Existing Air Quality Management Areas

The declaration of an Air Quality Management Area (AQMA) is undertaken where there is sufficient evidence to demonstrate that the air quality in a certain area fails to meet the national statutory air quality objective levels. After declaration, the local authority has 12 months to devise an air quality action plan (AQAP) which sets out the measures it intends to follow to ensure that the air quality is improved.

There are currently 3 AQMAs in the South Hams area, the maps on the next few pages show the areas covered by the AQMA Orders.

At the time of writing this strategy there are no AQMAs declared in West Devon, monitoring in Okehampton in 2016 show that the air quality is not meeting the national objectives at East Street. We will continue to monitor the situation here and seek a declaration when/if it is believed appropriate.

Figure 3.1 Map showing AQMA for Totnes declared in 2016

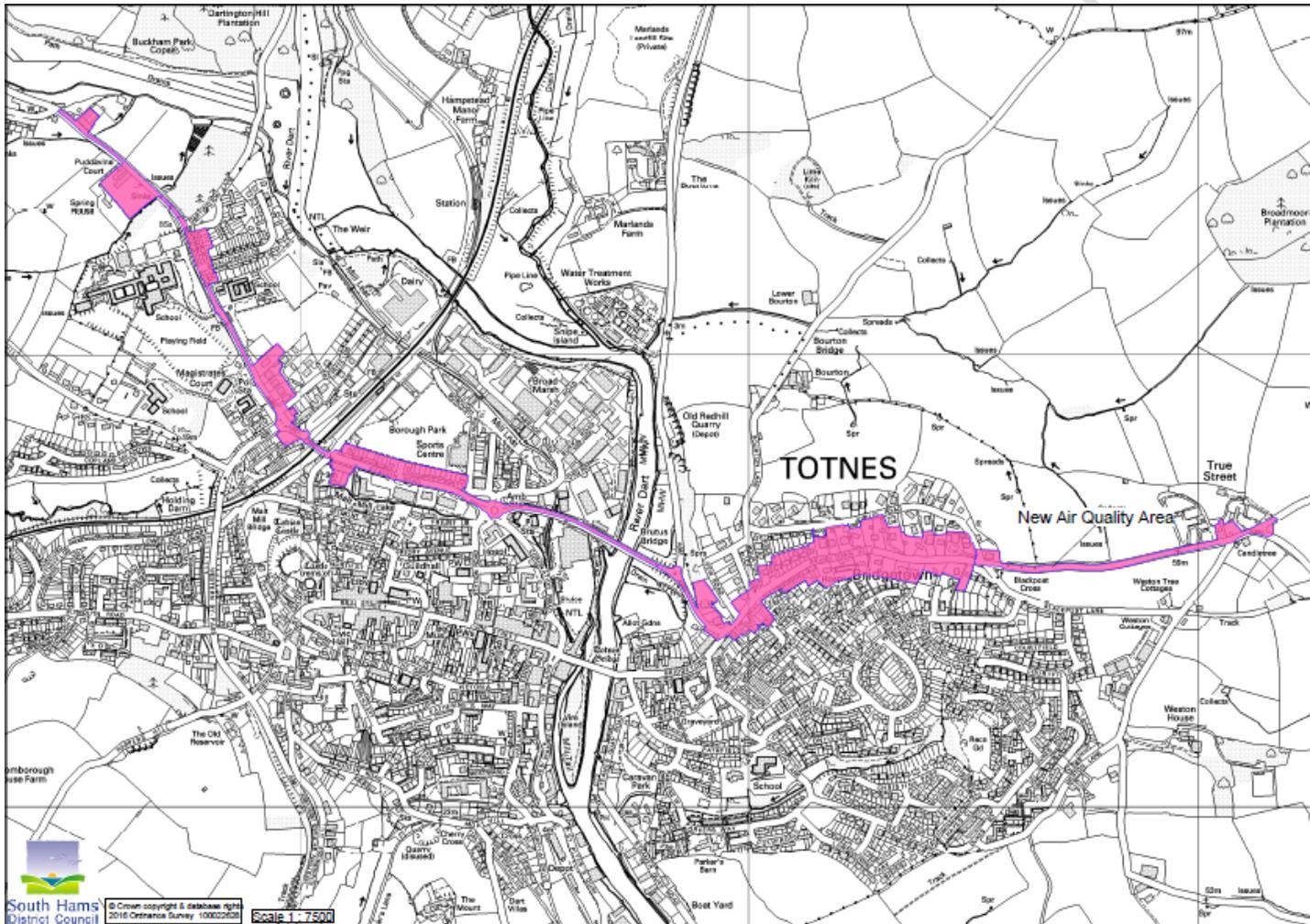


Figure 3.2 Map showing AQMA for Ivybridge declared 2009

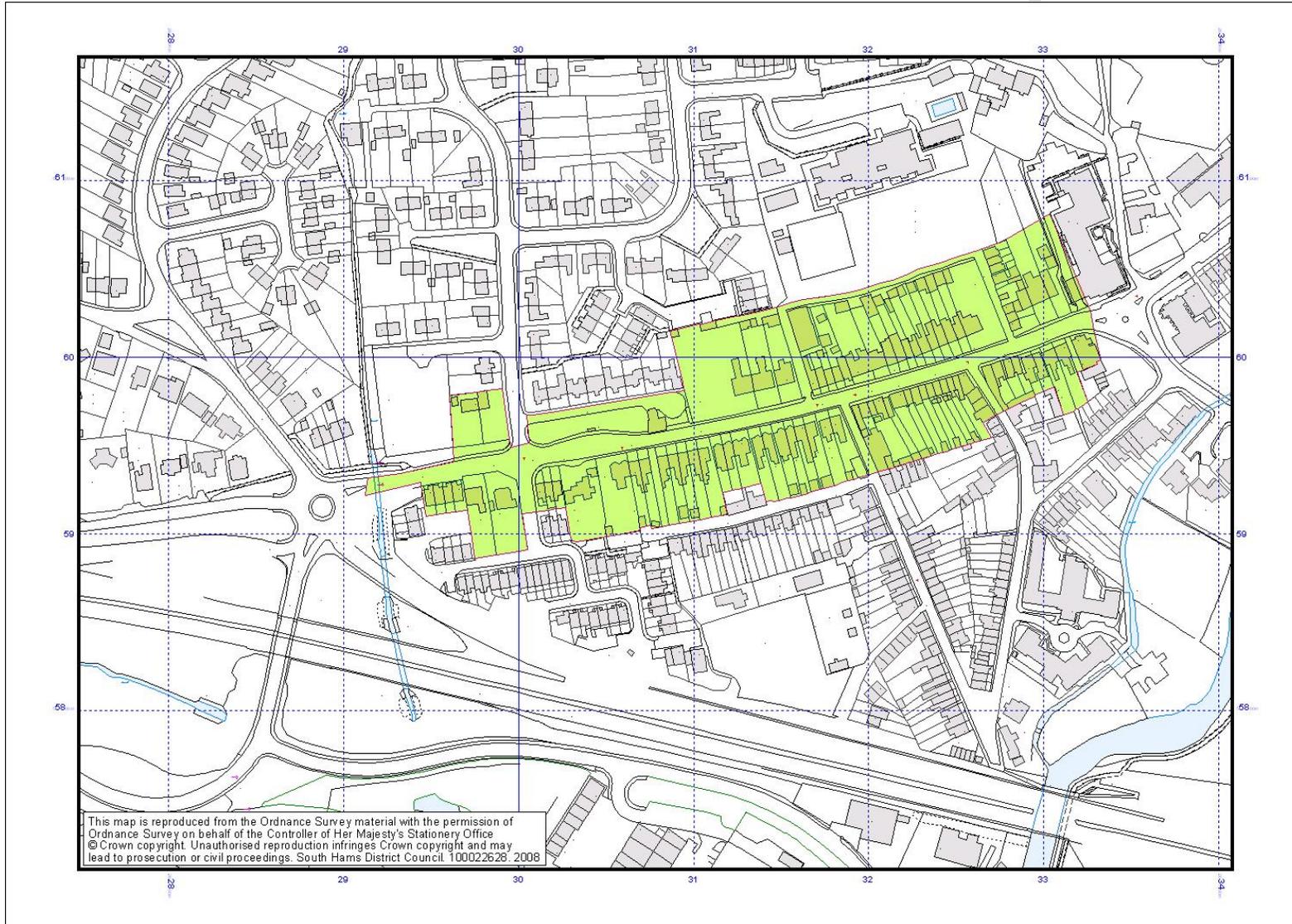
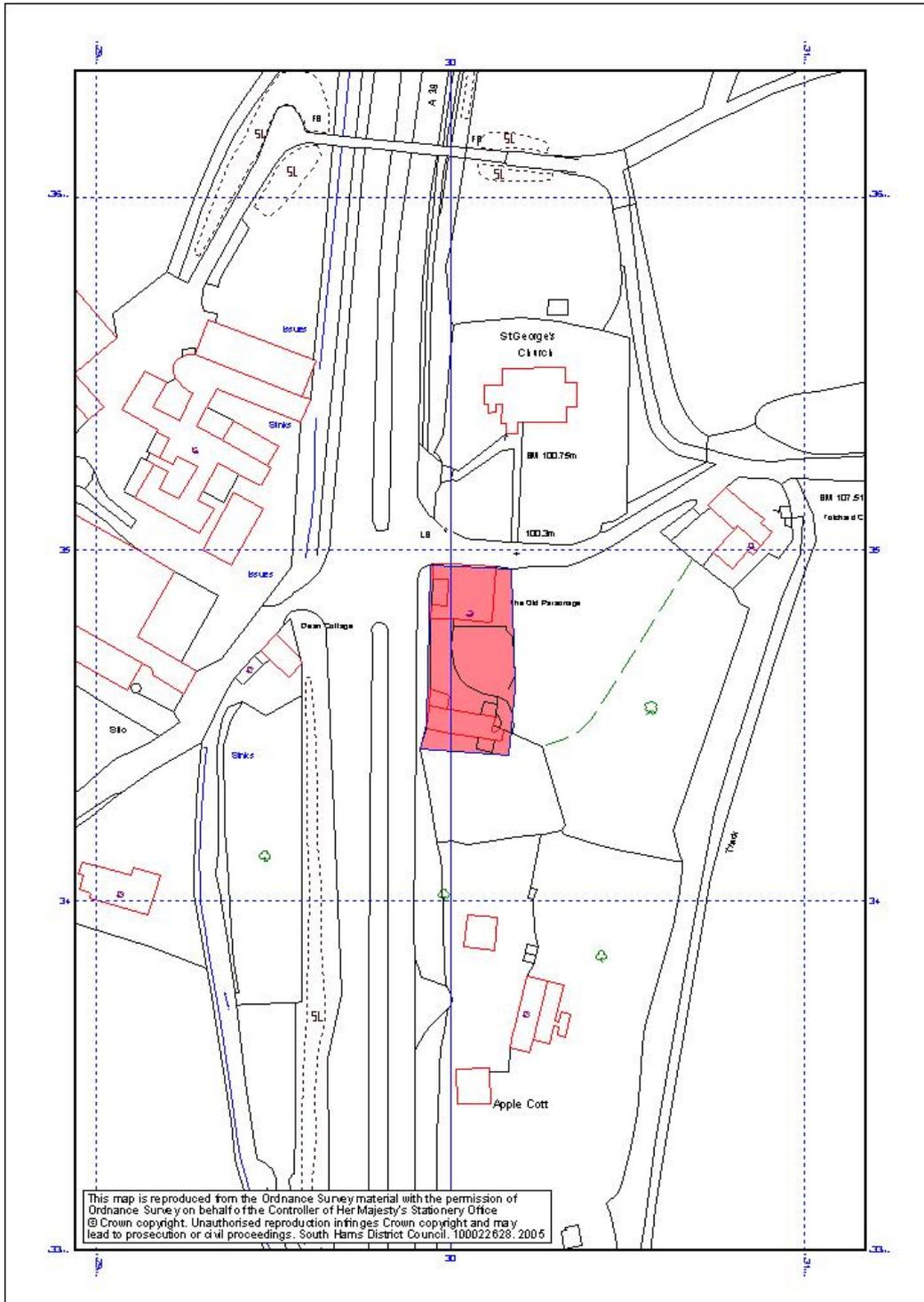


Figure 3.3 Map showing AQMA for Dean Prior declared 2005



3.2 Industry within South Hams and West Devon: Part A and B Processes

Part A (1) installations are activities listed for control, by the Environment Agency (EA), under Schedule 1 to the Environmental Permitting Regulations.

Part A (1) installations are generally perceived to have a greater potential to pollute the environment than Part A (2) installations.

Part B installations (which include vehicle re-spraying, cement batching and unloading of petrol) have the least potential to pollute.

There are 4 A(1) installations still operating in the South Hams and 2 former installations. There are 4 A(1) installations operating in West Devon.

Part A(1) installations are regulated by the Environment Agency and include large food manufacturers (e.g. Ambrosia, and Taw Valley Creamery), Hatherleigh abattoir, the processing of tungsten ore (Wolf Minerals) and the Langage Energy Centre.

There are currently 45 A(2) and B installations permitted by South Hams District Council to operate, and 18 premises permitted by West Devon Borough Council.

Part A(2) and B installations are regulated by the Councils, and include smaller industrial processes such as clay products drying, paint spraying, foundries, petrol stations and dry cleaners.

While there are significant industrial estates within the two councils' areas including mineral extraction sites, these facilities are regulated by stringent regulatory control by either the Environment Agency, the two Councils or the Mineral Planning Authorities.

There are no significant emissions from industry in either South Hams or West Devon, and consequently it has been determined that the principle source of air pollution in the region is road traffic emissions.

Both Imerys Minerals and Wolf Minerals both undertake PM₁₀ monitoring which is reviewed periodically by the Council and the Environment Agency. This has shown no cause for concern.

3.3 Road Traffic Pollution

Road traffic pollution is the principle source of NO₂ in the region and across the UK. Section 2.2 provides information on current trends in traffic volumes in the area. This highlights that the number of vehicle movements is increasing in the Totnes key area of concern.

South Hams and West Devon both have slightly more diesel cars than the National average. Diesel cars make up 41.8% and 45.2% of the total car numbers respectively, this is compared to a national average of 39.5%.

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/623742/veh0105.ods)

Monitoring of NO₂ throughout the area has shown that there a number of key locations where levels of NO₂ exceed the UK annual mean objective. Up to date details of monitoring can be found in the annual reporting that South Hams and West Devon have produced which are available on our websites.

Summary: Our Commitments

- AQ4: WE WILL CONTINUE TO MONITOR THE AIR QUALITY WITHIN THE AREA AND REPORT AGAINST THE NATIONAL AIR QUALITY OBJECTIVES, ADDING NEW SITES TO THE MONITORING PROGRAMME WHERE INFORMATION INDICATES AIR QUALITY COULD BE A CONCERN.
- AQ5: WE WILL DECLARE NEW AIR QUALITY MANAGEMENT AREAS WHERE MONITORING INDICATES A NEED TO DO SO.
- AQ6: WE WILL CONTINUE TO REGULATE INDUSTRY WITH OUR PARTNERS TO A HIGH STANDARD, REQUIRING BEST PRACTICE TO BE ADHERED TO AND ENFORCING WHERE IT IS DEEMED APPROPRIATE TO DO SO.

4. Health effects of Air Pollution

4.1 Health Related to NO₂ exposure

The principle pollutant of concern in both the South Hams and West Devon Area is NO₂. Up until recently the link between high levels of NO₂ and the impact on health were not proven. It was, however, understood that poor air quality had a negative impact on health. In 2015 the Committee for the Medical Effects of Air Pollutants (COMEAP) deemed that sufficient evidence was now available to demonstrate the short and long term impact of exposure to NO₂, and as such concluded;

“Evidence associating NO₂ with health effects has strengthened substantially in recent years and we now think that, on the balance of probability, NO₂ itself is responsible for some of the health impact found to be associated with it in epidemiological studies.”

Much of the evidence in regards to long-term average NO₂ concentrations has been obtained through observational epidemiological studies. Therefore COMEAP also stated that;

“...it is possible that, to some extent, NO₂ acts as a marker of the effects of other traffic-related pollutants...”

On this basis it is not only remaining compliant with the legislative requirements of the Environment Act 1995 that drives South Hams and West Devon to improve air quality but the protection of public health as well.

In order to adequately protect public health, the key aims within the AQMAs should be to improve the air quality within those areas. It may also be viewed as being appropriate to limit the exposure of the public to poor air quality by making sure the link between poor health and poor air quality is understood.

4.2 Health related to Particulate Matter Exposure

PM₁₀ is a measurement of particulate matter measuring 10 microns or less, and is one of the pollutants of concern in the national objectives. Screening for the likely sources of this pollutant has been carried out in the past and monitoring has occurred in the South Hams, but the objective levels were not breached.

However, in 2010 The Mortality Effects of Long-Term Exposure to Particulate Air Pollution in the United Kingdom: A report by the Committee on the Medical Effects of Air Pollutants (COMEAP), concluded:

- Removing all anthropogenic particulate matter air pollution (measured as PM_{2.5}) could save the UK population approximately 36.5 million life years over the next 100 years and would be associated with an increase in UK life expectancy from birth of six months.
- A policy which aimed to reduce the annual average concentration of PM_{2.5} by 1 µg m⁻³ would result in a saving of approximately 4 million life years or an increase in life expectancy of 20 days in people born in 2008.

- The current (2008) burden of anthropogenic particulate matter air pollution is an effect on mortality in 2008 equivalent to nearly 29,000 deaths in the UK at typical ages and an associated loss of total population life of 340,000 life-years. The burden can also be represented as a loss of life expectancy from birth of approximately six months.” (COMEAP 2010).

In 2014, Public Health England published a report which further supported these findings and provided figures down to a Local Authority Area. For South Hams, the total number of deaths for all causes in 2010 was 886 (25 years and older) and 561 in West Devon. Of these deaths, it is thought that 54 across the two areas were due to exposure to PM_{2.5} (34 and 20 respectively). This is equivalent to 312 and 194 life years lost, and attributable fractions of 3.8 and 3.5%. This estimate is a central estimate and compared to other areas across Devon, the South West and England the two Authorities have relatively low attributable fractions.

More information on how these figures were calculated by Public Health England can be found in the 2014 publication’s Appendix A, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332854/PHE_CRCE_010.pdf

There are currently no sites within the area covered by this report where there is monitoring of either PM₁₀ or PM_{2.5} by the Local Authorities. Improvements in levels of NO₂ will not necessarily lead to an equivalent improvement in particulate matter emissions as these may be influenced by other sources such as brake and tyre wear, however NO₂ emissions are viewed by many as being a general marker for exposure to road traffic related pollution.

Domestic use of wood burning stoves and heating equipment has become very popular in recent years. We will provide advice through the planning process to applicants on the appropriate use and maintenance of their equipment, and we will also provide this advice on our website.

Summary: Our Commitments

AQ7: WE WILL PROVIDE UP TO DATE INFORMATION ON OUR WEBSITES IN REGARDS TO THE HEALTH IMPACTS OF EXPOSURE TO POOR AIR QUALITY ALONG WITH PROVIDING WARNINGS WHEN METEOROLOGICAL CONDITIONS ARE LIKELY TO WORSEN AIR QUALITY IMPACTS.

AQ8: WE WILL EXPLORE THE PROMOTION OF TRAVEL PLANNING WITH SCHOOLS TO REDUCE EXPOSURE BY PUPILS TO POOR AIR QUALITY WHEN WALKING TO AND FROM SCHOOL.

AQ9: WE WILL PROVIDE EDUCATION AND ADVICE TO OWNERS OF WOOD BURNING STOVES AND EQUIPMENT ON THE APPROPRIATE USE TO MINIMISE AIR POLLUTION.

5. Local Policies, Programmes and Strategies

5.1 The Joint Local Plan Overview

The Joint Local Plan (JLP) sets out the vision for development across South Hams, West Devon and Plymouth, with an aim of identifying the principle locations and specific sites for new housing, community infrastructure, shops and employment.

At the time of writing, the Plan is in draft and has not been through formal inspection, following successful scrutiny the plan and policies contained will be used to determine planning applications.

5.2 Joint Local Plan Planning Policies

The planning policies in regards to air quality were reviewed as part of the JLP process. Based on the limited progress to date in resolving the air quality issues within the existing AQMAs, the revised AQMA in Totnes and the deteriorating air quality in other parts of the two districts it was felt imperative that the planning policies were tightened. This is to ensure that we could adequately protect the public and deliver on our legal duties, whilst supporting the need for sustainable development.

The new policy will sit within a policy concerning the protection of the environment and as drafted reads;

"Policy DEV2

Air, water, soil, noise, land and light

Development proposals which will cause unacceptable on- or off-site risk or harm to human health, the natural environment or living conditions, either individually or cumulatively, will not be permitted.

Development should:

- 1. Avoid harmful environmental impacts and health risks for both new and existing development arising from soil, air, water, land or noise pollution or land instability.*
- 2. Where located in or impacting an Air Quality Management Area, avoid or mitigate its impact through positively contributing towards the implementation of measures contained within air quality action plans and transport programmes, and through green infrastructure provision and enhancements, building design and layout which helps minimise air quality impacts.*
- 3. Prevent deterioration of and where appropriate protect, enhance and restore water quality.*
- 4. Limit the impact of light pollution on local amenity, intrinsically dark landscapes and nature conservation.*
- 5. Where appropriate, remediate and mitigate despoiled, degraded, derelict, contaminated and unstable land.*
- 6. Protect soils, safeguarding the long term potential of best and most versatile agricultural land and conserving soil resources.*
- 7. Maintain and where appropriate improve the noise environment in accordance with the Noise Policy Statement for England (including any subsequent updates).*

8. Not cause an adverse effect on the integrity of a European Site (see Policy SPT11).

The planning system plays an important role in protecting the environment and people from pollution and managing natural resources. Policy DEV2 considers air, water, land, noise and light pollution, alongside other natural resource issues such as land stability and the need to safeguard soils and agricultural land. Its implementation will be amplified in the Plymouth Policy Area and Thriving Towns and Villages SPDs.

Air Quality Management Areas (AQMA) highlight those areas where air quality presents a particular issue and challenge. In addition to avoiding unacceptable impacts to air quality in any event, Policy DEV2 seeks to ensure that the individual and cumulative impacts of development on AQMA is appropriately considered and looks to Air Quality Action Plans and transport programmes in the first instance for appropriate measures to be implemented. The context and circumstances of an existing AQMA will inform the extent to which any impact is considered unacceptable. Any development, whether having an impact on an existing AQMA or not, that could have a significant cumulative impact on air quality, would normally be considered in the context of an Air Quality Assessment or Environmental Impact Assessment. "

5.3 Development within the South Hams and West Devon

The Joint Local Plan is based around the Plymouth Housing Market Area (HMA) and as part of the planning process an assessment was undertaken of the objectively assessed need for housing for the HMA. This has been calculated at 30,300 new homes needing to be delivered between 2014 and 2034. The National Planning Policy Framework (NPPF) states that local plans should seek to address the objectively assessed need in full.

When determining the dispersal of development, a number of options were identified, however the preferred option recognises the importance of Tavistock and Ivybridge to the delivery of sustainable developments.

Ivybridge already has excellent public transport links with Plymouth, however studies by Devon County Council have shown that the railway station is severely underutilised

(<https://www.plymouth.gov.uk/sites/default/files/PlymouthSouthWestDevonJLPBaselineTransportConditionsReportAppendixA.pdf>).

It is also adjacent to the strategic road network, however access to the A38 is reliant upon the road network through the AQMA. This will be the challenge to further development and will need to be addressed.

Commuters from Tavistock are currently reliant upon the A386, which is identified as having capacity issues during peak travel times. Further work is also identified in relation to the re-instatement of the rail line to Plymouth via Bere Alston.

Elsewhere across the two Council areas the level of growth is not believed to pose significant concerns to air quality, although any development in and around Okehampton and Totnes will be expected to protect and improve air quality.

5.4 The role of Highways England and Devon County Council

Neither South Hams nor West Devon are highways authorities, and therefore it will be imperative that good working relationships are developed and maintained with these organisations to ensure that air quality is maintained and improved within the two Council areas.

The AQMA of Dean Prior is principally due to the proximity of housing to the A38 at a point where the topography of the road causes a significant increase in emissions. This road network is the responsibility of Highways England.

Highways England has developed a delivery plan for the period 2015 – 2020 which includes a commitment to the environment. This included funding for air quality improvement trials in 10 locations, the development of lessons learned during those trials and a toolkit to be used to address air quality on its network.

These trials were designed to last up to 12 months and therefore it is too early to say what this may mean to the Dean Prior AQMA, however it will be important to make sure that the site remains a priority.

Discussions have been held with Devon County Council when devising the Air Quality Action Plans. This identified that there are limited infrastructure projects identified in Totnes which would have a positive impact on air quality. Devon County have agreed to commission some further investigative works

5.5 Taxi Licensing Policy

In 2017, South Hams and West Devon Councils consulted on a new taxi vehicle licensing policy. As part of this policy, the Councils sought to encourage vehicles becoming more environmentally friendly by heavily subsidising the licensing cost of ultra-low emission vehicles.

There will also be requirements for taxi drivers sitting at ranks and waiting for passengers to be mindful of their engine emissions by minimising their idling.

Summary: Our Commitments

AQ10: WE WILL DELIVER TRANSPORT INTERVENTIONS WHICH:

- A. REDUCE RELIANCE ON THE PRIVATE CAR;
- B. MAKE PUBLIC TRANSPORT MORE ACCESSIBLE, RELIABLE AND AN ATTRACTIVE ALTERNATIVE;
- C. MAKE INFRASTRUCTURE IMPROVEMENTS AND PROMOTE CYCLING AS AN ALTERNATIVE MEANS OF TRANSPORT;
- D. REQUIRE TRAVEL PLANS TO BE SUBMITTED FOR NEW DEVELOPMENTS;

AQ11: WORK WITH THE LICENSING TEAMS TO DEVELOP THE TAXI POLICY TO PROMOTE THE USE OF ULTRA LOW/ ZERO EMISSION VEHICLES AND SET MINIMUM EMISSION STANDARDS.

AQ12: WE WILL WORK WITH OTHER DEVON DISTRICTS TO INTRODUCE ECO STARS TAXIS SCHEMES ACROSS DEVON.

6. Planning and Air Quality: Guidance for Developers

6.1 How can planning impact on air quality?

Developments can have a significant impact on air quality by introducing new receptors, new sources, or increase traffic flows in areas where the aim is a reduction in flow. The National Planning Practice Guidance stipulates;

“Whether or not air quality is relevant to a planning decision will depend on the proposed development and its location. Concerns could arise if the development is likely to generate air quality impact in an area where air quality is known to be poor. They could also arise where the development is likely to adversely impact upon the implementation of air quality strategies and action plans and/or, in particular, lead to a breach of EU legislation (including that applicable to wildlife)...” Paragraph: 005 Reference ID: 32-005-20140306

Revision date: 06 03 2014

Piecemeal development can have a greater cumulative impact on air quality than a single allocated site whose impacts are known and can be off-set through local planning policies. This is the importance of consideration of impact through the Joint Local Plan and Neighbourhood Plans.

In order to off-set the impact of smaller developments on air quality the Councils will seek to make sure that developments do not exacerbate existing air quality problems or create new air quality management areas.

Planning policies will seek to promote non-car modes of transport by promoting green travel alternatives through the provision of green travel vouchers, and the development of site specific travel plans.

Policies will also promote the uptake of greener car technology through the provision of off-street electric charging points.

All major developments will be required to assess their impact solely and cumulatively, utilising the guidance produced by the Institute of Air Quality Management (IAQM). Where a significant impact is determined suitable off-setting measures will need to be considered. It is also likely that developments will need to contribute towards measures outlined in the air quality action plan.

6.2 When should a planning application be accompanied by an air quality assessment?

The Council has a validation checklist which includes guidance on what sort of applications would require an air quality impact assessment. In principle, we follow the screening guidance issued by the Institute of Air Quality Management (IAQM) which stipulates that there is a 2-stage process to screening the need for an assessment. A summary of the screening assessment is set out below;

Stage 1: the development involves any of the following proceed to stage 2

Development involves the building of 10 or more residential units or a site area of more than 0.5 Ha

More than 1000m² of floor space for all other uses or a site area greater than 1 Ha

And

The development has more than 10 parking spaces

The development will have a centralised energy facility or other centralised combustion process

Stage 2: Indicative criteria for requiring an air quality assessment

The development will:	Indicative Criteria to Proceed to an Air Quality Assessment ^a
1. Cause a significant change in Light Duty Vehicle (LDV) traffic flows on local roads with relevant receptors. (LDV = cars and small vans <3.5t gross vehicle weight).	A change of LDV flows of: - more than 100 AADT within or adjacent to an AQMA - more than 500 AADT elsewhere.
2. Cause a significant change in Heavy Duty Vehicle (HDV) flows on local roads with relevant receptors. (HDV = goods vehicles + buses >3.5t gross vehicle weight).	A change of HDV flows of: - more than 25 AADT within or adjacent to an AQMA - more than 100 AADT elsewhere.
3. Realign roads, i.e. changing the proximity of receptors to traffic lanes.	Where the change is 5m or more and the road is within an AQMA.
4. Introduce a new junction or remove an existing junction near to relevant receptors.	Applies to junctions that cause traffic to significantly change vehicle accelerate/decelerate, e.g. traffic lights, or roundabouts.
5. Introduce or change a bus station.	Where bus flows will change by: - more than 25 AADT within or adjacent to an AQMA - more than 100

	AADT elsewhere.
6. Have an underground car park with extraction system.	The ventilation extract for the car park will be within 20 m of a relevant receptor. Coupled with the car park having more than 100 movements per day (total in and out).
7. Have one or more substantial combustion processes, where there is a risk of impacts at relevant receptors. NB. this includes combustion plant associated with standby emergency generators (typically associated with centralised energy centres) and shipping.	Typically, any combustion plant where the single or combined NO _x emission rate is less than 5 mg/sec ^a is unlikely to give rise to impacts, provided that the emissions are released from a vent or stack in a location and at a height that provides adequate dispersion. In situations where the emissions are released close to buildings with relevant receptors, or where the dispersion of the plume may be adversely affected by the size and/or height of adjacent buildings (including situations where the stack height is lower than the receptor) then consideration will need to be given to potential impacts at much lower emission rates. Conversely, where existing nitrogen dioxide concentrations are low, and where the dispersion conditions are favourable, a much higher emission rate may be acceptable.

- We may also require an assessment where the development is close to a heavily trafficked road, with emissions that could give rise to sufficiently high concentrations of pollutants (in particular NO₂), that would cause unacceptably high exposure for users of the new development; and
- the presence of a source of odour and/or dust that may affect amenity for future occupants of the development.

Developers should contact the Environmental Health team at as early a stage as possible to scope the level of assessment required.

6.3 How do I Prepare an Air Quality Assessment?

The most important starting point of an air quality assessment is scoping the assessment with the aid of Environmental Health, there is currently no charge for this work. An assessment will only be deemed valid if all potential impacts have been considered i.e. on-site, off-site and construction phase impacts.

We will expect that developer's consultants will use the most valid guidance documents for devising their assessments including the various guidance documents produced by the Institute of Air Quality Management.

As a matter of good practice the Council expects the applicant to consider the baseline situation, some data is available from the Council; free of charge, for this purpose, however it may be necessary to undertake further monitoring before an application is submitted. Further monitoring can take some months to achieve and therefore early involvement of Environmental Health in the project is highly recommended.

6.4 What are suitable off-setting measures?

Where the outcome of an air quality assessment predicts that there will be an impact on an area with existing poor air quality, or where a new air quality problem is likely to be created, developers will be expected to provide mitigation or contributions towards the Air Quality Action Plan or other agreed measures. Any measures will need to meet the requirements of the Community Infrastructure Levy criteria.

Green travel planning can have a positive impact on encouraging new residents to use alternative and more sustainable forms of transport. It is proposed that for all developments which meet the stage 1 screening above a contribution should be sought to pay for a green travel planning advisor to work with the site occupants once built.

Summary: Our Commitments

AQ13: WE WILL REQUIRE ALL NEW MAJOR DEVELOPMENT PROPOSALS TO UNDERTAKE AN AIR QUALITY IMPACT ASSESSMENT IN ACCORDANCE WITH THE INSTITUTE OF AIR QUALITY MANAGEMENT'S GUIDANCE.

AQ14: WE WILL SEEK ALL DEVELOPMENTS TO OFF-SET THEIR IMPACT BY SUPPORTING ULTRA LOW EMISSION VEHICLES.

AQ15: WE WILL SEEK CONTRIBUTIONS FROM MAJOR DEVELOPMENTS TO PAY TOWARDS THE COST OF DEVELOPING A GREEN TRAVEL PLAN FOR THE DEVELOPMENT.

7. Strategy to Reduce Emissions of PM2.5 in South Hams and West Devon

7.1 Why do we need to reduce emissions of PM2.5?

Life expectancy can be significantly affected due to exposure to poor air quality. In its report on 'The Mortality Effects of Long-Term Exposure to Particulate Air Pollution in the United Kingdom', published in 2010, the Committee on the Medical Effects of Air Pollutants (COMEAP) estimated that poor air quality is responsible for approximately 29,000 deaths and an estimated loss of 340,000 life-years.

The Defra Local Air Quality Management Policy Guidance (2016) (LAQM.PG(16)) promotes that Local Authorities produce a strategy for reducing the emissions of PM_{2.5}.

7.2 Monitoring of PM2.5 in South Hams and West Devon

There has been no monitoring of PM2.5 in either South Hams or West Devon and there is no intention to introduce monitoring at this time. This decision was based upon the fact that there is no 'safe' level for PM2.5, therefore we should be working to reduce the emissions anyway.

7.3 Measures to Reduce PM2.5

This strategy does not propose specific measures to reduce the emissions of PM2.5 however there is evidence to link that actively tackling NO_x has a positive impact on this pollutant as well.

8. The Air Quality Action Plans for South Hams

8.1 The Air Quality Working Group Overview

The Air Quality Action Plan was formulated by Environmental Health with input from Specialists from across the Councils and Devon County Council. As a result a number of options have been identified and decisions taken as to the likely effectiveness and costs of these options.

All stakeholders have a degree of ownership of this document and this in turn will ensure that no reasonable options for improvement have been missed.

8.2 Air Quality Action Plan

Upon declaring an air quality management area the Councils must submit an Air Quality Action Plan (AQAP) to DEFRA. The AQAP must describe the measures the Local Authority intends to take to improve air quality.

While every effort will be taken to tackle poor air quality the Council will also need to consider the wider socio-economic impacts of an Action Plan. Although no specific modelling has been done the specific and generic proposals listed within the Action Plan have the potential to impact beneficially on air quality.

South Hams District Council did previously adopt an Air Quality Action Plan in 2013, however following the need to amend the Air Quality Management Area in Totnes it was felt appropriate to review and refresh that plan.

The actions in the AQAP shortlist are those which are currently considered to be the most cost effective and appropriate, however radical and more costly options have been considered and are still within the action plan in case they become more feasible due to external funding opportunities.

8.3 Consultation Overview

The following action plan will be subject to public consultation following adoption of this clean air strategy by the Councils. In order to ensure that all stakeholders have been consulted and that they have a degree of ownership of this document which in turn improves the likelihood of the plan succeeding in reducing pollution levels.

By consulting the public it gives an opportunity to ensure that there have been no solutions overlooked which might have a more positive impact on air quality.

In accordance with Schedule 11 of the Environment Act 1995 the following consultees will be contacted;

- Secretary of State for the Environment
- The Environment Agency
- Highways England
- Devon County Council (Highways, Planning, and Public Health Teams).

- Local Ward Councillors in AQMA
- Public Health England
- Members of the public
- Totnes Town Council, Ivybridge Town Council, Dean Prior, and Berry Pomeroy Parish Councils

It is recognised that it will be very difficult in some locations to achieve the level of reduction in Nitrogen Dioxide required to achieve the National NO₂ objective level. This is assuming that there won't be any significant changes in vehicle emission technology.

8.4 Nitrogen Oxides/ Nitrogen Dioxide (NO_x/ NO₂)

Emissions from car exhausts consists of a mixture of chemicals resulting from the combustion process. One of these chemicals is nitrogen oxides (NO_x) which is converted to Nitrogen Dioxide (NO₂), the influencing factors for this conversion include temperature and the presence or lack thereof of other chemicals in the atmosphere. Therefore in summer months the speed of reaction is greater, leading to higher proportion of NO_x being converted to NO₂, we also tend to see an increase in road traffic levels in summer months. However we do not always see an increase in NO₂ levels as measured by our diffusion tubes. Therefore when assessing levels of NO₂ we use an annual average of the measured levels.

8.5 Evaluating options for Air Quality

Officers worked with Devon County Council to assess the costs and effectiveness of the proposed actions for reducing air pollution and these have then been given a subjective score out of 5 for both the impact on air quality and cost benefit. The air quality score is based on the scale of improvement expected to occur by delivering the option.

The cost score is a subjective assessment of the cost of implementing the option, with 5 being a very low cost (£100's) and 1 being very high (£000,000's)

The two scores will be amalgamated to form a cost effectiveness value as shown below;

		Cost				
		5	4	3	2	1
Air Quality Impact	5	Very High	Very High	High	Medium	Low
	4	Very High	High	Medium	Low	Low
	3	High	Medium	Medium	Low	Very Low
	2	Medium	Medium	Low	Low	Very Low
	1	Medium	Medium	Low	Very Low	Very Low

8.6 Monitoring of the Air Quality Action Plan

The Action Plan will be monitored through the submission of the Annual Status Report to DEFRA and particularly the Action Plan Progress part of this report. We will also continue to monitor air quality in these areas to determine what long term trends are happening with air quality in the area.

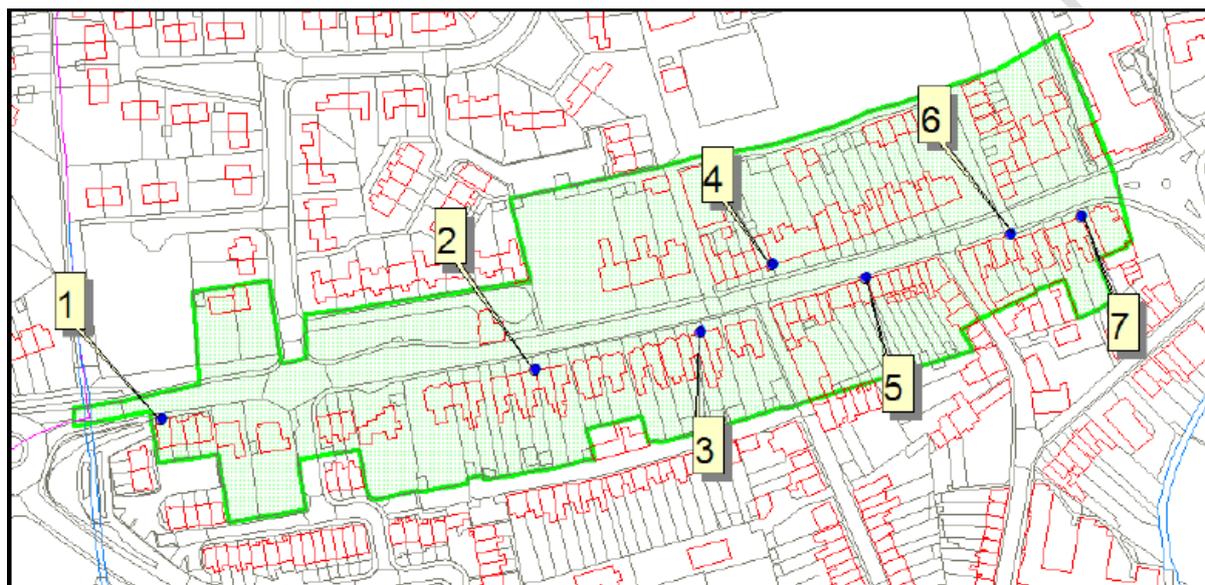
DRAFT FOR CONSULTATION

Air Quality Action Plan for Ivybridge

Source Apportionment

Some work was commissioned by South Hams in 2010 to identify the types of vehicles responsible for the poor air quality in Western Road. This was used to formulate options for the air quality action plan.

The map below shows the receptor locations assessed



The table below shows the results of this source apportionment work;

Table 4: Predicted Annual Mean (2009) Nitrogen Dioxide Concentrations and the Contribution of Each Source to the Total^a

Receptor	Annual Mean Concentration ($\mu\text{g}/\text{m}^3$)						
	Bkgd	MCL	Cars	LGV	Bus	HGV	Total
1	12.3	0.1	9.5	4.1	3.9	17.2	47.2
2	11.7	0.1	6.9	2.9	2.3	11.7	35.5
3	11.7	0.1	7.2	3.0	2.5	12.7	37.2
4	11.7	0.0	5.5	2.3	1.9	9.7	31.1
5	11.7	0.1	9.3	3.8	3.5	16.9	45.1
6	11.2	0.1	8.9	3.7	3.6	16.7	44.1
7	11.2	0.0	7.9	3.3	3.7	15.7	41.8
	% Contribution to Total						
	Bkgd	MCL	Cars	LGV	Bus	HGV	Total
1	26.2	0.2	20.2	8.7	8.2	36.5	100
2	32.9	0.2	19.3	8.1	6.5	33.0	100
3	31.4	0.2	19.4	8.0	6.8	34.1	100
4	37.5	0.1	17.8	7.4	6.1	31.1	100
5	25.9	0.1	20.6	8.4	7.6	37.4	100
6	25.5	0.1	20.3	8.3	8.1	37.8	100
7	26.9	0.1	18.9	7.9	8.7	37.5	100

^a based on un-rounded values.

[Ivybridge option 1: Removal/alteration to parking along Western Road](#)

This option has been considered previously, and work was done by Devon County Council to produce the necessary road traffic order. This was not supported due to the local residents reaction to the perceived loss of parking.

A further traffic assessment was carried out in September 2017 by Devon County Council, including road traffic counts and roadside interviews. This report highlighted the potential benefits of these proposals.

The proposal would involve the removal of on street parking along the Western Road from just past the former Fire Station Building to the roundabout at Majorie Kelly Way.

Air Quality Impact of option 1: 4/5

A modelling exercise was undertaken in 2017 to predict what would happen if the parking was removed from the northern side and double yellow lines were installed. The results are given in table 2 below and they indicate that there would be an improvement in air quality at the properties on the southern side of the road.

Table 2 Showing improvements in NO₂ levels if parking was altered on Western Road

Receptor		NO ₂ (µg/m ³)		
		Without Double Yellow Lines	With Double Yellow Lines	Difference (Without lines – With lines)
R6	14 Western Road	21.35	17.64	-3.71
R7	1 Western Road	22.49	19.71	-2.78
R9	3 Woodland Terrace	16.12	15.79	-0.33
R11	36 Western Road	19.41	16.19	-3.22
R12	Westbourne	20.82	17.47	-3.35
R13	Western Road	38.99	29.75	-9.24
Annual Mean AQO not to be exceeded		40 µg/m³		

Cost of Option 1 without car parking being provided 4/5

Cost of Option 1 with car parking being provided 3/5

A principle reason why this scheme has not been brought forward was local objection to the proposals by residents on Western Road who were concerned that these proposals would lead to a loss of car parking in the vicinity of their homes.

Whilst they have no legal right to park outside of their houses the knock on impact on the community of losing substantial amounts of parking could be politically unfavourable. A site could be found to off-set the loss in parking and early suggestions would be the former fire station and land adjacent to Wayside, Ivybridge. The land and building is in the ownership of South Hams District Council, to enable this to be off-set parking we would need: to demolish the fire station building, build a new access onto Wayside, and provide Grasscrete to the proposed parking area. We would need to consider the long term management of the parking (although Grasscrete is a low maintenance product) including whether this would remain a South Hams asset or whether we could gift this to Ivybridge Town Council/ residents to manage.



Cost Effectiveness Score: Medium to High

[Ivybridge option 2: A Southern Link Road from St. Peters Way to the A38 Junction](#)

This scheme has been considered previously, although no proposed routes for this road have been secured or costings for the scheme considered. This scheme could have been delivered as part of a new housing scheme to the south of the A38, although the land owner did not nominate this land for consideration and therefore it was not considered as part of the Joint Local Plan.

The land immediately to the south of the A38 is constrained by a flood plain at the south and west of the site and a high voltage power cable on pylons on the north of the site. Alternatively there is an existing road running from the bottom of St. Peters Way to the A38 but the road is not classified as a principle road route, and would therefore need to be widened and re-laid to meet modern road standards.

Air Quality Impacts of Option 2: 3/5

By improving this road route it would hopefully remove traffic flows from the east of Ivybridge from travelling down Western Road. The only concern would be that schools and other facilities are still located on the Western Road route and therefore the likely off-setting may not be as great as predicted i.e. 100% of traffic from these developments may not use this route instead of Western Road.

We may need to consider means of discouraging the use of Western Road as well as incentivising this route.

Cost of Option 2: 1/5

Improvements to the length of highway and the potential for CPO on landowners to allow for the widening of the road could be very costly. Should a site to the South of the A38 be found and the access road to the site be uprated to make it the primary route for traffic this would reduce costs.

Map showing location of Option 2



Cost Effectiveness of Option 2: Very Low

Ivybridge option 3: A new junction onto the A38 serving the east of Ivybridge

This scheme has previously been promoted, however the scheme is not supported by Highways England due to the proximity of the existing junction at Ivybridge and an insufficient unmet demand on the current junction, or a proposed population serving this new junction.

Air Quality Impact of Option 3: 3/5

This would be likely to have a similar positive impact on air quality on Western Road as option 2, if not greater, as it might provide a more attractive alternative route for the community of Bittaford.

Cost of Option 3: 1/5

Due to the lack of support by Highways England, the insufficient level of development to support a new junction, and the lack of a suitable site for the junction the cost of this option precludes it from further consideration as a realistic option.

Cost Effectiveness of Option 3: Very Low

Ivybridge option 4: Promotion of Ultra Low Emission Vehicles (ULEVs)

This would involve the Council and developers positively planning for the uptake of ULEVs by providing the infrastructure necessary to support charging points at home and in town centre car parks. This is viewed as good practice by the Institute of Air Quality Management for all new developments.

Air Quality Impact of option 4: 2/5 (short term) 4/5 (Long Term)

In the short term (i.e. next 5- 10 years) this is unlikely to have a significant improvement to air quality along Western Road due to the current low percentage of ULEVs in the fleet of vehicles in the local area.

However the promotion of the infrastructure will allow for a greater uptake in the future of these vehicles which will have the potential to eliminate the vast majority of local air quality problems.

Cost of Option 4: 5/5

The cost of installing electric charging points on new developments is fairly inexpensive (£250/ property).

The Council is working with Devon County Council and other partners on getting at least two rapid charging bays into Leonards Road Car Park as soon as possible.

Cost Effectiveness of option 4: Medium to Very High

[Ivybridge option 5: Promotion of Green Travel Vouchers](#)

This is a Devon County Council policy whereby new developments contribute towards a bus service and bike vouchers for new households. The scheme aims to actively encourage households to consider alternative forms of travel to offset their impact.

The uptake of the scheme by households is hard to quantify and therefore the level of off-setting is not determinable, but this is viewed as good practice. It is suggested in Ivybridge that the scheme should also include the promotion of rail travel to Plymouth and Exeter through the provision of rail cards, further discussions would be needed with Great Western Rail on this.

Air Quality Impacts of Option 5: 1/5

Unlikely to have a significant impact on air quality as there is not a sufficient benefit to new homeowners to discourage private car use, however the promotion of these vouchers is seen nationally as good practice.

Cost of Option 5: 5/5

The cost of this scheme is fairly low compared to other options outlined above, and is good practice nationally as recognised by the Institute of Air Quality Management.

Cost Effectiveness of option 5: Medium

[Ivybridge Option 6: Developers to pay for Green Travel Planning](#)

Currently on larger developments developers will offer to undertake a green travel plan for the new development which actively seeks to promote more sustainable methods of transportation with the new householders.

The quality and delivery of these plans has been varied across the various developments that have happened in Devon. As such it is proposed that in future the production of these plans be secured by planning obligation to the local authorities,

the types of development where s.106 contributions would be sought needs to be determined but the following would be an indicative list;

- Development that involves the building of 10 or more residential units or a site area of more than 0.5 Ha
- More than 1000m² of floor space for all other uses or a site area greater than 1Ha

In 2016 South Hams District Council and Plymouth City Council, jointly sought DEFRA funding for a Green Travel Planning Advisor to work with existing larger employers in the Plymouth area to try and encourage employees to consider alternative methods of commuting to work. This scheme would be an extension to that proposed scheme.

Air Quality impact of option 6: 2/5

The potential impact of this option is dependent upon the alternative options available to householders and employees of traveling to and from work and other key journeys. However currently Ivybridge is well served by a number of bus routes, and is a serviced stop on the South West railway serviced by Great Western railway, allowing access to Plymouth and Exeter City centres.

Cost of option 6: 3/5

The cost of delivering green travel plans is currently held by developers by proposing to make this a planning obligation enables a more consistent quality of green travel plan and supports the aim of Plymouth City Council and South Hams District Council to offset the impact of current and future developments on the road network in both areas.

Cost effectiveness of option 6: Medium

Ivybridge option 7: Compulsory/Voluntary Purchase of the principle at risk residential premises.

Poor air quality is determined based on sensitive receptors being exposed to unacceptable levels of air pollution. Sensitive receptors are determined as being residential dwellings, schools and hospitals.

The Council does have powers to compulsory purchase properties, however the impact on the community of forcing people out of their homes cannot be underestimated, and the health benefit of alleviating the air quality exposure step compared to the socio-economic impact could be viewed politically as being unacceptable.

A more moderate option would be for the Council to write to all of the owners of the properties to offer to purchase their property at any point in the future should they be wishing to sell.

Air Quality impact of option 7: 5/5

Should all of the properties exposed to unacceptable levels of pollution no longer be deemed as a sensitive receptor then there would no longer be an Air Quality Management Area needed for the area.

Cost of option 7: 1/5

Due to the number of properties in the area exposed to unacceptable levels (approximately 10) and the house values in this area the cost of implementing this option would likely be in the millions. There would however be an asset in the Council's ownership which could be changed to a less/none sensitive receptor such as offices.

Cost effectiveness of option 7: Low

Ivybridge option 8: Improvements of cycle paths and routes between Ashburton and Plympton

A report has been produced by Sustrans; whom are a recognised charity with a specific aim of promoting sustainable means of travelling and making it easier and safer for people to walk and cycle. Sustrans undertook a review of the cycle route linking Ashburton and South Dartmoor Towns and villages with Plymouth. This report was published in August 2017 and highlights a number of areas where the current infrastructure supporting cycling could be improved.

Air Quality impact of option 8: 1/5

It is not envisaged that the improvements will have a significant impact on air quality as it is unlikely that a substantial number of car journeys will be replaced by cycling (report estimates 46 car journeys replaced). However incrementally every car journey that is replaced with a more sustainable way of travel has benefits.

Cost of option 7: 1-5/5

The cost of the implementation of measures to improve cycling rates vary depending upon the measures proposed. It is not proposed to implement all of the measures in a single hit, however funding for stretches of improvement works should be sought from grant funds and developers to offset the impact of their developments.

Cost effectiveness of option 8: Medium to Very Low

Air Quality Action Plan for Dean Prior

The air quality management area for Dean Prior surrounds a small number of properties immediately adjacent to the A38. Options for improvements are extremely limited for this location due to the strategic importance of this route.

Previous conversations with the homeowners has shown that the principally impacted elevation of the properties is not heavily utilised and therefore the health benefits of doing something may not outweigh the socio-economic benefits of doing nothing.

Dean Prior Option 1: Reduction in the speed limit along the stretch of the A38 in the AQMA

In 2014 – 2015 the stretch of A38 surrounding the AQMA had a temporary speed restriction due to the demolition and rebuild of a road bridge crossing the A38 at Rattery.

Air quality impact of option 1: 4

The table below shows the NO₂ levels by year at a location on the A38 and shows a positive correlation between the reduction in speed and a reduction in measured NO₂.

	NO2 Annual Mean Concentration (µg/m3)					
Year	2011	2012	2013	2014	2015	2016
Bias Adjustment Factor	0.89	0.97	0.95	0.92	0.87	0.94
NO2 Results	41.1	43.9	41.4	45.5	37.9	42.4

Cost of option 1: 3

Whilst the cost of signage reducing the speed at this point would be quite low, there would be limited benefit if this was not enforced with speed cameras and through positive Police patrols. The A38 is the main strategic road network and anything that harms speed on this road can have a negative impact on businesses in the area.

Cost effectiveness of option 1: Medium

Dean Prior Option 2: Installation of an engineered road side barrier

A study in 2010 by the Dutch Air Quality Innovation Programme studied the benefits on air quality of erecting noise barriers adjacent to busy roads. For further information see:

https://laqm.defra.gov.uk/documents/Dutch_Air_Quality_Innovation_Programme.pdf

Air Quality impact of option 2: 4

This study found that where a 4m high barrier is erected there can be a significant improvement in air quality of approximately 14% for NO₂ or 20% for NO_x. Whilst this would not completely eliminate the need for an AQMA it would have a significant positive impact.

Cost of option 2: 4

This would depend upon the material of the barrier chosen, however a simple close boarded wooden fence of 4m high would offer a reasonable level of protection and be a relatively cheap construct.

Cost effectiveness of option 2: High

Dean Prior Option 3: Tree planting on verge adjacent to the houses

There is some evidence to demonstrate that certain species of trees are good at absorbing NO_x and can have a positive impact on air quality. The planting of trees in this area may not be appropriate due to the close proximity to the junction.

Air Quality impact of option 3: 2 – 3

There is differing views on the effectiveness of vegetation in reducing NO₂ levels especially at such short distances as exists at Dean Prior. It also may take some time for the trees to mature to a stage where they provide a sufficiently tall and dense barrier.

Cost of option 3: 4

There would be limited cost of tree planting in this area, however there would be an ongoing maintenance cost for the trees.

Cost effectiveness of option 3: Medium

Dean Prior option 4: Compulsory/Voluntary Purchase of the principle at risk residential premises.

Poor air quality is determined based on sensitive receptors being exposed to unacceptable levels of air pollution. Sensitive receptors are determined as being residential dwellings, schools and hospitals.

The Council does have powers to compulsory purchase properties, however the impact on the community of forcing people out of their homes cannot be underestimated, and the health benefit of alleviating the air quality exposure step

compared to the socio-economic impact could be viewed politically as being unacceptable.

A more moderate option would be for the Council to write to all of the owners of the properties to offer to purchase their property at any point in the future should they be wishing to sell.

Air quality impact of option 7: 5/5

Should all of the properties exposed to unacceptable levels of pollution no longer be deemed as a sensitive receptor then there would no longer be an Air Quality Management Area needed for the area.

Cost of option 7: 1/5

Due to the number of properties in the area exposed to unacceptable levels (approximately 2 -3) and the house values in this area the cost of implementing this option would likely be high. There would however be an asset in the Council's ownership which could be changed to a less/none sensitive receptor such as offices.

Cost effectiveness of option 7: Low

Shortlist of options

Generic shortlist

Having reviewed the limited options above, there are no easy solutions for the problems faced in Ivybridge or Dean Prior. It is believed that the Council should promote alternatives to private car use through the adoption of a planning policy to require contribution towards green travel vouchers and green travel planning, with promoting green travel to new residents.

At the same time planning policies should seek the promotion of ultra low emission vehicles, by ensuring the infrastructure is designed into the new developments.

The Council should also work with Sustrans, DCC and landowners to seek improvements to the national cycle networks and adjoining cycle routes to promote cycling to replace as many car journeys as possible.

Shortlist of options for Ivybridge

The County Council signed up to undertaking a transport study of Ivybridge in 2017 to help model the road problems and potential solutions. This has been carried out and has identified that option 1 is a feasible option at this time and should be progressed.

The work will involve consultation with the public along Western Road in regards to the proposed benefits of the scheme, and the proposed alternative parking proposals. Once the consultation has been carried out Devon County Council are happy to explore the road traffic order needed as long as there is local public support.

The Council is in progressed discussions with regard to the installation of Electric Vehicle Charging Points at Leonards Road car park, and it is hoped that the installation works will be carried out in 2019/20.

The Councils will continue to work with landowners and others to determine the feasibility of an alternative access route for Eastern Ivybridge to the South of the A38.

There is no intention to consider further the option of compulsory/voluntary purchase at this time.

[Shortlist of options for Dean Prior](#)

The Council will need to work with Highways England further to determine whether there is any technically feasible options for this area of the A38. Should a technically feasible option be found then this may be progressed with the homeowners to determine whether it is acceptable to them. Although voluntary purchase and compulsory purchase is not viewed as being appropriate at this time.

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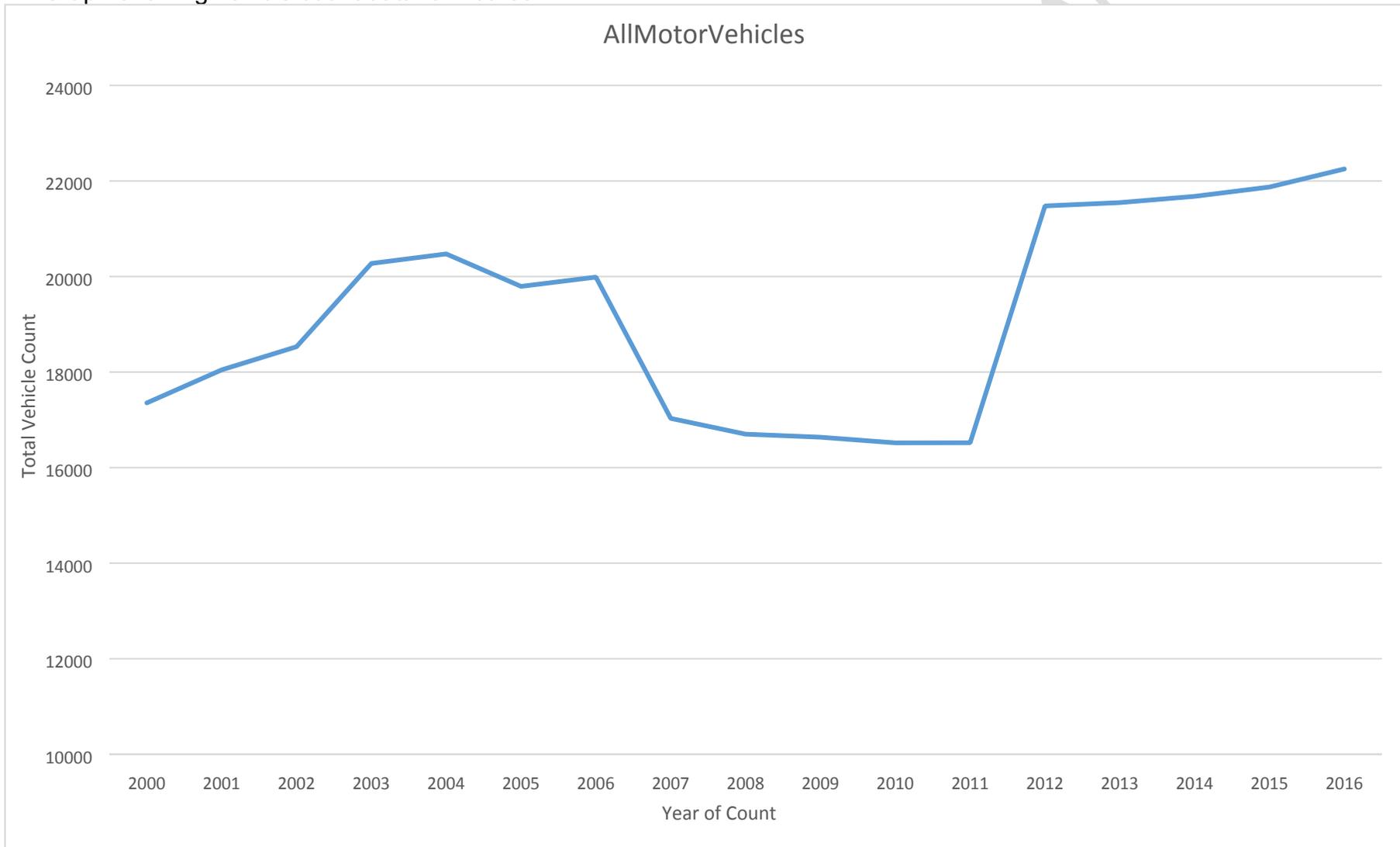
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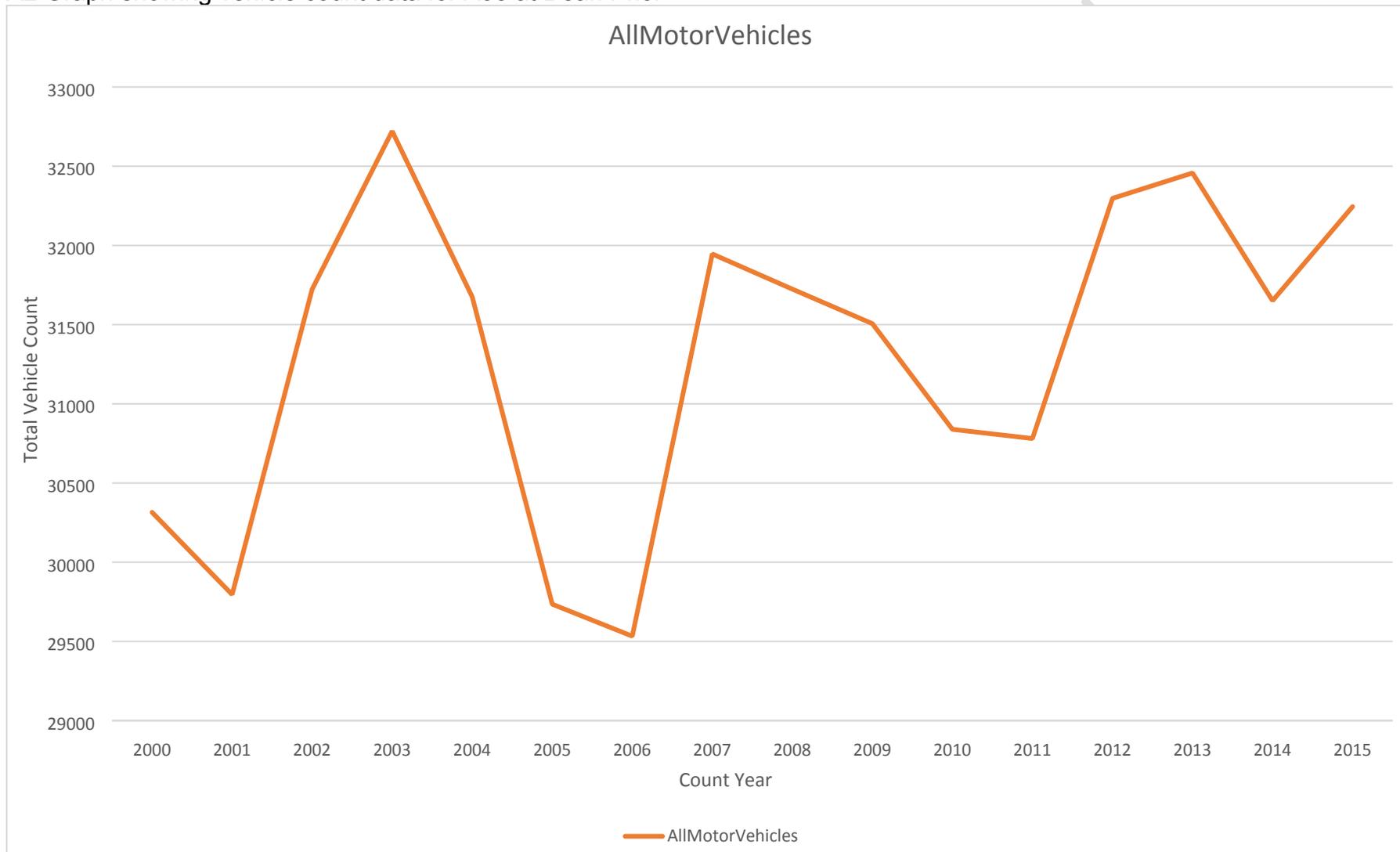
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Sustrans 2017, South Dartmoor Towns: Ashburton to Plymouth National Cycle Network Route 2

Appendix
A1 Graph showing vehicle count data for Totnes



A2 Graph showing vehicle count data for A38 at Dean Prior



Air Quality Action Plan for Ivybridge

Measure No.	Measure	EU Category	EU Classification	Lead Authority	Planning Phase	Implementation Phase	Key Performance Indicator	Target Pollution Reduction in the AQMA	Progress to Date	Estimated Completion Date
Totnes										
1	Carry out a review of road traffic regulations and parking on Western Road, Ivybridge	Traffic Management	Other	DCC	2019	2020	Carry out a public consultation on the removal of parking on Western Road. Implement road traffic order to remove parking on Western Road.	Up to 9.2ug/m3 reduction in NOx annual average mean at point R13 (Western Road).	Initial discussions with consultants about what a predictive analytics approach can deliver	2020
2	Installation of an Electric Vehicle Charging Points within	Reduction in Emissions	Other	SHDC	2019	2019	Install two evcp within Leonard Road Car Park	5g NOx per diesel car journey replaced by EV Car journey (based on average journey length of 8 km and speed of 30 km/h)	Grant application made to Highways England to fund the installation of the EVCP.	2019
3	Promotion of alternatives to private car use through the use of green travel vouchers	Alternatives to Private car use	Other	SHDC	2019	2020	Delivery of green travel vouchers and appointment of green travel planner for new developments.	3g NOx per car journey replaced (based on average journey length of 8 km and speed of 30 km/h)	Conversations had with a green travel planning co-ordinator to estimate costs of a post so that planning contributions can be sought.	2020

Report to: **Executive**

Date: **13 December 2018**

Title: **Quarter 2 Revenue Budget Monitoring
2018/2019**

Portfolio Area: **Support Services – Cllr S Wright**

Wards Affected: **All**

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

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

Author: **Pauline Henstock** Role: **Finance Community of Practice Lead**

Contact: **Tel. 01803 861377**
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Recommendations:

That the Executive resolves to:-

- i) Endorse the forecast income and expenditure variations for the 2018/19 financial year and the overall projected overspend of £66,000 (0.7% of the total Budget £8.983 million).

1. Executive summary

1.1 This report enables Members to monitor income and expenditure variations against the approved budget for 2018/19, and provides a forecast for the year end position.

1.2 The gross service expenditure budget for 2018/19 was set at £43 million (£8.983 million net). **Actual net revenue expenditure is forecast to be over budget by £66,000 when compared against the total budget set for 2018/19.**

2. Background

2.1 The Council's financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Executive as part of the Council's arrangements for budget management.

3. Outcomes/outputs

3.1 Budget overview

Table 1 below provides an analysis of the projected variances against budget.

TABLE 1: 2018/19 BUDGET FORECAST

	2018/19 Budget expenditure /(income)	Budget variations		£000	Note
		%	£000		
	£000			£000	
APPROVED BUDGET				8,983	
Reductions in expenditure/additional income					
Customer First					
Planning income	(849)	(16.5%)	(140)		A
Commercial Services					
Car Parking income	(3,026)	(2.3%)	(70)		B
Trade Waste income	(814)	(1.2%)	(10)		C
Dartmouth Ferry income	(807)	(2.5%)	(20)		D
Support Services					
Insurance premium	382	(5.2%)	(20)		E
Trading opportunities income (e.g. HR and Support Services)	-	-	(20)		F
Strategy & Commissioning					
Senior Leadership Team – Interim Arrangements	195	(30.4%)	(34)		G
Electoral Registration	138	(10.9%)	(15)		H
Financing and Investment					
Investment income	(123)	(56.9%)	(70)		I
Sub total of variations				(399)	
Increases in expenditure/reductions in income					
Customer First					
Follaton House income	(309)	16.2%	50		J
Commercial Services					
Car Parking payment collection expenses	22	136.4%	30		K
Public Conveniences – pay on entry income & contributions	(26)	100.0%	26		L
Recycling Services – blue and clear bag processing	-	57.2%	75		M
Haulage costs - new contract	324	18.5%	60		N
Recycling income	(645)	7.0%	45		O
Beach & Water safety	40	100.0%	40		P
Salaries	4,880	0.4%	20		Q

Support Services					
ICT Costs – support contracts	391	19.2%	75		R
Legal Community of Practice	171	11.7%	20		S
Strategy & Commissioning					
Corporate Management – payment collection expenses	49	49.0%	24		T
Sub total of variations				465	
PROJECTED OUTTURN				9,049	
PROJECTED OVERSPEND				66	

Notes

- A. **Planning income** – income from planning applications is anticipated to be above target by £140,000 (16.5%) on an income budget of £849,000.
- B. **Car Parking income** – income levels have been better than anticipated in the second quarter due to an exceptional summer resulting in a projection of additional income of £70,000 (2.3%).
- C. **Trade Waste income** – additional income of £10,000 is anticipated from the sale of recycling sacks and bin rentals.
- D. **Dartmouth Ferry income** – income from the Dartmouth Ferry is projected to be above target by £20,000 (2.5%) on an income budget of £807,000.
- E. **Insurance premium** – an underspend of approximately £20,000 is expected on the insurance budget (in addition to the budget reduction applied in the 2018/19 base budget of £77,000) following the procurement of the new contract.
- F. **Support Services trading income (e.g. HR and Support Services)** – support Services have developed a number of small scale trading opportunities by way of providing support to other Councils’ Transformation Programmes. There is expected to be an income surplus from this of approximately £20,000.
- G. **Senior Leadership Team** – following the approval of the Senior Leadership Team interim arrangements by Council in December 2017, a saving of £34,000 (SHDC’s share) is anticipated in 2018/19.
- H. **Electoral Registration** – salary savings of around £15,000 are anticipated in 2018/19.

- I. **Investment income** – investment income is anticipated to be above target by £70,000 (56.9%). Additional income is expected due to a number of factors; the recent investment with the CCLA (£30,000), higher than anticipated interest rates, and improved use of fixed term deals with the banks currently on the Council's counterparty list. The Council widened its Counterparty list in the Treasury Management strategy for 2018/19 after taking into account credit rating criteria. This has allowed the Council to make investments with a larger number of banks and building societies.
- J. **Follaton House** –It is anticipated that there will be a shortfall in letting income and room hire income for Follaton House. This is likely to be in the region of £50,000 against the income target of £322,000. Rent free periods have now ceased and on review it would appear that the income target is not fully achievable. The space above the Council Chamber is likely to be partially let by the New Year and may be fully let shortly after. There is also some space available in the Old House and the Cottage. If tenants were secured for that space, the building would effectively be fully let.
- K. **Car parking payment collection expenses** – A pressure of £30,000 is anticipated in respect of RingGo payment collection expenses. This is offset by additional income anticipated in 'B' above.
- L. **Public Conveniences** – A shortfall on pay on entry income of £16,000 and café contributions of £10,000 is expected. The public toilet project was delayed whilst legal details on all facility ownership and lease arrangements (including covenants) were researched and collated. At the time of writing an update is scheduled to be presented to the Executive on 22nd November.
- M. **Blue and clear bag processing (safe working practice requirement at Torr Quarry)** – A cost pressure of £75,000 has been identified for this.

Following a change to safe staff working practices and the need for an updated safe operating procedure in respect of fire within the caged area of the depot at Torr Quarry, it was necessary to change the location and handling process for the blue and clear bags at the beginning of the financial year.

This has allowed our recycling scheme to continue on our existing depot footprint, but has increased operating costs in relation to clear and blue bags. These costs are mainly in relation to the need to move recycling more frequently, to allow safe working space for staff in the transfer station.

Whilst this has increased cost, it has allowed the Council to continue to recycle, which is a key objective of the Council. Due to type of recycling scheme we currently employ, our recycling reprocessors have capped our recycling at various points. In order to find short

term reprocessors willing to take our material, costs have been raised for short periods in the early part of this year.

- N. **Haulage costs** – A cost pressure of £60,000 has been identified. As per the Executive report on 14 June 2018 this is primarily inflation since the contract was last awarded in 2015. This reflects national trends on haulage. Costs are expected to increase and the Council is currently in negotiation with third parties regarding this.
- O. **Recycling income** – A shortfall in income of £45,000 is anticipated from the recycling of materials and paper due to a fall in market prices.
- P. **Beach & water safety** – A cost pressure of £40,000 has been identified in respect of the RNLI contract. The proposed changes were not able to be implemented in time for 2018/19 due to a change in staffing roles. An update will be provided to Members through the January 2019 budget report.
- Q. **Commercial Services salaries** – additional salary costs of £20,000 (0.4%) are anticipated for 2018/19.
- R. **ICT support contract costs** – There are additional recurring costs in respect of ICT support contracts of approximately £75,000. The ICT budget was set assuming that the Civica solutions introduced by the T18 Transformation Programme would perform as required. In practice, additional solutions were procured in order to maintain services where using the Civica solution was not practical. Purchase of the following systems, which were previously unbudgeted for, was required:
- Northgate Land Charges
 - Clear Core Clear Core (enables single customer record)
 - IEG4 Revenues and Benefits to facilitate “My Account” for customers
 - Northgate Gazeteer – address database
 - IEG4 software – automatic processing of changes of circumstances for revenues
- S. **Legal Community of Practice** – additional salary costs of £20,000 are anticipated for 2018/19. This is mainly due to the increased demand from Assets work, a temporary appointment made to cover sickness absence and agency staffing backfilling a secondment opportunity.
- T. **Payment collection expenses** – the budget for bank processing fees and internet/card processing fees is anticipated to be exceeded by £24,000 in 2018/19. This budget has not been reviewed for a number of years to reflect the changes in methods of payment. However, the credit card contract is currently being re-negotiated so it is anticipated that these costs will reduce in 2019/20.

Savings/Additional Income identified in the 2018/19 Budget

3.2 This monitoring report includes an update on the position regarding the savings and additional income that were identified in the 2018/19 budget setting process. Please see Appendix B for further information.

4. Review of Earmarked Reserves

4.1 The Council annually undertakes a review of the level of its Earmarked Reserves as part of the budget setting process. A schedule of Earmarked Reserves is attached at Appendix A with their proposed use.

5. Prudential Indicators

5.1 The prudential code indicators were approved in the Treasury Management Strategy report to the Executive on 15 March 2018. The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Executive together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

6. Income and Reserves

Income monitoring is an integral part of financial management. Current income forecasts are as follows:

Service	Actual Income 2017/18 £'000	Income Budget 2018/19 £'000	Projected Income 2018/19 £'000	Deficit/ (Surplus) £'000	Deficit/ (Surplus) %
Car Parks	2,918	3,026	3,096	(70)	(2.3%)
Dartmouth Ferry	841	807	827	(20)	(2.5%)
Employment Estates *	1,340	762	762	-	-
Licensing	242	230	230	-	-
Planning Applications	987	849	989	(140)	(16.5%)
Land Charges	178	170	170	-	-
Recycling	701	645	600	45	7.0%
TOTAL	7,207	6,489	6,674	(185)	(2.85%)

*Employment Estates income in 2017/18 included rent for Lee Mill, Ivybridge reclassified as an investment property in 2018/19.

7. Proposed Way Forward – Management Actions

7.1 The table below sets out the relevant management actions for the revenue expenditure and income variations shown above. It is best practice for the Council to state whether there are any corrective actions that need to be taken for the variances identified in 2018/19.

	Budget variations overspend/ (underspend) £000	Management Action
Reductions in expenditure/additional income		
Planning income	(140)	This will be kept under review during 2018/19. £40,000 additional income has been built into the 2019/20 budget proposals.
Car parking income	(70)	This will be kept under review during 2018/19.
Trade waste income	(10)	This will be kept under review during 2018/19.
Dartmouth Ferry income	(20)	This will be kept under review during 2018/19.
Insurance premium	(20)	This will be kept under review during 2018/19. Elements of the specialist insurance contract e.g. Marine will be renegotiated for 2019/20 and therefore no change is recommended to the budget at this stage.
Trading opportunities income	(20)	The Council will continue to develop future income generation opportunities. An income target of £20,000 has been built into the 2019/20 budget proposals.
Senior Leadership Team – Interim Arrangements	(34)	During 2019/20 the Council will be reviewing its senior leadership team structure across both Councils and presenting options to Members for a decision within the first six months of the new Council. The saving of £34,000 has been built into the 2019/20 budget proposals.
Electoral Registration	(15)	This is a one off saving in 2018/19.
Investment income	(70)	This will be kept under review during 2018/19. £60,000 additional income has been modelled into the 2019/20 budget proposals for the CCLA investment.

	Budget variations overspend/ (underspend) £000	Management Action
Follaton House rental and room hire income	50	The income target will be reduced by £35,000 in the 2019/20 updated budget proposals in January 19.
Car parking payment collection expenses	30	A cost pressure of £25,000 has been built into the 2019/20 budget.
Public Conveniences – pay on entry income	26	This is a one off pressure in 2018/19. At the time of writing an update is scheduled to be presented to the Executive on 22 nd November.
Blue and clear bag processing	75	£75,000 has been built into the 19/20 budget as a cost pressure. This will be minimised during the year if all possible by continuing to try to source more local processing options for dry recycling. These current cost pressures have been considered as part of the ongoing procurement process and will be mitigated through the introduction of the Devon aligned recycling service in 2020.
Haulage costs	60	£60,000 has been built into the 2019/20 budget as a cost pressure. Costs are expected to increase and the Council is currently in negotiation with third parties regarding this.
Recycling income	45	This will be kept under review during 2018/19.
Beach & water safety	40	This is currently under review. An update will be provided to Members through the January 2019 budget report.
Commercial Services salaries	20	This will be kept under review during 2018/19.
ICT costs	75	£50,000 has been built into the 2019/20 budget as a cost pressure.
Legal Community of Practice	20	This is a one off pressure in 2018/19.
Payment collection expenses	24	This will be kept under review during 2018/19 and will be mitigated in the future by the re-negotiation of the credit card contract.

8. Issues that may impact on the budget monitoring position in the next month/Risks

The budget monitoring position assumes that collection rates will remain at previous levels.

9. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Statutory Powers that apply to this report are the Local Government Act 1972 Section 151 and the Local Government Act 2003 Section 28.
Financial	Y	The report identifies an overall overspend of £66,000 which is 0.7% of the overall budget set for 2018/19 of £8.983million. This is a slightly improved position from quarter one where an overspend of £74,000 was reported.
Risk	Y	<p>1) Budget variances – continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</p> <p>2) Resource Planning – the Executive takes into account any significant issues when developing the Council’s Medium Term Financial Strategy.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendix A – Schedule of Reserves (Earmarked Reserves and Unearmarked Reserves).

Appendix B – Savings/Additional income schedule

Background Papers:

Finance Community of Practice budget monitoring working papers.
Executive 13 September 2018 - Medium Term Financial Position for the five year period 2019/20 onwards.

Approval and clearance of report

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

RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX A
	Cost Centre	Opening balance 01.04.2018 £000s	Additions to Reserve 2018/19 £000s	Predicted Spend 2018/19 £000s	Projected balance 31.03.2019 £000s	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
Capital Programme	S0820	(791)	(182)	937	(36)	Transfer to R & M Reserve £50k, 16/17 Capital Programme £139k, 17/18 Capital Programme £392k, Kingsbridge Quay Master Plan Stage 2a £30k, 18/19 Capital Programme £326k
Revenue Grants	S0821	(372)	0	0	(372)	Comprises of grants with no repayment conditions - created as a result of International Financial Reporting Standards (IFRS)
Affordable Housing	S0822	(998)	0	920	(78)	Funding of Capital Programme Commitments
Renovation Grant Reserve	S0823	(7)	0	0	(7)	Comprises proceeds from repayments
New Homes Bonus	S0804	(869)	(1,109)	1,974	(4)	Commitments as per 18/19 budget report approved at Council on 22/2/18
Community Parks and Open Spaces	S0826	(111)	(17)	17	(111)	Replacement of outdoor bowls carpet, Dartmouth Bowls Club
Pension Fund Strain	S0810	0	(99)	99	0	T18 Pension Strain
Repairs & Maintenance	S0827	(249)	(105)	263	(91)	Admiral Court storage area £11.5k, Follaton House Council Chamber £19k, Totnes Toilets £2.5k and loan to Salcombe Harbour £230k Council 22/2/18 Minute ref. 68/17 refers
Marine Infrastructure	S0828	(152)	(58)	0	(210)	Annual contribution made by Salcombe Harbour
Land and Development	S0829	(67)	(75)	129	(13)	Commitments include the balance of K2 - Kingsbridge Quay Master Plan additional work £30k, land transfer to Dartmouth Town Council additional staff resources £15k, and £50k earmarked for Council Owned Asset Investment and Development E.08/18.
Dartmouth Ferry Repairs & Renewals	S0830	(459)	(87)	100	(446)	Fleet refurbishment
Homelessness Prevention	S0851	(82)	0	0	(82)	
Economic Initiatives	S0831	(49)	0	21	(28)	RDP Local Action £16.4k South West LEP £5k
Vehicles & Plant Renewals	S0832	(1,023)	(490)	629	(884)	Fleet Replacement Programme
Pay & Display Equipment Renewals	S0833	(102)	(21)	0	(123)	
On-Street Parking	S0834	(44)	0	0	(44)	
Strategic Change Reserve (T18)	S0849	0	(210)	210	0	T18 Pension Strain
ICT Development	S0836	(140)	(50)	67	(123)	ICON (cash receipting) replacement £58k
Sustainable Waste Management	S0837	(4)	(25)	29	0	
District Elections	S0838	(68)	(10)	0	(78)	
Beach Safety	S0839	(14)	0	0	(14)	
Planning Policy & Major Developments	S0840	(228)	(50)	137	(141)	Contribution to Joint Local Plan (JLP) Reserve
Section 106 Deposits	S0842	(38)	0	0	(38)	Comprises deposits with no repayment conditions - created as a result of IFRS
Members Sustainable Community Locality	S0846	(53)	0	53	0	
16/17 Budget Surplus Contingency	S0848	(25)	0	25	0	Funding for Joint Steering Group (JSG)
Innovation Fund (Invest to Earn)	S0850	(25)	0	15	(10)	Commitment relates to the development of Admiral Court, Dartmouth (Executive 16/6/16)
Community Housing Fund	S0854	(1,671)	0	0	(1,671)	
Support Services Trading	S0856	(20)	0	0	(20)	
Leisure Services	S0858	(87)	0	0	(87)	
Environmental Health Initiatives	S0857	(20)	0	0	(20)	
Economic Regeneration Initiatives (predicted Business Rates pilot gain 2018/19)	S0858	0	(475)	175	(300)	2018/19 NNDR Pilot Gain. The commitments include £100,000 earmarked for Council Owned Asset Investment and Development E.08/18, and £50,000 for the proposed contribution to the South West Mutual Bank.
Section 106 Monitoring	S0929	(137)	0	0	(137)	
Joint Local Plan	S0860	0	(137)	137	0	New reserve for Joint Local Plan Funding
Sub Total excluding the Business Rates Reserve		(7,905)	(3,200)	5,937	(5,168)	
Business Rates Retention	S0824	8,641	(13,477)	0	(4,836)	The business rates reserve covers any possible funding issues from the new accounting arrangements and smoothes volatility of business rates income due to appeals. At Council on 22 February 2018, Members agreed to ring-fence £3.5 million for employment for the creation of local jobs and to better support the local economy
TOTAL EARMARKED RESERVES		736	(16,677)	5,937	(10,004)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)		(1,849)		66	(1,783)	Projected overspend of £66,000 for 2018/19
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		(1,113)	(16,677)	6,003	(11,787)	

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Summary of Savings and Additional Income from the 2018/19 Budget Setting Process
APPENDIX B

The table below summarises the savings and additional income that were included in the 2018-19 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

		30.9.18		
	Savings and Additional Income for the 2018-19 Budget	Target (£)	Latest Projection (£)	Narrative
1	Income from fees and charges			
	Environmental Health fees	15,300	15,300	On target to achieve this income
	Planning fees	15,000	15,000	On target to achieve this income
2	Public Conveniences - pay on entry and obtain 75% cost contribution from cafes	26,000	0	This income target isn't achievable in 2018/19. The public toilet project was delayed whilst legal details on all facility ownership and lease arrangements (including covenants) were researched and collated. At the time of writing an update is scheduled to be presented to the Executive on 22nd November.
3	Increase in car parking charges (2%)	38,000	38,000	On target to achieve this income
4	Additional car parking income (to reflect the current increase in use in 2017/18)	70,000	140,000	After an exceptional summer it is projected that car parking income will exceed expectations by around £70,000.
5	Car parking - withdrawal of weekly parking tickets	15,000	15,000	On target to achieve this income
6	Planning fee income	110,000	237,000	It is currently projected that planning fee income will exceed the budget by around £127k in 2018/19 (with a further £13,000 additional planning duty income shown below in item 17. This correlates to the overall planning income variance in the monitoring report in note A of £140k)
7	Income from new employment units	30,000	30,000	On target to achieve this income from the new units at Burke Road, Totnes and Admiral Court, Dartmouth
8	Licensing income - shellfish export certificates	30,000	30,000	On target to achieve this income
9	Housing Benefit recoveries of overpayments	40,000	40,000	This may prove to be difficult to achieve in light of the 2017/18 position where £216,000 was recovered against a budget of £205,000. The budget for 2018/19 has been increased to £245,000. However, early indications show that this additional income could be recovered and officers will continue to monitor the recovery of overpayments very closely.
10	Dartmouth Lower Ferry	75,000	75,000	There has been a review of terms of conditions of staff following an external business review in 2015. The savings are expected to be achieved in 2018/19.
11	Reduce RNLI Contracted Lifeguarding provision	40,000	0	This saving will not be achieved in 2018/19. Please see note P in the main report for further information
12	Reduction in Partnership grant funding to the CVS £20,000	20,000	20,000	CVS received the reduced amount of Partnership grant funding this year so the saving of £20k has been achieved.
13	Cessation of South Devon Green Infrastructure Partnership £6,500	6,500	6,500	The South Devon Green Infrastructure Partnership ceased.
14	Cessation of accepting cash and cheques - To remove the facility for accepting cash and cheques at Council premises, excluding Car Parks	35,000	35,000	Data for the first quarter demonstrates projected budget savings will be met. Temporary arrangements have been put into place for Parish/Town Councils who are unable to pay using any other method apart from cheques, whilst they move across to online banking. Customers (as now) will be able to pay by cash or cheques via Paypoint or at Post Office.
15	Savings for the re-procurement of the insurance contract	77,000	97,000	An additional saving of £20,000 is envisaged in 2018/19 from the Insurance procurement process.
16	Savings on external audit fees for 2018-19	10,000	10,000	The saving has been delivered. The Council has been notified of its audit fees for 2018-19 by Grant Thornton and these equate to £33,421, representing a 23% reduction.
17	Total savings/additional income of a value less than £10,000	36,550	46,000	Additional planning duty income of £13,000 is anticipated in 2018/19. This is partly offset by minor shortfalls elsewhere.
	TOTAL	£689,350	£849,800	

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NOT FOR PUBLICATION

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

Report to: **Executive**
Date: **13th December 2018**
Title: **Capital Programme Monitoring**
Portfolio Area: **Support Services**

Wards Affected: **ALL**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

Author: **Angela Endean** Role: **Capital Accountant**
Pauline Henstock **Finance Community of Practice Lead**

Contact: angela.endean@swdevon.gov.uk **01803 861480**
pauline.henstock@swdevon.gov.uk **01803 861377**

Recommendations:

1. That the Executive endorses the content of the Monitoring Report.
2. To recommend to Council that £56,601 of the remaining 2017/18 capital programme contingency budget of £155,000 is approved to be allocated to the two capital projects set out in the report (in section 3) as shown below:
 - Café, Cliff House Gardens, Salcombe £41,601
 - Air Handling Unit, Council Chamber £15,000

1. Executive summary

The report advises Members of the progress on individual schemes within the approved capital programme, including an assessment of their financial position.

The monitoring of the capital programme at month 6 (end of September 18) has not highlighted any significant areas of concern to report to Members. The anticipated level of expenditure is within the existing capital budget for each individual project (Appendix A).

There was a remaining balance of £155,000 from the 2017/18 capital programme contingency budget, which has been carried forward to 2018/19. As part of this report it is recommended that £56,601 of the remaining 2017/18 capital programme contingency budget of £155,000 is approved to be allocated to the two capital projects set out in the report (in section 3) as shown below:

- Café, Cliff House Gardens, Salcombe £41,601
- Air Handling Unit, Council Chamber £15,000

In addition there was a separate capital programme contingency budget of a further £150,000 for 2018/19 and none of this has been spent.

If the recommendations in this report are approved, this would leave £248,399 remaining in the capital programme contingency budget.

2. Background

The capital programme for 2018/19 was approved by Council on 22 February 2018 (62/17 and E.46/17 refer). This report provides an update on the Capital Programme and also on those schemes that remain outstanding from previous programmes.

A summary of the Capital Programme is shown in exempt Appendix A. The award of contracts is subject to the Council's procurement rules on competitive tendering and therefore the allocated budget is commercially sensitive.

3. Outcomes/outputs

Members are requested to endorse the following updates on the Capital Projects:

Capital Programme 2017/2018 and prior years

Langage Business Park

As part of the s106 agreement for the Langage Energy Park, the energy park operator, along with the owner of the land surrounding the park, jointly agreed a payment of £1,200,000 to SHDC towards the provision of 30,000ft² of industrial-use starter units. The Council is in receipt of this sum and is continuing discussion with the land owner (LEPL) to agree the timing, form and location of these starter units. The s106 also provides for LEPL to procure land and lease this to the Council on a peppercorn rent for the starter unit development, either on land surrounding the Energy Park or elsewhere within the South Hams. The s106 agreement was prepared a number of years ago and many of the linked planning conditions are now being reviewed as the developer believes these should be discharged.

The original plan was that a starter unit development could be a catalyst to kick-start other development on the Energy Park – bringing economic benefits (employment and supply chain) and income (business rates and rent) to the South Hams. The Council would need to add to the £1,200,000 investment in order to deliver 30,000ft² of starter units. A business case for such a development will be prepared as negotiations progress and a plan emerges, leading to a Council recommendation. Meanwhile, LEPL are active in sourcing interest in the land, which has been allocated as a strategic employment site in the Joint Local Plan.

Affordable Housing Update

The table below gives an update on the various affordable housing capital budgets and schemes.

Scheme	Budget	Narrative
Community Led Housing	£100,000	Community led housing initiative was launched in April 2014. A change from a loan to a grant scheme was approved at Executive in December 2015. This was in response to concerns raised by community groups around

Scheme	Budget	Narrative
		being able to repay loans granted. £50,000 has been paid to two community groups - Harberton Community Land Trust and Transition Town Totnes to help with the costs associated with bringing forward a planning application. The Affordable Housing team continue to work with other emerging CLTs to provide advice and assistance.
Rural Affordable Housing	£400,000	£327,577 spent or committed to rural schemes. Schemes have been completed at Thurlestone, Avondale, Slapton, Moreleigh, Frogmore, Newton Ferrers, Churchstow and Rattery. There is still £72,423 available. There are ongoing discussions with Registered Providers to find viable schemes.
Existing Stock/Sustainability	£100,000	To reduce empty homes and make best use of the existing housing stock. £5,000 has been spent to date.

Café, Cliff House Gardens, Salcombe

Conversion of the building has been completed and the cafe opened at the end of the summer. When work commenced on site a structural issue was identified with the steps which formed part of the roof of the building. Additional expenditure of £41,601 was incurred in addressing this public safety issue. It is recommended that the overspend is met from the remaining contingency budget for 2017/18.

Leisure Centre (Quayside) – Major Repairs

Repairs were required to the seating area on the mezzanine floor at Quayside Leisure Centre. This work took longer to complete than expected but was finished in October, enabling the viewing balcony to re-open. The final invoices are expected shortly.

Vehicle Fleet Replacement

As per the final accounts for 2017/18 the balance brought forward on the Vehicle and Plant Renewals Reserve is £1,023,208. The contribution into the Reserve in 2018/19 is £490,000 giving a total budget of £1,513,208. Expenditure to date is £230,217. There is likely to be a further £400,000 spent before the year end on vehicles across all services.

A report on Front line Services (Waste & Cleansing Procurement) was presented to Council on 6th December 2018. This report included recommendations with regards to vehicle profile. A detailed fleet procurement programme for the future will be presented to Members early in 2019.

Leisure Investment

The leisure contract with Fusion Lifestyle commenced on 1st December 2016. A facilities update is shown below:

Dartmouth – The main building works were completed in December last year. New gym equipment was installed and completed in June 2018 with redecoration works.

Ivybridge – contractors have now been appointed for the new pool and centre refurbishment, later than planned. This development is the largest project across all the centres. Works started at the end June with the gym being relocated to the sports hall for several months. Hoardings are in place whilst internal works take place until completion at the end of the year. The main pool works will continue as a separate project until new pool side changing rooms are required next year and will join the main building. All works are progressing to timescale. Final completion is expected in July 2019.

Kingsbridge, Quayside – works started in May 2018, a few months later than planned following further discussions with the College and changes to the pool side column works, which are now included and managed directly by Fusion. A temporary gym was relocated to the sports hall during the summer holidays whilst works on new gym refurbishment, new soft play area, café and dry side changing works

took place. These works were delayed by a month and were completed in early October.

Totnes – Phase 1 development finalised with contractors appointed and works started in July. Gym and studio were temporarily closed for a few weeks whilst refurbishment took place. All works were completed in September. Plans are being put together for a Phase 2 works programme, subject to an agreed business case for up to £1.5m (to be funded by prudential borrowing), to be approved by the CoP lead for Assets, the Section 151 Officer, in consultation with the Monitoring Officer, the Leader of the Council and the lead Executive Member. [Minute C.33/16 refers.](#)

Payments are made to Fusion monthly in respect of each leisure centre in accordance with the capital drawdown schedule which forms part of the contract. There has been no variation to the drawdown schedule. See table below.

Capital budget approved for Leisure Investment

2016/17	2017/18	2018/19	2019/20	Total
£242,896	£1,675,351	£4,247,466	£171,287	£6,337,000

Note: This excludes the £650,000 separate budget for Ivybridge Leisure Centre

Play Parks – replacement of play equipment

It is anticipated that the budget of £190,000 approved in 2017/18 but carried forward to 2018/19 will be spent this year. Invitations to tender for play parks will be issued early in 2019 and improvements to play parks will be required as part of potential asset transfers to Town and Parish Councils.

2017/18 was year 1 of a three year programme as shown below:

Capital budget for Play Parks (2017/2018 approved, 2019/20 and 2020/21 budget to be confirmed)

2017/18	2018/19	2019/20	2020/21	Total
£190,000	Nil	£190,000	£140,000	£520,000

Market Square, Totnes

This project is being led by Totnes Town Council. The project has completed a public consultation and internal design competition with Harrison Sutton. The preferred solution is with Harrison Sutton to work up into detailed design and specification. It is hoped that the works will be carried out in January/February 2020. This gives the whole of 2019 (calendar year) to tender the work and ensure the phasing of the work causes minimum disruption to the market.

Totnes Depot – divide existing depot

This budget is to cover the cost of creating a new highway access from Babbage Road into the back of the Depot. Usage of the yard area is to be rationalised such that space can be created to fence off and let a part of the yard with the benefit of its own access.

Capital Programme 2018/19

Follaton House

The Council is paying £50,000 per annum into a sinking fund for the refurbishment of the roof and replacement guttering on the old house.

Air Handling Unit for Council Chamber

A budget of £15,000 was approved as part of the 2018/19 capital budget for a new air handling unit in the council chamber. This budget is insufficient for the work to be carried out and another £15,000 will be required. It is recommended that the additional budget of £15,000 is met from the remaining contingency budget for 2017/18.

Coastal Assets

Approved budget and capital expenditure for Coastal Assets

	2015/16	2016/17	2017/18	Total
Budget	£300,000	£300,000	£300,000	£900,000
Expenditure	£64,203	£161,287	£79,690	£278,180
Balance Remaining	£235,797	£138,713	£247,310	£594,910

Although the analysis of the coastal budget expenditure shows an underspend in 15/16, 16/17 and 17/18 totalling almost £600,000 this is primarily due to the asset team being able to secure over £630,000 of funding from the Environment Agency. This helped to finance engineering works undertaken throughout the South Hams including schemes at Beesands, Dartmouth and Torcross. If the team had been unsuccessful in securing this money the works would have still been required and financed from the budget.

Over the last 12 months the team have been working on the feasibility and design phase for works required on the Quay Walls at Kingsbridge. A contract for the works has been let and construction commenced in October. This project will utilise the majority of the residual budget.

Salcombe Harbour – replacement of toilets/showers and harbour office

The capital programme for 2017/18 included £350,000 for this scheme. Additional funds of £200,000 were approved as part of the 2018/19 capital programme. Detailed design work is now being undertaken in advance of a planning application. Proposals have been discussed with local Members, the Harbour Board and Tourist Information Centre.

Cemetery Expansion, Ivybridge

A budget of £30,000 was approved for this project as part of the 2018/19 capital budget. We are securing a contribution of £35,000 from a housing development in Ivybridge to put towards the cemetery expansion project and match fund our £30,000. It is unlikely that funding will come forward before 2019/20.

New Employment Units, Ermington

Tenders have been received and work is due to commence in 2019.

Ermington Mill – improvements to existing units inc. H & S

The architect (Gillespie Yunnie) is midway through the commission to ascertain what the best solution for the upper floors of the Mill building is. Early indications are that it should be possible to bring all the building back into commercial use. The report is expected towards the end of January 2019. The tender process would then follow, with works anticipated in September.

Pay on Entry (Public Conveniences)

An update was presented to the Executive on 22nd November 2018. It is expected that Pay on Entry equipment will be installed in 2019.

Private Sector Renewals including Disabled Facilities Grants (DFG's)

The budget for Private Sector Renewals Grants in 2018/19 is £700,000. The budget brought forward from 2017/18 is £197,892 giving a total budget of £897,892 available in 2018/19.

Expenditure to the end of September was £233,292 with a further £108,000 committed. There are Statements of Need being progressed which total another £323,731.

Spend on DFG's is based on demand, over which the Council has no control, and at present the service is processing and approving applications in line with this demand.

S106 Deposits

The list of S106 Deposits are shown in Appendix B. Some of these S106 Agreements have a clause within the S106 Agreement which states that the Council shall be entitled to use up to a five per cent (5%) part of the total payments and contributions payable pursuant to the provisions of the Agreement, towards the costs to be reasonably and properly incurred by the Council in monitoring compliance with the S106 Agreement and in assessing the details submitted to the Council for approval pursuant to the S106 Agreement.

For clarity, the figures shown in Appendix B are before any monitoring fee has been deducted by the Council.

In 2015 a case against Oxford County Council held that a monitoring fee was an administrative function of the Council and could not be sought by the County Council. The Court accepted that there may be occasions where monitoring fees could be sought, for example, on large scale developments where obligations are phased.

A schedule of Section 106 deposits held by the Council as at the 31 July 2018 was presented to Overview and Scrutiny Panel in September 2018 (Minute O&S.49/18 refers). It was agreed that a schedule of S106 deposits will be presented with each capital monitoring report at future meetings.

4. Options available and consideration of risk

This is considered on a project by project basis as part of the project appraisal document and initial business case for each capital project.

5. Proposed Way Forward

This is considered on a project by project basis.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Statutory powers are provided by the S1 Localism Act 2011 general power of competence.</p> <p>The capital programme is implemented in line with the Council's legal requirements, which are examined on a project-by-project basis. To date there are no undue legal concerns.</p> <p>Since there is commercially sensitive information in Appendix A, regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the appendix. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p>
Financial		<p>The monitoring of the capital programme at month 6 (end of September 18) has not highlighted any significant areas of concern to report to Members. The anticipated level of expenditure is within the existing capital budget for each individual project (Appendix A).</p> <p>There was a remaining balance of £155,000 from the 2017/18 capital programme contingency budget, which has been carried forward to 2018/19. As part of this report it is recommended that £56,601 of the remaining 2017/18 capital programme contingency budget of £155,000 is approved to be allocated to the two capital projects set out in the report (in section 3) as shown below:</p> <ul style="list-style-type: none"> - Café, Cliff House Gardens, Salcombe £41,601

		<p>- Air Handling Unit, Council Chamber £15,000</p> <p>In addition there was a separate capital programme contingency budget of a further £150,000 for 2018/19 and none of this has been spent.</p> <p>If the recommendations in this report are approved, this would leave £248,399 remaining in the capital programme contingency budget.</p>
Risk		<p>There is a risk that the Capital Programme does not meet the Council's corporate priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal. This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		This matter is assessed as part of each specific project.

Safeguarding		This matter is assessed as part of each specific project.
Community Safety, Crime and Disorder		This matter is assessed as part of each specific project.
Health, Safety and Wellbeing		This matter is assessed as part of each specific project.
Other implications		

Supporting Information

Appendices:

EXEMPT - Appendix A – Summary of the approved programme plus allocated budget

Appendix B – Summary of S106 Deposits

Background Papers:

Capital programme for 2018/19 - Council 22 February 2018

Capital programme for 2018/19 – Executive 1 February 2018 (62/17and E64/17 refer)

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.	Yes

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SECTION 106 DEPOSITS as at 30/09/18						APPENDIX B
BALANCE SHEET CLASSIFICATION: LONG TERM LIABILITIES - REVENUE						
Classif. Code	SITE	Date Received	Current Stage	Restriction/Committed End Date	Conditions	TOTAL S106 DEPOSITS as at 30.09.18 £
REVENUE						
Langage Energy Centre (9/49/1020/98/1)						
1007	- Landscape Fund (PG01)			25 years, interest (rate not specified)	Reduce the landscape and visual impact of power station	(69,308.77)
1008	- Local Liaison Group (PG02)			25 years, interest (rate not specified)	Funding of local activities in the electoral wards of the Council immediately surrounding the Phase 1A and the wards of SHDC and/or PCC	(6,349.23)
1009	- Public Art (PG03)			25 years, interest (rate not specified)	Public art in or in the vicinity of the Phase 1A Land	(113,814.03)
1010	- Migrant Workers (PG04)			No restriction/committed end date	Provide information and advice relating to migrant workers employed in relation to the development	(1,520.16)
1012	- Ecology Park (PG06)			25 years, interest (rate not specified)	Laying out and planting of the Ecology Park	(34,144.21)
1013	- Ecology Park Mtc (PG07)			25 years, interest (rate not specified)	Maintenance of the Ecology Park	(34,144.21)
2020	- Construction of Starter Units (PG08)				Construction of the Starter Units and procure a site for the Starter Units on either the Energy Park or land within South Hams District	(1,195,047.08)
2021	- Bus interchange - Deep Lane junction (PG09)			25 years, interest (rate not specified)	Cost of establishing a bus interchange facility in the vicinity of the Ridgeway/Deep Lane junction	(28,453.19)
2022	- Enhanced bus services (PG10)			25 years, interest (rate not specified)	Securing and supporting enhanced bus services to the Phase 1A Land and the Energy Park	(227,628.54)
2118	Langage Consultants Fees (MP)				Master plan	(29,957.01)
2245	Land at Blackawton (New Parks Farm), Blackawton (06/2313/09/F)	05/09/11	PIF	25 years, no interest	Required as a result of the development - spent on Open Space Sport Recreation contribution within or directly relating to the parish of Blackawton or on such other Blackawton Community project as the Council shall see fit	(2,596.00)
2338	Steam Packet Inn, Kingswear (30/2177/08/F)	03/09/12	PIF	5 years, no interest	Open Space Sport and Recreation contribution	(2,335.50)
2384	Land West of Ermington (21/1425/12/F)	12/02/2013	Under Development	5 years, interest at NatWest base rate	£38900 - OSSR , 48k employment land and £5k retaining wall. £35K restrictive covenant .	(126,900.00)
2441	Maypool House Youth Hostel (30/2787/10/F) - Dwelling One	20/03/12	PIF	No restriction/committed end date	Affordable Housing contribution (£10,000.00) and Open Space (£4,868.75)	(32,415.54)
2806	Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two	10/02/16	PIF	No restriction/committed end date	Affordable Housing contribution	(36,047.38)
2806	Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two	10/02/16	PIF	No restriction/committed end date	OSSR	(5,386.40)
2428	Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)	02/05/13	PIF	No restriction/committed end date	Affordable Housing contribution	(97,700.91)
2428	Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)	02/05/13	PIF	No restriction/committed end date	Open Space Sport and Recreation contribution towards open public space	(12,075.39)
2429	Milizac Close (Underhay) Yealampton (62/2948/11/O)	13/05/13	PIF	5 years, interest at BoE base rate +4%	Sport and Recreation contribution towards improved facilities for formal sport and recreation relating to the development	(5,173.48)
2429	Milizac Close (Underhay) Yealampton (62/2948/11/O)	13/05/13	PIF	5 years, interest at BoE base rate +4%	SAC Contribution	(1,732.32)
2460	Loughrigg Coronation Rd,Salcombe (41/0652/11/F)	20/08/13	PIF	10 years, interest rate not specified	Affordable Housing contribution	(7,713.56)
2460	Loughrigg Coronation Rd,Salcombe (41/0652/11/F)	20/08/13	PIF	10 years, interest rate not specified	Open Space Sport and Recreation contribution	(11,389.85)
2652	Land Ven Farm Brixton (07/2022/12/F)	13/05/14	PIF	No restriction/committed end date	Sport & Recreation/Employment	(40,500.00)
2652	Land Ven Farm Brixton (07/2022/12/F)	13/05/14	PIF	No restriction/committed end date	Conservation of Tamar Estuaries Complex SPA	(967.30)
2652	Land Ven Farm Brixton (07/2022/12/F)	12/05/16	PIF	Capital spend, no interest specified	Open Space Sport and Recreation contribution - Open Space land commuted Sum	(12,000.00)
2691	Warland Garage (56/2793/11/F & 56/1520/12/F)	04/08/14	PIF	25 years, no interest specified	Affordable Housing contribution	(9,689.01)
2698	Boat House, Dartmouth Quay, Southtown, Dartmouth (15/2046/13/F)	17/08/14	PIF	5 years, no interest specified	Tree planting and management in Dartmouth	(7,600.00)
2705	Trennels, Herbert Road, Salcombe (41/0929/13/F)	21/10/14	Under Development	25 years, no interest specified	Open Space Sport Recreation contribution (£13,650)	(4,367.50)
2705	Trennels, Herbert Road, Salcombe (41/0929/13/F)	21/10/14	Under Development	25 years, no interest specified	Affordable Housing contribution (£93,001)	(88,780.95)
2714	Windward, Stoke Fleming (51/1437/14/F)	30/03/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(21,767.35)
2715	Harvey's Field (32/0844/12/F)	04/03/15	PIF	10 years, payable at 87.5% to owner and 12.5% payee of contribution, interest at 1% below Barclays base rate	Employment (Rural Growth Network) administered by LEP	(57,959.27)
2715	Harvey's Field (32/0844/12/F)	04/03/15	PIF	10 years, payable at 87.5% to owner and 12.5% payee of contribution, interest at 1% below Barclays base rate	Sports facilities contribution towards the provision of sports facilities required as a result of the development.	(472.47)
2716	Bonfire Hill, Salcombe (41/1915/13/F)	04/03/15	Under Development	5 years, interest at 1% below Barclays base rate	Ecology contribution, Open Space and Play contribution, Sports Provision contribution, Open Space and Play maintenance contribution	(193,670.13)
2717	Old Grist Mill 53/1706/07/F	12/01/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(35,089.08)
2718	Sawmills Field, Dartington 14/1744/13/F	11/12/14	PIF	7 years, interest at 1% below Barclays base rate or 0% (whichever is higher)	Open Space and Play	(49,007.12)
2718	Sawmills Field, Dartington 14/1744/13/F	11/12/14	PIF	7 years, interest at 1% below Barclays base rate or 0% (whichever is higher)	Sports	(99,663.26)
2749	Alston Gate, Malborough 33_46/1890/11/F	29/03/15	Pre Commencemen	5 years, interest at 1% above Lloyds base rate	Public Open Space contribution	(30,000.00)
2789	Marridge Farm, Ugborough (57/0633/07/F)	25/09/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(12,967.50)
2802	Riverside, Totnes (03_56/0447/12/O)	07/12/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(110,644.60)
2802	Riverside, Totnes (03_56/0447/12/O)	07/12/15	PIF	No restriction/committed end date	Affordable Housing contribution, Open Space Sport Recreation contribution	(114,508.95)

2601	SRP Annual Contribution				(3,586.73)
2602	Fees - Parish Council				(10,000.00)
2603	Fees - Monitoring				(31,302.98)
2604	Economy - Economy & Training				(3,507.82)
2893	Sherford Delivery Team				0.00
	Subtotal ccS0501				(48,787.96)
	TOTAL S106 DEPOSITS (WITH CONDITIONS)				(5,125,777.31)
PG28	Rathvendon, Bigbury (1023)		No conditions		(7,312.50)
PG36	Sedgewell Sands, Marine Drive		No conditions		(7,372.00)
2726	St Johns Ambulance, Dartmth 15/1389/12/F		Affordable Housing - provision, enhancement, management		(23,000.00)
	TOTAL S106 DEPOSITS (NO CONDITIONS) ccS0842				(37,684.50)
	Capital Grant Unapplied (Cost centre S0803)				
	Fallapit House, East Allington		Affordable Housing		(87,124.50)
	Tesco Site, Kingsbridge				(30,000.00)
	TOTAL CAPITAL GRANTS UNAPPLIED				(117,124.50)
	Capital Grants Receipts in Advance (Cost Centre S0510)				
	Penn Torr, Salcombe		Affordable Housing		(84,000.00)
	TOTAL CAPITAL GRANTS RECEIPTS IN ADVANCE				(84,000.00)
	Notes:				
	1. The amounts shown above are before any monitoring fee has been deducted, where this is set out in the S106 Agreement. (See Section 4 of the covering report which explains this in more detail)				
	2. The deposits as at 30th September 2018 reflect income already received by the Council or where a debtor has recently been raised to a third party.				

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NOT FOR PUBLICATION

Appendices C and D to this report are considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council.

Report to: **Executive**

Date: **13th December 2018**

Title: **Budget Proposals for 2019/20 onwards update report**

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

Wards Affected: **All**

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

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

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

Contact: **Tel. 01803 861413**

Email: lisa.buckle@swdevon.gov.uk

Recommendations:

It is recommended that the Executive:

- i) Notes the forecast budget gap for 2019/20 of £0.391 million and the position for future years
- ii) Notes the current options identified and timescales for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability
- iii) Notes that a further budget update report will be presented to the meeting on 24th January of the Joint Overview and Scrutiny Panel and the Development Management Committee for their views. This will include details of the Draft Finance Settlement being announced on 6th December 2018.

1. Executive summary

- 1.1 The Council approved its Medium Term Financial Strategy (MTFS) for 2019/20 to 2023/24 at Council on 27th September 2018. This is based on a financial forecast over a rolling five year timeframe to 2023/24. The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. Between 2009/10 and 2019/20, the Council's Core Government funding has reduced by £4 million.
- 1.2 South Hams has continued to work in partnership with West Devon Borough Council which has allowed South Hams District Council to achieve annual savings of £3.9 million and more importantly protect all statutory front line services.
- 1.3 Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.4 ***South Hams District Council is currently forecasting a £0.391m budget gap in 2019/20.*** The MTFS (September 18) assumes that negative RSG will be reduced to zero in 2019/20 - which improves the Council's budget position by £0.4m for 2019/20. It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.
- 1.5 In 2020/21 the Council is facing a further budget gap of £0.784m (on top of the £0.391m in 2019/20). Therefore the budget gap over the next two years is in the region of £1.18 million.
- 1.6 It is important to note that the Medium Term Financial Strategy set out the budget strategy for the Council for the next five years, with annual reviews and updates when items are further known or are announced by the Government (e.g. the Provisional Finance Settlement will be announced by the Government on 6th December 2018).
- 1.7 The Medium Term Financial Strategy approved at Council in September 2018 was the starting point for developing a meaningful five year strategy that has set out the strategic intention for all of the different strands of funding available to the Council. The Council is now able to rely on this to inform future decisions.

- 1.8 The Medium Term Financial Strategy for 2019/20 to 2023/24 was approved by Council on 27th September 2018. Below is a copy of the relevant Council Minute 31.

It was then **RESOLVED:**

1. That the forecast budget gap for 2019/20 of £0.638 million and the position for future years be noted;
2. That the current options identified and timescales for closing the budget gap in 2019/20 and future years to achieve long-term financial sustainability be noted;
3. That the Council set the strategic intention to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax Referendum, to enable continued delivery of services. (NB. the actual Council Tax for any given year will be decided by the Council in the preceding February);
4. That an application be submitted for Pilot status for 2019/20, with agreement being given to a 40% District / 34% Devon County Council / 1% Fire split for the 75% scheme. In the event of the Bid not being successful, it was agreed that the Council should remain part of the Devon Business Rates Pool for 2019/20;
5. That Central Government and Devon MPs be actively lobbied to support a 2019/20 Devon Pilot bid;
6. That the Government, Devon MPs and other sector bodies (such as the District Councils Network and the Rural Services Network) be actively lobbied and engaged with for a realistic business rates baseline to be set for the Council for 2020 onwards;
7. That the Council respond to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continue to lobby for Rural Services Delivery Grant allocations that adequately reflect the cost of rural service provision;
8. That, for modelling purposes, £500,000 of New Homes Bonus funding be used to fund the revenue base budget, with this being reduced to £400,000 by 2020/21 and £250,000 by 2021/22;
9. That the annual level of contributions to Earmarked Reserves (£722,300 as per Appendix E of the presented agenda report) and the adequacy of the existing level of Unearmarked Reserves (£1.8 million) and Earmarked Reserves (£8.3 million) be reviewed by Members as part of the Budget setting process. (This will assess the adequacy of Reserves levels, in light of future plans and pressures);

10. That the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with Devon County Council and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. (Options will be taken back to the Council's Audit Committee in January 2019 to consider);
 11. That an Upper Limit on External Borrowing (for all Council services) be set as part of the Medium Term Financial Strategy of £75 million (as set out at Exempt Appendix G of the presented agenda report); and
 12. That the Council continues with the Local Government Terms and Conditions of Employment Green Book for at least 2019/20. That officers review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/19.
- 1.9 Since the Medium Term Financial Strategy was approved in September 2018, the following action has been taken:-
- A Members' Budget Workshop was held on 11th October and further budget reductions have been identified which are supported from the results of the Members' Budget Survey (attached in Appendix C). These are highlighted in grey in Appendix A. The modelling in this report also includes the projected savings from the report considered by the Executive on 22th November on public conveniences (Note - this report has been called into a meeting of the Overview and Scrutiny Panel). This latest budget update report shows the budget gap for 2019/20 has reduced from £638,348 (position at September 18) to **£391,473** (position in December 18 in this report).
 - An application for Business Rates Pilot status for 2019/20 has been made and the Devon MPs have been actively lobbied to support the bid. The bid has received the support of both South Hams MPs.
 - The Council responded to the recent technical consultation on negative Revenue Support Grant, New Homes Bonus and the Business Rates baseline.
 - The Council is taking specialist pensions advice
 - The Council has set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million and this will be reflected within the Capital Strategy and Treasury Management Strategy for 2019-20 onwards (to be considered by Council in January 2019).

2 THE FOUR YEAR SETTLEMENT FUNDING OFFER

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

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

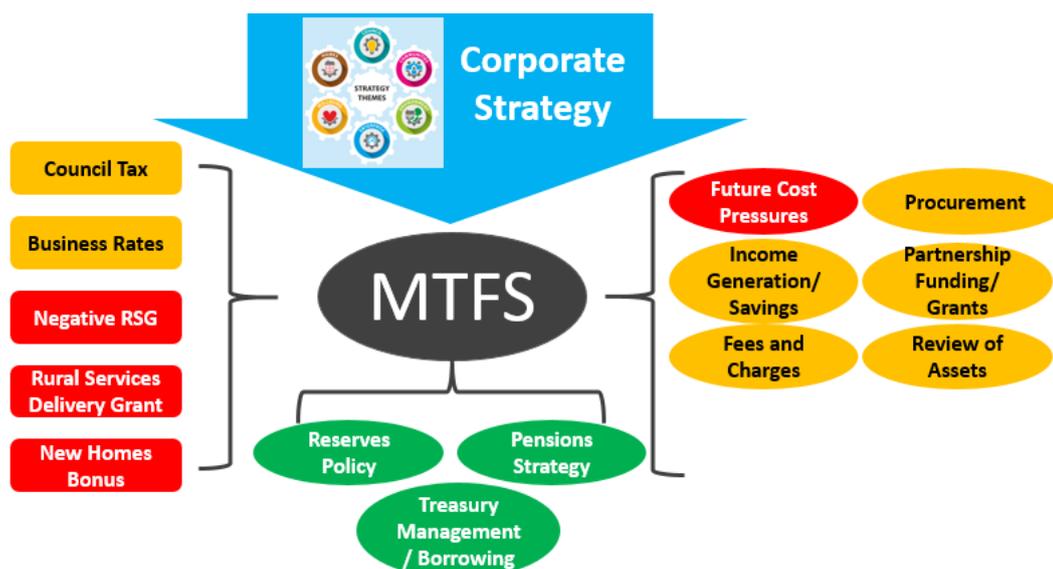
- 3.1 The National Employers made a final pay offer covering 1 April 2018 to 31 March 2020. The majority of employees (those on salaries starting at £19,430 p.a.) have received an uplift of 2% on 1/4/18 and a further 2% on 1/4/19, with those on lower salaries receiving higher increases. The cost of this was £255,000 in 2018/19 and a further £280,000 in 2019/20. This has been reflected in Appendix A. The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.2 The report assumes inflation will run at 2.5% over the five year period. The Consumer Prices Index (CPI) was 2.2% in October 2018.
- 3.3 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.75% up to June 2019. By December 2020 the bank base rate is predicted to increase to 1.5%.
- 3.4 An increase in council tax of the higher of £5 or 2.99% for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £165.42 in 2019/20 as shown in Appendix B and equates to a council tax increase of 3.12%.
- 3.5 It has been assumed that the number of properties within the District will increase by 450 per annum from 2019/20 to 2023/24 – this is an increase of approximately 1.2%.

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

4.1 The Diagram below in 4.1 sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Appendix C of the Medium Term Financial Strategy report to Council on 27th September went through each of these components in detail and made recommendations where appropriate. The recommendations are summarised in 1.8 of this report.

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

Net Budget £8.9 million 2018/2019



Council Tax

4.2 Council on 27th September 2018 (Council Minute 31) has set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable continued delivery of services. The actual council tax for any given year will be decided by Council in the preceding February. This would equate to a Band D council tax for South Hams of £165.42 in 2019/20 as shown in Appendix B and equates to a council tax increase of 3.12%.

Business Rates

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

Business Rates Pilot for 2019-20

- 4.4 Modelling which has been carried out on the application for 19/20 Pilot status shows that South Hams could gain approximately £250,000 of the £10 million projected 19/20 Devon Pilot gain. This is approximately half of the 18/19 predicted SHDC gain of £575,000. This additional funding of £250,000 would be a one-off amount for 2019/20 only. Devon Councils have submitted a bid to Central Government and the Devon MPs have been actively lobbied. The bid has received the support of both South Hams MPs.

Negative Revenue Support Grant

- 4.5 The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £399,900. If the Government eliminates this, as an outcome of the consultation process, the Council's budget position is bettered by £400K for 2019/20 (this betterment has already been assumed in the modelling in Appendices A and B). The Council is hopeful the Government will reverse it, as this is the Government's preferred option in the consultation.
- 4.6 The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20 and this reduced funding pressure has been built into the latest modelling set out in this report. If the position changes, the budget report will be updated to reflect this. It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.
- 4.7 The Council has responded to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

New Homes Bonus

- 4.8 The Government released a consultation in July which stated their intention to increase the 0.4% baseline. They have also stated that 2019-20 represents the final year of NHB funding and from 2020 onwards they will explore how to incentivise housing growth most effectively and will consult on this issue. The financial modelling has included using £500,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then to reduce this to £400,000 by 2020-21 and £250,000 by 2021-22 for modelling purposes.

Pensions Strategy (Actuarial Valuation)

- 4.9 The Council has taken specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. Options will be taken back to the Council's Audit Committee in January 19 to consider.

Treasury Management and Borrowing Strategy

- 4.10 The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million. On 17th January, the Council will consider its Capital Strategy and Treasury Management Strategy which will contain the new requirements issued by MHCLG in February 2018 of the new guidance. Members received training on the new requirements in November 2018.

Procurement

- 4.11 The Council is currently procuring its waste collection, recycling and cleansing services through a competitive dialogue process. The latest report was to Council on 26th July. Council Minute 25/18 refers. The procurement process has now continued to 'Final Solutions' stage. A further final report has been presented to the Council meeting of 6th December 2018. Members will decide at this stage whether or not to award a contract. *Any financial implications of this are not yet included within the modelling in Appendices A and B.*

Exempt Appendix D shows the impact of including the waste procurement within the modelling.

Partnership Funding/Grants

- 4.12 The Community Task & Finish Group has proposed funding reductions of £32,300 to Partnerships (South Devon CVS – £22,600 and the South Devon AONB - £9,700 Projects funding). This was considered by the Overview and Scrutiny Panel on 6th September 2018 and the Executive on 13th September. This was also included within the Members' Budget Workshop and the Members' Budget Survey.
- 4.13 South Devon CVS – A proposal was put forward at the Budget Workshop to reduce the CVS Partnership funding from £22,600 currently to £10,000 in 2019/20 and £5,000 in 2020/21 onwards and to remain at the £5,000 level for subsequent years. The results of the Members' Survey were close between Members supporting this proposal and Members supporting the original recommendation of the Community Task and Finish Group. There was also support for a different funding structure for the CVS, so on balance the option proposed at the Budget Workshop has been modelled in this Budget update report. Views will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19.

Partnership Funding/Grants (continued)

- 4.14 South Devon AONB – Again the results of the Members’ Survey were close between Members supporting a different projects funding structure and Members supporting the original recommendation of the Community Task and Finish Group. The majority of respondents in the Budget Survey supported reducing the project funding in its entirety (£9,700). (Note - The Council will continue to provide core funding of £20,700 in 2019/20). Views on the project funding will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19.
- 4.15 Drug and Alcohol Task and Finish Group – An additional cost pressure for this was not supported by Members in the Budget Survey. Views will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19
- 4.16 **Investment in the CCLA** - The Members’ Survey showed support for investing in the CCLA Property Fund. Members have asked for further information e.g. on the Diversified Income Fund also. An options paper will be provided in January as set out in 7.1.

Commercial Property and Review of Assets

- 4.17 On 14th June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council has prepared business cases on the Commercial Development opportunities and a summary report is on this Executive agenda. *None of the income generated from these schemes has yet been built into the financial modelling in Appendices A and B.*
- 4.18 The Council’s Asset Base is £75 million at 31 March 2018. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council’s Assets.
- 4.19 **Income Generation/Savings and Fees and Charges**
The Council’s Extended Leadership Team have been directed by the Executive to present further budget options to Members for income generation/savings/reduced expenditure, taking into consideration the Council’s corporate strategy and the latest budget position.

5 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION

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

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

(As set out in Appendix A)	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Cost Pressures	1,042,500	860,000	385,000	335,000	335,000
(Reduction)/ Increase in contribution to Earmarked Reserves	(458,916)	40,000	137,000	166,000	100,000
Savings and additional income	(403,875)	(366,953)	(142,287)	(98,100)	(12,100)

6. OVERALL POSITION – BUDGET GAP

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

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

Cumulative Budget Gap	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total Aggregated Budget Gap £
Modelling in Appendix B (assumes no –ve RSG in 2019/20 and no Pilot)	391,473	1,175,846	1,329,332	1,395,476	1,470,488	5,762,615

6.3 In the modelling in Appendix B, the total budget gap is £391,473 in 2019/20 and this is predicted to rise to £1,175,846 in 2020/21 (the £1,175,846 assumes the budget gap in 19/20 of £391,473 has not been closed). The aggregated Budget Gap is £5.8 million over the five years.

7 FINANCIAL SUSTAINABILITY AND TIMESCALES

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

Option	Possible Budget Impact	Timescale
<p>Pensions Strategy The Council is obtaining specialist pensions advice on its Pensions position and progress on this will be reported to the Audit Committee. The Council will look at options to reduce its revenue contribution for pensions, to aid affordability.</p>	Up to £200,000	Report to the Audit Committee in January 2019.
<p>Waste Procurement The Council is currently in a waste procurement process through competitive dialogue. The procurement process is now in 'Final Solutions' stage, with a decision being made by Council on 6th December 2018. Any financial implications of this are not yet included in the Modelling in Appendices A and B. <i>Exempt Appendix D shows the impact on the modelling position of including this.</i></p>	Set out in Exempt Appendix D	Report to the Council meeting 6 th December 2018
<p>Council Tax Reduction Scheme The grant to Town and Parish Councils has been reduced by 9.85% over the four year period of the finance settlement. Members have an option over whether to withdraw funding in 2020/21.</p>	£74,000 for 2020/21 Onwards	Executive/Council February 2019.

Option	Possible Budget Impact	Timescale
<p>Investment in the CCLA The Members' Survey showed support for investing in the CCLA Property Fund. Members have asked for further information e.g. on the Diversified Income Fund also. An options paper will be provided.</p>	<p>Saving of £60,000 included within the modelling</p>	<p>Further information to be provided as part of the budget update report to the 24th January meeting of the Joint Overview and Scrutiny Panel and the Development Management Committee</p>
<p>Asset Review/ Corporate Property Strategy On 14 June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council is preparing business cases on the opportunities in the report and there is a separate report on this Executive agenda for 'Commercial Development Opportunities'.</p> <p>A report on the funding for the initial years of the development projects will be presented to Council on Thursday 17th January 2019.</p>	<p>To be quantified</p>	<p>17th January 2019</p>
<p>Funding Options</p>		
<p>Negative Revenue Support Grant The Council is hopeful the Government will reverse negative RSG in 2019/20, as this is the Government's preferred option in the consultation. The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20. It is also assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.</p>	<p>The Medium Term Financial Strategy assumes that negative RSG will be reduced to Nil in 19/20</p>	<p>Anticipated to be known on 6th December 2018 when the Draft Local Government Finance Settlement is published.</p>

Option	Possible Budget Impact	Timescale
<p>Business Rates Pilot status for 2019/20</p> <p>If the Devon Business Rates Pilot were to be successful for 2019/20, this could give further one-off extra business rates income in 19/20. Based on a 75% growth retention scheme, this could yield up to £250,000.</p>	<p>£250,000 in 2019/20 (one-year only)</p>	<p>6th December 2018 when the Draft Local Government Finance Settlement is published.</p>
<p>New Homes Bonus allocations for 2019/20</p> <p>The NHB allocation for 2019/20 is anticipated to be around £880,000, of which £500,000 is currently projected to be used to fund the Revenue Base Budget. The Council could chose to use a higher amount to fund the Revenue Base Budget but this would leave little funding available for the Capital Programme.</p>	<p>Up to £380,000</p>	<p>NHB allocations will be announced around 6th December 2018. Decisions around its use will be made as part of the Budget Process. It is highly likely the baseline will be increased from 0.4% to 0.6%.</p>
<p>Contributions to Earmarked Reserves</p> <p>The Council could decide not to contribute some of the amounts per annum into Earmarked Reserves. This will be considered in more detail as part of the budget process.</p> <p>Contributions to Earmarked Reserves are shown in Appendix F.</p>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process (further information to be provided to the Joint O & S and DM Panel meeting on 24th January)</p>
<p>Use of Reserves as a temporary measure</p> <p>The Council has £1.85 million in Unearmarked Reserves. The Council could temporarily utilise Reserves to balance an element of the 2019/20 budget, whilst longer term solutions are being implemented. This would be a very short term solution though.</p>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process</p>

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



8. CAPITAL PROGRAMME 2019/20 AND PRUDENTIAL BORROWING

- 8.1 The Capital Programme is set by the Council annually and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. Capital Bids have been requested from Project Managers and a proposed Capital Programme for 2019/20 onwards will be set out in the Capital Strategy report to Council on 17th January 2019.
- 8.2 **Commercial Property Acquisition Strategy** – The Council has agreed a commercial property acquisition strategy of up to £60 million (capped at £30 million before 30 April 2019). No purchases have yet been made but there is a report on this December Executive agenda regarding proposed projects. Purchases made within the strategy will be capital expenditure. A report on the funding for the initial years of the development projects will be presented to Council on Thursday 17th January 2019.
- 8.3 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.

8.4 An overall Borrowing Limit (£75 million) has been approved as part of the Medium Term Financial Strategy, with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements.

9. Sensitivity Analysis and Risk Analysis

9.1 The Council carries out sensitivity analysis and risk analysis of its Budget Proposals and this was shown in Appendix F to the Medium Term Financial Strategy.

10. Earmarked and Unearmarked Reserves

10.1 The current levels of Reserves are £1.85 million Unearmarked Reserves and Earmarked Reserves are predicted to be around £10 million at the end of 2018/19. The Council's Net Budget is £8.98 million for 2018/19. Therefore Unearmarked Reserves equate to 20.6% of the Council's Net Budget. A full list of Reserves is shown in Appendix E.

10.2 **Budget Monitoring** - The latest Quarter 2 Budget Monitoring report shows the actual net revenue expenditure is forecast to be over budget by £66,000 when compared against the total budget set for 2018/19 (0.7% of the total Budget £8.983 million).

11 NEXT STEPS

11.1 This Medium Term Financial Strategy is the starting point for developing a meaningful five year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. This was approved at Council in September 2018. The Council is now able to rely on this to inform future decisions.

11.2 Section 7 sets out the potential timescales against each of the areas identified. In particular, the Council keenly awaits the announcement of the Draft Local Government Finance Settlement on 6th December.

11.3 A further budget update report will be presented to the meeting on 24th January of the Joint Overview and Scrutiny Panel and the Development Management Committee for their views. This will include details of the Draft Finance Settlement being announced on 6th December 2018. This will inform the Final Budget Proposals report to the Executive on 7th February. The final Budget for 2019-20 will be set by Council on 21st February.

11.4 Fees and Charges will be reviewed in January also. This will include a review of the Outdoor Events Policy.

12. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The preparation of the Budget annually is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p> <p>Appendices C and D to this report are considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.</p>
Financial	Y	<p>In the modelling in Appendix B, the total budget gap is £391,473 in 2019/20 and this is predicted to rise to £1,175,846 in 2020/21 (the £1,175,846 assumes the budget gap in 19/20 of £391,473 has not been closed). The aggregated Budget Gap is £5.8 million over the five years.</p> <p>Further modelling which includes the impact of the waste procurement in 4.11 is shown in Exempt Appendix D.</p>
Risk	Y	Each of the budget options taken forward by Members will consider the risks of the option.
Comprehensive Impact Assessment Implications		
Equality and Diversity		Comprehensive Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.

Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B – Modelling of the MTFFS Budget Position

Exempt Appendix C – Members’ Budget Survey Results

Exempt Appendix D – Budget Gap position (including the waste procurement)

Appendix E –Schedule of Reserves (Unearmarked and Earmarked)

Appendix F – Contributions to Reserves

Approval and clearance of report

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

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

APPENDIX A

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

Changes to contributions to Earmarked Reserves

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

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

APPENDIX A

SAVINGS AND INCOME GENERATION IDENTIFIED	BASE 2018/19 £	Yr1 2019/20 £	Yr2 2020/21 £	Yr3 2021/22 £	Yr 4 2022/23 £	Yr 5 2023/24 £
Increase Batson Boat Storage Fees (6,100) and Winter Boat Storage Fees (8,200)	(14,300)					
Income from fees and charges report	(33,300)					
Food hygiene rating scheme revisits	(1,250)					
Increase in car parking charges (2%)	(38,000)					
Additional car parking income - increase income projection to reflect actual income	(70,000)					
Car Parking - Withdrawal of weekly parking tickets	(15,000)					
Duty Planning - charged appointment basis	(5,000)	(9,000)				
Savings from re-procurement of contracts (e.g. leisure contract)	0	(22,000)	(165,000)	(105,000)	(76,000)	0
Planning fee income	(110,000)	(40,000)				
Income from commercial developments	(30,000)					
Licensing income - shellfish export certificates	(30,000)					
Housing Benefit recoveries of overpayments - increase income projection to reflect actual income being achieved	(40,000)					
Dartmouth Lower Ferry	(75,000)	(25,000)				
Reduce RNLI Contracted Lifeguarding provision	(40,000)					
Public Conveniences - Pay on Entry, contributions and transfer to Parish Council/ closure 1.9.2019 where agreement has not been reached for transfer - Includes rate relief from 2020 - Savings as set out in the Executive report 22 November 2018	(26,000)	(118,275)	(112,053)	(5,187)		
Other budget savings (e.g. concessions)	(4,000)					
Reduce partnership grant funding to the CVS (£12,600) and South Devon AONB (£9,700) - see 4.13 and 4.14 of the report	(20,000)	(22,300)				
Cessation of accepting cash and cheques (and other banking changes)	(35,000)					
Savings from the re-procurement of the Insurance contract	(77,000)					
Saving on External Audit Fees	(10,000)					
Cessation of South Devon Green Infrastructure Partnership (£6,500)	(6,500)					
Advertising on website and e-bulletins		(3,500)				
Corporate consultancy income		(20,000)				
Energy Certificate for Eco Schemes		(10,000)				
Food and Health and Safety advice		(3,000)				
Increase investment in CCLA from £1.5m to £3.5m (treasury management income)		(60,000)				
Dartmouth Park and Ride - charging review				(30,000)	(20,000)	(10,000)
Interim Senior Leadership Team arrangements		(34,000)				
Review ICT contracts		(10,300)	(6,300)			
Review cleaning contract Follaton		(5,000)				
Vehicle Trackers		(2,900)				
Digital Downloads of Planning applications		(3,500)	(3,500)			
Implement e-billing for Council Tax		(2,100)	(2,100)	(2,100)	(2,100)	(2,100)
Legal advice, support and training to Town and Parish Councils		(5,000)	(4,000)			
Council Tax reduction scheme - 9.85% reduction in Town and Parish Grant in 19/20	(9,000)	(8,000)	(74,000)			
TOTAL SAVINGS AND INCOME GENERATION	(689,350)	(403,875)	(366,953)	(142,287)	(98,100)	(12,100)

Note - Items shaded in Grey denote the savings and additional income considered at the Members' Budget Workshop which have received support from the Members' Budget Survey (Exempt Appendix C)

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Line	Appendix B - Council Tax is increased by the higher of £5 or 2.99% each year	BASE	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
No.	Modelling for the financial years 2019/20 onwards	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		£	£	£	£	£	£
1	Base budget brought forward	8,346,074	8,983,194	8,771,429	8,520,104	8,746,331	9,083,086
2	Budget pressures (as per Appendix A)	895,700	1,042,500	860,000	385,000	335,000	335,000
3	Savings already identified (as per Appendix A)	(689,350)	(403,875)	(366,953)	(142,287)	(98,100)	(12,100)
4	Changes in contributions to Earmarked Reserves (App A)	143,497	(458,916)	40,000	137,000	166,000	100,000
	Reverse Use of Reserves to close 2017/18 Budget gap						
5	Transfer from Budget Surplus Contingency Earmarked Reserve	287,273					
6	Projected Net Expenditure:	8,983,194	9,162,903	9,304,476	8,899,817	9,149,231	9,505,986
	Funded By:-						
	(See Note 1 below regarding New Homes Bonus funding)						
7	Council Tax income - Modelling a £5 increase in 2019/20	6,072,207	6,335,905	6,604,104	6,880,331	7,167,086	7,464,974
8	Collection Fund Surplus	73,000	112,000	70,000	70,000	70,000	70,000
9	Revenue Support Grant (RSG - Nil from 2018/19 onwards)	0	0	0	0	0	0
10	Localised Business Rates (baseline funding level - includes Rural Services Delivery Grant of £408,055 in 2018/19 due to Pilot status)	2,262,987	1,896,073	1,946,000	1,996,000	2,046,000	2,096,000
11	Tariff/Top Up Adjustment amount (negative RSG)			(400,000)	(500,000)	(500,000)	(500,000)
12	Business Rates Pilot Gain plus estimated growth for 2018/19	575,000					
13	Business Rates - estimated growth		100,000				
14	Rural Services Delivery Grant	0	327,451	300,000	300,000	300,000	300,000
15	Total Projected Funding Sources	8,983,194	8,771,429	8,520,104	8,746,331	9,083,086	9,430,974
	Budget Gap per year						
16	(Projected Expenditure line 6 - Projected Funding line 15)	0	391,473	784,372	153,486	66,144	75,012
	Actual Predicted Cumulative Budget Gap	0	391,473	1,175,846	1,329,332	1,395,476	1,470,488
	Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)	0	391,473	1,567,319	2,896,651	4,292,127	5,762,615

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

Note 2 - New Homes Bonus Funding

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

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX E
	Cost Centre	Opening balance 01.04.2018 £000s	Additions to Reserve 2018/19 £000s	Predicted Spend 2018/19 £000s	Projected balance 31.03.2019 £000s	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
Capital Programme	S0820	(791)	(182)	937	(36)	Transfer to R & M Reserve £50k, 16/17 Capital Programme £139k, 17/18 Capital Programme £392k, Kingsbridge Quay Master Plan Stage 2a £30k, 18/19 Capital Programme £326k
Revenue Grants	S0821	(372)	0	0	(372)	Comprises of grants with no repayment conditions - created as a result of International Financial Reporting Standards (IFRS)
Affordable Housing	S0822	(998)	0	920	(78)	Funding of Capital Programme Commitments
Renovation Grant Reserve	S0823	(7)	0	0	(7)	Comprises proceeds from repayments
New Homes Bonus	S0804	(869)	(1,109)	1,974	(4)	Commitments as per 18/19 budget report approved at Council on 22/2/18
Community Parks and Open Spaces	S0826	(111)	(17)	17	(111)	Replacement of outdoor bowls carpet, Dartmouth Bowls Club
Pension Fund Strain	S0810	0	(99)	99	0	T18 Pension Strain
Repairs & Maintenance	S0827	(249)	(105)	263	(91)	Admiral Court storage area £11.5k, Follaton House Council Chamber £19k, Totnes Toilets £2.5k and loan to Salcombe Harbour £230k Council 22/2/18 Minute ref. 68/17 refers
Marine Infrastructure	S0828	(152)	(58)	0	(210)	Annual contribution made by Salcombe Harbour
Land and Development	S0829	(67)	(75)	129	(13)	Commitments include the balance of K2 - Kingsbridge Quay Master Plan additional work £30k, land transfer to Dartmouth Town Council additional staff resources £15k, and £50k earmarked for Council Owned Asset Investment and Development E.08/18.
Dartmouth Ferry Repairs & Renewals	S0830	(459)	(87)	100	(446)	Fleet refurbishment
Homelessness Prevention	S0851	(82)	0	0	(82)	
Economic Initiatives	S0831	(49)	0	21	(28)	RDP Local Action £16.4k South West LEP £5k
Vehicles & Plant Renewals	S0832	(1,023)	(490)	629	(884)	Fleet Replacement Programme
Pay & Display Equipment Renewals	S0833	(102)	(21)	0	(123)	
On-Street Parking	S0834	(44)	0	0	(44)	
Strategic Change Reserve (T18)	S0849	0	(210)	210	0	T18 Pension Strain
ICT Development	S0836	(140)	(50)	67	(123)	ICON (cash receipting) replacement £58k
Sustainable Waste Management	S0837	(4)	(25)	29	0	
District Elections	S0838	(68)	(10)	0	(78)	
Beach Safety	S0839	(14)	0	0	(14)	
Planning Policy & Major Developments	S0840	(228)	(50)	137	(141)	Contribution to Joint Local Plan (JLP) Reserve
Section 106 Deposits	S0842	(38)	0	0	(38)	Comprises deposits with no repayment conditions - created as a result of IFRS
Members Sustainable Community Locality	S0846	(53)	0	53	0	
16/17 Budget Surplus Contingency	S0848	(25)	0	25	0	Funding for Joint Steering Group (JSG)
Innovation Fund (Invest to Earn)	S0850	(25)	0	15	(10)	Commitment relates to the development of Admiral Court, Dartmouth (Executive 16/6/16)
Community Housing Fund	S0854	(1,671)	0	0	(1,671)	
Support Services Trading	S0856	(20)	0	0	(20)	
Leisure Services	S0858	(87)	0	0	(87)	
Environmental Health Initiatives	S0857	(20)	0	0	(20)	
Economic Regeneration Initiatives (predicted Business Rates pilot gain 2018/19)	S0858	0	(475)	175	(300)	2018/19 NNDR Pilot Gain. The commitments include £100,000 earmarked for Council Owned Asset Investment and Development E.08/18, and £50,000 for the proposed contribution to the South West Mutual Bank.
Section 106 Monitoring	S0929	(137)	0	0	(137)	
Joint Local Plan	S0860	0	(137)	137	0	New reserve for Joint Local Plan Funding
Sub Total excluding the Business Rates Reserve		(7,905)	(3,200)	5,937	(5,168)	
Business Rates Retention	S0824	8,641	(13,477)	0	(4,836)	The business rates reserve covers any possible funding issues from the new accounting arrangements and smoothes volatility of business rates income due to appeals. At Council on 22 February 2018, Members agreed to ring-fence £3.5 million for employment for the creation of local jobs and to better support the local economy
TOTAL EARMARKED RESERVES		736	(16,677)	5,937	(10,004)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)		(1,849)		66	(1,783)	Projected overspend of £66,000 for 2018/19
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		(1,113)	(16,677)	6,003	(11,787)	

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ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

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

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Report to: **Executive**

Date: **13 December 2018**

Title: **Release of s106 Funds for Open Space, Sport & Recreation and Ecological Projects**

Portfolio Area: **Customer First**

Wards Affected: **Charterlands** **Newton and Yealmpton**
Dartmouth and East Dart **Salcombe and Thurlestone**
Ermington and Ugborough **Stokenham**
Ivybridge East **Wembury and Brixton**
Ivybridge West
Marldon and Littlehempston

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

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

Date next steps can be taken: **Following Call In 24 Dec 2018**

Author: **Alexis Huggins** Role: **Specialist – Place Making**

Contact: **01803 861406 / alexis.huggins@swdevon.gov.uk**

Recommendations:

1. To approve the release or allocation of s106 funds for Open Space, Sport & Recreation and Ecological projects as set out in the report.
2. That where a project is identified, that agreement of specific details be delegated to the relevant Specialist in consultation with Ward Member(s) and Portfolio holder.
3. That where an Open Space, Sport and Recreation Plan is proposed, that agreement of details of specific projects within the plan be delegated to the relevant Specialist in consultation with Ward Member(s) and Portfolio holder.
4. Agreement to any substitution of alternative projects to those identified in Table 1 shall be delegated to the relevant Specialist in consultation with Ward Member(s) and Portfolio holder subject to the alternative being in accordance with the s106 agreement and meeting pooling restrictions.

1. **Executive summary**

- 1.1. The Council has a key role as Local Planning Authority in securing funds for appropriate mitigation projects in relation to development. These funds can be deployed either directly on Council projects or released to Town/Parish Councils, community groups and other organisations to develop projects that assist in mitigating the impact of developments. The current mechanism for securing funds is through Section 106 (s106) of the Town and County Planning Act.
- 1.2. The Council has secured s106 funds for a number of Open Space, Sport & Recreation and Ecological projects. The Council's Financial Procedure Rules require that where expenditure is proposed over £30,000 that this be authorised by Executive. The purpose of this report is to request the release or allocation of s106 funds over £30,000 for delivery of a number of projects.
- 1.3. The release of funds will allow the provision of enhancements to open space, sport and recreation facilities as well as enhancements to ecological habitats to mitigate the impacts of specific developments.
- 1.4. The report anticipates expenditure of both funds already held by SHDC, but also those committed in s.106 agreements but yet to be triggered by development. This is to allow a long term and comprehensive approach to be taken to projects and, in particular, allow Town and Parish Councils, community groups and other organisations to plan and phase projects and maximise chances to gain match funding from other sources.

2. **Background**

- 2.1. Where development creates an impact on a local community it is appropriate that reasonable mitigation be put in place to deal with that impact. Where the impact can't be mitigated on the site then it is appropriate to seek financial contributions for offsite projects. The current mechanism for this is through agreements signed under Section 106 of the Town and Country Planning Act. For Open Space, Sport and Recreation, financial contributions are sought in accordance with current DPD policy CS8 and the 2006 Open Space, Sport & Recreation Supplementary Planning Document. Contributions for ecological projects may be sought on a case by case basis.
- 2.2. Under the Community Infrastructure Levy (CIL) Regulations 2012 there are clear constraints on the collection and use of s106 funds. The purposes to which the funds are applied must be:
 - Necessary to make the development acceptable in planning terms;
 - Directly related to the development; and
 - Fairly and reasonably related in scale and kind to the development.

- 2.3. Since April 2015 there have been restrictions on the pooling of planning obligations. Only five s106 contributions can be pooled for use on the same infrastructure project (dating back to March 2010). The schedule of projects presented for agreement in this item has been reviewed in light of this constraint.
- 2.4. In light of the pooling restrictions and the constraints on the collection and use of s106 funds through the CIL Regulations, it should be noted that where historically s106 agreements often referred to improvements to open, space, sport and recreation facilities within a parish/across the District, new agreements now typically name a specific project(s) based upon evidence of need¹.
- 2.5. The Council has secured s106 agreements for Open Space, Sport & Recreation and Ecological projects in the following wards:
- Charterlands;
 - Dartmouth and East Dart;
 - Ermington and Ugborough;
 - Ivybridge East;
 - Ivybridge West;
 - Marldon and Littlehempston;
 - Newton and Yealmpton;
 - Salcombe and Thurlestone;
 - Stokenham; and
 - Wembury and Brixton.
- 2.6. Some of this money has already been received by SHDC and the remainder has been secured through s106 agreements and will be received by SHDC when the relevant triggers detailed in the agreements are met. It does need to be noted that if development doesn't advance that the contributions won't need to be made.
- 2.7. Once received, funds are held in ring fenced accounts by SHDC and projects are then developed to deliver the required outcomes – with opportunities to maximise benefits and to lever in additional funding being key outcomes from such projects. Some projects take place on SHDC land but a significant number take place on third party land. Where they take place on third party land the funds are offered by way of a conditional grant which secures the Council's interests and the specific requirements of the s106 agreement.
- 2.8. The Council's Financial Procedure Rules require that where expenditure is proposed over £30,000 that this be authorised by Executive. Detailed proposals regarding the expenditure of secured s106 funds can be found in section 5 of this report.

¹ The Evidence Base includes the 2015 Playing Pitch Strategy, 2017 Open Space, Sport and Recreation Study (including Greenspace and Play Audits) and other relevant Town/Parish documents including Neighbourhood Plans.

3. **Outcomes/outputs**

- 3.1. The desired outcome is the provision of enhancements to open space, sport and recreation facilities as well as enhancements to ecological habitats to mitigate the impacts of specific developments.
- 3.2. In combination the received and anticipated funds will deliver a significant number of facility improvements across the South Hams. Early agreement of the funds allows projects to be planned and phased and maximises chances to gain match funding from other sources.

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

- 4.1. The Council has a legal obligation to spend the s106 funds in accordance with the agreements. There are two main alternative approaches for expenditure of the s106 funds:

Option 1 – SHDC develop and deliver projects

- 4.2. The first option is for SHDC Officers to develop and deliver projects. This allows more control over project plans and potentially more certainty that they will be delivered in accordance with the requirements of the s106 agreement. However there is an implication in with regard to time resource and other partners may be best placed to develop projects, lead community consultation and bring in other funds.

Option 2 – SHDC pass funds to community groups/other organisations to develop and deliver projects

- 4.3. The second option is to pass s106 funds to Town or Parish councils/community groups/other organisations to develop and deliver projects. Where SHDC has done this in the past, the offers of grants have been made with the appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the s106 agreements are adhered to.
- 4.4. SHDC has also promoted the development of Town or Parish Open Space, Sport & Recreation Plans which help to determine the local priority for spend on Open Space, Sport & Recreation. These plans are informed by the relevant evidence base for the Joint Local Plan, namely the Playing Pitch Strategy and Open Space, Sport and Recreation Study (including Greenspace and Play Audits).
- 4.5. The Neighbourhood Planning process also provides an opportunity for communities to consider the priorities for investing s106 funds in open space, sport and recreation projects.
- 4.6. SHDC is keen to maximise benefits for communities by ensuring that match funding is sought wherever possible.

- 4.7. In reality it is likely that some projects will be developed and delivered via Option 1 and some via Option 2.

5. Proposed Way Forward

- 5.1. Proposals for the expenditure of secured s106 funds are detailed below.
- 5.2. Table 1 overleaf details proposed projects for consideration and agreement in the following wards:
- Charterlands;
 - Dartmouth and East Dart;
 - Ermington and Ugborough;
 - Ivybridge East;
 - Ivybridge West;
 - Marldon and Littlehempston;
 - Newton and Yealmpton;
 - Salcombe and Thurlestone;
 - Stokenham; and
 - Wembury and Brixton.
- 5.3. The final column of Table 1 lists the projects on which it is proposed the funds be spent. Note that in most cases a specific project(s) has already been named within the s106 agreement based upon evidence of need.
- 5.4. In one instance it states that the proposed projects are to be confirmed through a Parish Open Space, Sport & Recreation (OSSR) Plan. Town/Parish OSSR Plans ensure that all local OSSR projects are considered and prioritised in consultation with local sports clubs, community groups and parish residents. This ensures the most effective allocation of any available s106 funds. OSSR Plans will need to be compliant with CIL Regs and any fund pooling restrictions. Plans will be informed by the relevant evidence base for the Joint Local Plan, namely the Playing Pitch Strategy and Open Space, Sport and Recreation Study (including Greenspace and Play Audits).
- 5.5. Consultation with Ward Members and Town and Parish Councils will be undertaken to finalise the specific details of identified projects in Table 1 or to agree priorities for spend through the OSSR Plans.
- 5.6. In recognition that Ward Members and Town and Parish Councils might have different suggestions for projects, alternative projects to those identified in Table 1 may be substituted subject to Ward Member and Portfolio holder agreement (as well as compliance with the s106 agreement and pooling restrictions).
- 5.7. Funds identified for release are either already available and held in an SHDC account or have been secured through a s106 agreement with funds due to be received when the relevant trigger detailed in the agreement is met. No project funds will be released until all supporting payments have been received from the developer and banked by SHDC to allow the full costs to be covered.

- 5.8. The figures given in Table 1 may vary due to:
- Inflationary adjustments that will take place between the point at which the 106 is signed and the point at which the payment is received.
 - Housing numbers and types still being subject to change at the point at which the s106 was signed² and figures in Table 1 therefore being based on assumed numbers and occupancy rates. Final figures will be based on the agreed formula in the s106 agreement once the housing numbers and types have been confirmed.

² This can be the case if a planning application has been granted in outline form. The housing numbers and types are confirmed in a subsequent reserved matters application.

Table 1: s106 Funds over £30,000 for Open Space Sport & Recreation and Ecological Projects

Parish	Site & Related Planning Application	Ward	Financial Contribution or Contribution Remaining and Status	Purpose of s106 funds	Proposed project(s)	Spend or commit by
Berry Pomeroy	Great Court Farm, Totnes 03/2163/14/O	Marldon and Littlehempston	£595 per occupant (75 dwellings) (signed s106 agreement)	Playing pitches and outdoor recreation facilities at KEVICC and/or Borough Park	<u>Named projects:</u> Playing pitch and outdoor recreation facility improvements at: <ul style="list-style-type: none"> • KEVICC; and/or • Borough Park Proposed to spend at Borough Park as KEVICC all weather pitch complete	10 years of receipt
			£62,000 (signed s106 agreement)	Cycle and pedestrian improvements works in the Bridgetown Corridor	<u>Named project:</u> Bridgetown Corridor cycle and pedestrian improvements	Not specified
Brixton	Venn Farm 07/1196/15/F Phase 2a	Wembury and Brixton	£46,451 (funds received)	Play space improvements within Brixton	TBC through Brixton OSSR Plan	5 years of receipt (08/05/2023)
			£49,676 (funds received)	Improvement of sport and recreation facilities at Horsham Playing Fields, Brixton and/or the football pitch at Frankford Park, Brixton and/or access improvements to these	<u>Named projects:</u> Improvement of sport and recreation facilities at: <ul style="list-style-type: none"> • Horsham Playing Fields, Brixton; and/or • the football pitch at Frankford Park, Brixton; • and/or access improvements to these 	10 years of receipt (08/05/2028)
Brixton	Venn Farm 07/1197/15/O Phase 2b	Wembury and Brixton	£595 per occupier (up to 17 dwellings) occupants to be based on Table 3 of OSSR SPD (signed s106 agreement)	Improvement of sport and recreation facilities at Horsham Playing Fields, Brixton and/or the football pitch at Frankford Park, Brixton and/or access improvements to these	<u>Named projects:</u> Improvement of sport and recreation facilities at: <ul style="list-style-type: none"> • Horsham Playing Fields, Brixton; and/or • the football pitch at Frankford Park, Brixton; • and/or access improvements to these 	10 years of receipt
Brixton	Venn Farm (North of Canes Orchard) 1825/16/OPA Phase 3	Wembury and Brixton	£595 per occupier (c.29 dwellings) occupants to be based on Table 3 of OSSR SPD (signed s106 agreement)	Improvement of sport and recreation facilities at Horsham Playing Fields, Brixton and/or the football pitch at Frankford Park, Brixton and/or access improvements to these	<u>Named projects:</u> Improvement of sport and recreation facilities at: <ul style="list-style-type: none"> • Horsham Playing Fields, Brixton; and/or • the football pitch at Frankford Park, Brixton; 	No time limit

Parish	Site & Related Planning Application	Ward	Financial Contribution or Contribution Remaining and Status	Purpose of s106 funds	Proposed project(s)	Spend or commit by
					<ul style="list-style-type: none"> and/or access improvements to these 	
Ermington	Land West of Workshops, Ermington 21/1425/12/F	Ermington and Ugborough	£38,900 (funds received)	Generic OSSR in vicinity of land	New or improved facilities at Ermington Playing Fields Awaiting outcome of land transfer negotiations with Parish Council prior to project progressing	5 years of receipt (21/02/2018) *Spend has been committed to Ermington Playing Fields to ensure it can't be reclaimed.
			£73,000 (s106 signed, land not yet transferred)	Maintenance of new Open Space Land on completion of transfer (to Parish Council or another)	<u>Named project:</u> Maintenance of new Open Space Land	None specified
Holbeton	Land North of Church Hill, Holbeton 25/1720/15/O	Newton & Yealmpton	£380 per occupier (14 dwellings) occupants to be based on Table 3 of OSSR SPD (signed s106 agreement)	Improvements to Holbeton play area and to the provision of a skate park facility on Holbeton Playing Field or other play facilities to be agreed by the Parish Council	<u>Named projects:</u> <ul style="list-style-type: none"> Improvements to Holbeton Play Area Provision of a Skate Facility at Holbeton Playing Field or other Play Facilities to be agreed by PC 	10 years of receipt
			£595 per occupier (14 dwellings) occupants to be based on Table 3 of OSSR SPD (signed s106 agreement)	Improvements to Holbeton Playing Fields to allow increased use for sports	<u>Named project:</u> Improvements to Holbeton Playing Field	
Ivybridge	Woodland Road Phase 1(Persimmon) 1971/16/FUL	Ivybridge West	£154,105 (received £77,869 31/10/2017, remainder invoiced)	Improvements to sports facilities at Filham Park	<u>Named project:</u> Improvements to sports facilities at Filham Park	10 years of receipt (31/10/27)
			£92,981 (invoiced)	Improvements to open space and play facilities at Woodlands Park and Woodburn Close	<u>Named projects:</u> Open space and play facilities at Woodlands Park and Woodburn Close	10 years of receipt
Ivybridge	Cornwood Rd, Ivybridge 2208/16/FUL	Ivybridge West	£46,930 (signed s106 agreement)	Worthele Close Play Area (written agreement obtained to change from St John's Close Play Area)	<u>Named project:</u> Worthele Close Play Area	5 years of receipt
			£73,483 (signed s106 agreement)	Extension to clubhouse at Erme Playing Field Floodlighting for Ivybridge RFC Replacement mats and netting for Ivybridge Cricket Club at Filham Park	<u>Named projects:</u> <ul style="list-style-type: none"> Extension to clubhouse at Erme Playing Field Floodlighting for Ivybridge RFC Replacement mats and netting for Ivybridge Cricket Club at Filham Park	
Kingswear	Noss marina 2161/17/OPA	Dartmouth and East Dart	£975 per resident (39 dwellings approved in full, up to 91 dwellings approved in outline) Payment relating to blue phase	Green infrastructure projects as set out within or in accordance with the Brixham – Kingswear Peninsula Plan	<u>Named projects:</u> Projects set out within or in accordance with the Brixham – Kingswear Peninsula	10 years from payment of final instalment of affordable housing

Parish	Site & Related Planning Application	Ward	Financial Contribution or Contribution Remaining and Status	Purpose of s106 funds	Proposed project(s)	Spend or commit by
			land (subject to full planning permission for 39 residential units) to be reduced by £8,000 in acknowledgement of contributions from application 2266/17/FUL. (signed s106 agreement) £45,000		Plan.	contributions
			(signed s106 agreement) £45,000	Works within SDAONB to create or improve intertidal habitats	Based on Strategic Nature Areas for mudflats – proposed Environment Agency project on River Erme	
Malborough	Adjacent to Malborough Park 0549/17/OPA	Salcombe and Thurlestone	£975 per resident (c.50 dwellings) (signed s106 agreement)	Improvements to Malborough Village Hall, Malborough Playing Fields, adjacent play area on Council land	<u>Named projects:</u> Improvements to: <ul style="list-style-type: none"> • Malborough Village Hall • Malborough Playing Fields • Adjacent play area on Council land 	7 years of receipt
Modbury	Palm Cross 35/0059/15/F	Charterlands	£215,390 £57,050 received 23/08/2017 (signed s106 agreement)	Football drainage and changing facility improvements. Extension to grounds for additional football pitch and/or artificial cricket wicket at QEII Ground	<u>Named projects:</u> Drainage and changing facility improvements for the junior and adult football pitches Extension to the grounds to support additional junior football pitches and/or artificial cricket wicket at QEII Ground	5 years of receipt (23/08/2022)
Modbury	Palm Cross Phase 2 1391/18/FUL	Charterlands	£53,118 (signed s106 agreement)	Improvements to, and maintenance of, off-site public play space at either Memorial Hall, Modbury or Palm Cross Green Modbury.	<u>Named projects:</u> Improvements to, and maintenance of, off site public play at: <ul style="list-style-type: none"> • Memorial Hall; or Palm Cross Green	10 years of receipt
			£49,086 (signed s106 agreement)	Improvements to, and maintenance of, sports facilities (including the extension of those facilities including purchase of additional land) at the QEII grounds, Modbury	<u>Named project:</u> Improvements to, and maintenance of, sports facilities at QEII Ground, Modbury	
Newton and Noss	Parsonage Farm, 3139/16/OPA	Newton and Yealmpton	£34,605 (signed s106 agreement)	Improvements to OSSR facilities at Butts Park	<u>Named project:</u> Improvements to OSSR facilities at Butts Park	7 years of receipt
Salcombe	Batson Cross 41/1915/13/F	Salcombe and Thurlestone	£61,370 (funds received)	Provide an alternative one hectare of land to be enhanced and managed for	Habitat enhancements on National Trust land at Southdown Farm, Malborough	5 years of receipt (16/04/2020)

Parish	Site & Related Planning Application	Ward	Financial Contribution or Contribution Remaining and Status	Purpose of s106 funds	Proposed project(s)	Spend or commit by
				cirl buntings		
Stoke Gabriel	Paignton Road 52/1503/15/F	Dartmouth and East Dart	£93,348 (signed s106 agreement)	Football facility improvements at GJ Churchwood Memorial Ground and Hookhills Pitches, Stoke Road Cricket facility improvements at JE Eastley Memorial Ground Improvements to Stoke Gabriel Boating Association facilities; Improvements to the footpath between the Land and the village I Provision of allotments within the village of Stoke Gabriel.	<u>Named projects:</u> <ul style="list-style-type: none"> Football facility improvements at GJ Churchwood Memorial Ground and Hookhills Pitches, Stoke Road Cricket facility improvements at JE Eastley Memorial Ground Improvements to Stoke Gabriel Boating Association facilities; Improvements to the footpath between the Land and the village Provision of allotments within the village of Stoke Gabriel. 	7 years of receipt
Stoke Gabriel	Gabriel Court Hotel 3903/16/FUL	Dartmouth and East Dart	£51,675 (signed s106 agreement)	Improved play facilities at Orchard Play area Improved pitch facilities at G J Churchward Memorial Ground or JE Eastley Memorial Ground MUGA within the parish	<u>Named projects:</u> <ul style="list-style-type: none"> Improved play facilities at Orchard Play area Improved pitch facilities at G J Churchward Memorial Ground or JE Eastley Memorial Ground MUGA within the parish 	None specified
Stokenham	Old Grist Mill House, Chillington 53/2587/07/F	Stokenham	£35,089 (funds received)	Generic OSSR	Drainage improvements at Chillington Playing Field Further local consultation required as to remainder	None specified
Stokenham	Green Park Way, Chillington 0771/16/OPA	Stokenham	£975 per occupier Occupants to be based on Table 3 of OSSR SPD Up to 65 dwellings (signed s106 agreement)	Improved facilities (including for extension of those facilities including the purchase of additional land) for off-site equipped play space and other outdoor space at Chillington Playing Field and/or Chillington church graveyard	<u>Named projects:</u> Improved facilities (including for extension of those facilities including the purchase of additional land) for off-site equipped play space and other outdoor space at: <ul style="list-style-type: none"> Chillington Playing Field; and/or Chillington church graveyard 	5 years of receipt
Ugborough	Sidings Cross,	Ermington and	£595 per occupier (up to 36	Improvements to OSSR	<u>Named projects:</u>	7 years of receipt

Parish	Site & Related Planning Application	Ward	Financial Contribution or Contribution Remaining and Status	Purpose of s106 funds	Proposed project(s)	Spend or commit by
	Wrangaton 1317/16/OPA	Ugborough	dwelling(s). Occupants to be based on Table 3 of OSSR SPD (signed s106 agreement)	facilities at the Old Cricket Ground, Moorhaven and/or Hillhead Cross, Ugborough	Improvements to OSSR facilities at: <ul style="list-style-type: none"> • Old Cricket Ground, Moorhaven; and/or • Hillhead Cross, Ugborough 	
Ugborough	Land off Rutt Lane, Ivybridge 57/2472/14/O	Ermington and Ugborough	£595 per person (2.5 people per dwelling) Approximately 198 dwellings (signed s106 agreement)	Towards the provision of sports and recreation facilities at Filham Park Ivybridge, the playing fields at Moorhaven, Tweenaway Bittaford and /or Ivybridge Rugby Club	<u>Named projects:</u> Sports and recreation facilities at: <ul style="list-style-type: none"> • Filham Park Ivybridge; • Playing fields at Moorhaven, Tweenaway Bittaford; and/or • Ivybridge Rugby Club 	5 years of receipt
			£100,000 (signed s106 agreement)	Towards provision of a 400m ² play space in a location within the development to be agreed between the Owner and the Council	<u>Named project:</u> Towards provision of a 400m ² play space in a location within the development to be agreed between the Owner and the Council	
Ugborough & Ivybridge	Torhill Farm (Godwell Lane) 27_57/1347/14/F (Barratts)	Ermington & Ugborough Ivybridge East	£430,000 £198,461 received to date	Towards improvements to sports facilities at Filham Park, and/or improvements to recreational access from the eastern side of the River Erme to Longtimber Wood Up to £100,000 towards cost of improving main access drive to Filham Park (written agreement obtained to change from up to £100,000 towards cost of providing pedestrian access to Filham Park from eastern side of development site. Road Safety Audit showed not possible.)	<u>Named projects:</u> <ul style="list-style-type: none"> • Sports facilities at Filham Park; and/or • Improvements to recreational access from the eastern side of the River Erme to Longtimber Wood Improvements to main access drive to Filham Park (Up to £100,000)	None specified

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>s106 agreements are secured under Section 106 of the Town and Country Planning Act to support projects that mitigate the impact of development. The Council has an obligation to spend the funds in accordance with the terms of the agreement.</p> <p>It should be noted that the legislative framework for receipt and expenditure of s106 funds has become increasingly restrictive. Under the Community Infrastructure Levy (CIL) Regulations 2012 there are clear constraints on the collection and use of s106 funds. The purposes to which the funds are applied must be:</p> <ul style="list-style-type: none"> • Necessary to make the development acceptable in planning terms; • Directly related to the development; and • Fairly and reasonably related in scale and kind to the development. <p>Since April 2015 there have been restrictions on the pooling of planning obligations. Only five s106 contributions can be pooled for use on the same infrastructure project (dating back to March 2010).</p> <p>The Council has powers to promote wellbeing under the General Powers of Competence in the Localism Act 2011.</p>
Financial	Y	<p>The Council's Financial Procedure Rules require that where expenditure over £30,000 is proposed that this needs to be agreed by Executive.</p> <p>Proposals for expenditure over £30,000 are set out in section 5.</p> <p>The expenditure relates to s106 funds specifically for the purpose of mitigating impacts from development. The parameters for expenditure (in particular the location and type of project that can be supported) are prescribed in the s106 agreement.</p>
Risk	Y	<p>There is a risk of funds not being spent in accordance with the s106 agreement. To address this, where any s106 funds are passed to</p>

		<p>community groups to develop and deliver projects, offers of grants will be made with appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the s106 agreements are adhered to. If ambiguity exists over the appropriateness of a project, agreement of the developer will be sought.</p> <p>Some s106 agreements have 'clawback' clauses allowing the developers to be re-paid the money if it is not spent within a certain timeframe. Thus there is a risk of communities losing out if money is not spent within the specific timeframes. Careful monitoring will prevent this from happening. In addition the development of town/parish Open Space, Sport and Recreation Plans (where relevant) ensures that priorities are known and that projects can be readily progressed.</p> <p>There is a risk of funds not being allocated in accordance with community aspirations and that community benefits may not be secured for the long term. The development of town/parish Open Space, Sport and Recreation Plans (where relevant) ensures that the town/parish priorities are known. All plans for expenditure will be agreed with Ward Councillors and Town/Parish Councils and will need to comply with the s106 agreement and pooling restrictions. Any recipients of grant offers will need to hold necessary powers and have a suitable organisational structure in place. Where necessary Community Use Agreements will be implemented to secure long term community use.</p> <p>There is a risk that the requirements of the Council's Financial Procedure Rules will not be met. All payments will be made in accordance with the Rules and contracting/tendering procedures where relevant.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Projects need to address accessibility issues to ensure access to all wherever reasonable and practicable.
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety	Y	Enhancements to Open Space, Sport and

and Wellbeing		Recreation facilities are closely linked with improved health and wellbeing.
Other implications	N	

Supporting Information

Appendices:

None

Background Papers:

None

Approval and clearance of report

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

Report to: **Executive**

Date: **13 December 2018**

Title: **Write Off Report**

Portfolio Area: **Support Services – Cllr Wright**

Wards Affected: **All**

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

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

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

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

Recommendations:

The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £50,042.41, as detailed in Tables 1 and 2.

The Executive approves the write off of individual debts in excess of £5,000 totalling £53,579.00, as detailed in Table 3.

1. Executive summary

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

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

This report covers the period 1st July 2018 to 30th September 2018.

2. Background

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

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

South Hams District Council's collection rates for 2017/18 were; Council Tax 98.15% & Business Rates 97.68%.

In the second quarter of 2018/19 the Council has collected £19.1 million in Council Tax and £7.8 million in Business Rates. The total collectable debt for 2018/19 (as at 30th September) for Council Tax is £70.5 million and for Business Rates is £31.5 million.

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

3. Outcomes/outputs

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £2,940,746.58. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

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

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

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

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

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

4. Options available and consideration of risk

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

5. Proposed Way Forward

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

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The relevant powers for this report are contained within the following legislation; Section 151 Local Government Act 1972 Section 44 Local Government Finance Act 1988 (Non Domestic Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
Financial		South Hams District Council debts totalling £103,621.41 to be written-off
Risk	Reputation Write Off	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in issues for consideration. Any individual debt exceeding £5,000 is referred to

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

Supporting Information

Appendices:

- Table 1 – Council debt under £5,000 written off by the Section 151 Officer
- Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer
- Table 3 – Summary of items over £5,000 where permission to write off is requested
- Table 4 – National & Local Collection Statistics re 2017 / 18 Collection Rates
- Table 5 – Quarterly income in 2017 / 18 relating to all years
- Table 6 – Previous Year Write Off Totals

Background Papers:

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

Approval and clearance of report

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

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2018/19			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	8	1		Overpaid Entitlement	4,226.99	22	6,789.72	27	17,548.44	191	75,345.85
	-	-		Insolvency / Bankruptcy	-	-	-	3	3,454.06	7	7,131.54
	-	-		Absconded	-	-	-	-	-	-	-
	1	-		Deceased	92.18	4	3,145.03	1	12.32	14	3,228.68
	15	-		Not cost effective to pursue	397.50	22	417.42	3	34.34	19	244.07
	26	3		Uncollectable old debt	13,231.64	41	19,426.81	106	25,593.25	293	65,941.62
Total	50	4			17,948.31	89	29,778.98	140	46,642.41	524	151,891.76
COUNCIL TAX	-	-		Absconded	-	-	-	10	9,515.20	20	15,089.66
	8	7		Insolvency / Bankruptcy	23,709.70	31	41,605.64	3	2,957.49	43	49,137.29
	4	-		Deceased	2,101.17	6	2,463.98	-	-	6	964.86
	1	-		Small balance	10.77	4	73.95	4	30.63	9	98.26
	5	1		Other (inc. CTR overpayment)	2,066.42	8	4,169.55	2	69.90	44	30,551.03
	-	-		Uncollectable old debt	-	-	-	-	-	1	138.02
Total	18	8			27,885.06	49	48,312.82	19	12,573.22	123	95,979.12
SUNDRY DEBTS	-	-		Absconded	-	1	1,272.00	-	-	-	-
	-	-		Insolvency / Bankruptcy	-	1	105.43	1	3,251.06	2	6,374.98
	2	-		Not able to pursue	360.00	2	360.00	-	-	-	-
	-	-		Other	-	-	-	1	1,052.68	3	1,210.18
	-	-		Uncollectable old debt	-	-	-	-	-	466	95,205.69
	-	-		Small balance	-	-	-	3	0.80	6	2.13
Total	2	-			360.00	4	1,737.43	5	4,304.54	477	102,792.98
HOUSING RENTS	-	-		Insolvency / Bankruptcy	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	1	90.10	1	90.10
	-	-		Absconded	-	-	-	1	38.19	1	38.19
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	-	-
	-	-		Deceased	-	-	-	-	-	-	-
Total	-	-			-	-	-	2	128.29	2	128.29
Grand Total	70	12			46,193.37	142	79,829.23	166	63,648.46	1,126	350,792.15

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2018/19			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATES	-	-	-	Absconded	-	-	-	1	2,428.22	4	6,157.55
	2	2	4	Insolvency / Bankruptcy	3,849.04	8	8,542.22	-	-	8	14,662.58
	-	-	-	Other	-	-	-	-	-	1	12.53
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	-	-	Deceased	-	-	-	-	-	-	-
Total	2	2	4		3,849.04	8	8,542.22	1	2,428.22	13	20,832.66

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

Page 194 TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2018/19			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATES	4	Insolvency / Bankruptcy	42,467.63	6	64,038.49	1	7,397.47	2	20,030.54
	-	Absconded	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-	-
Total	4		42,467.63	6	64,038.49	1	7,397.47	2	20,030.54
HOUSING BENEFIT	-	Deceased	-	-	-	1	7,183.54	2	14,286.24
	-	Overpaid Entitlement	-	-	-	1	5,991.22	2	13,168.64
	-	Uncollectable	-	1	18,294.69	-	-	3	17,507.09
	-	Insolvency / Bankruptcy	-	1	12,479.10	1	8,920.82	2	18,551.90
Total	-		-	2	30,773.79	3	22,095.58	9	63,513.87
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	2	Insolvency / Bankruptcy	10,751.37	2	10,751.37	-	-	-	-
	-	Other (inc. CTR overpayment)	-	-	-	-	-	-	-
Total	2		10,751.37	2	10,751.37	-	-	-	-
SUNDRY DEBTORS	-	Insolvency / Bankruptcy	-	-	-	-	-	2	47,367.88
	-	Uncollectable old debt	-	-	-	-	-	3	26,561.20
Total	-		-	-	-	-	-	5	73,929.08
Grand Total	6		53,579.00	10	105,923.65	4	29,493.05	16	157,473.49

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2017-18 COLLECTION RATES

Total amount collected in 2017-18 relating to 2017-18 financial year only (net of refunds relating to 2017-18)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 17/18 - £000s	Net Cash Collected* i.r.o. 17/18 - £000s	Amount Collected i.r.o. 17/18 - %age	Collectable Debit i.r.o. 17/18 - £000s	Net Cash Collected* i.r.o. 17/18 - £000s	Amount Collected i.r.o. 17/18 - %age
All England	28,319,489	27,501,263	97.1	25,287,466	24,873,246	98.4
Shire Districts	12,943,776	12,683,211	98.0	7,946,252	7,824,084	98.5
East Devon	100,360	99,336	99.0	33,789	33,517	99.2
Exeter	62,885	60,142	95.6	80,695	79,137	98.1
Mid Devon	50,115	49,092	98.0	15,924	15,793	99.2
North Devon	58,567	56,830	97.0	32,078	31,423	98.0
Plymouth	118,686	115,110	97.0	91,798	90,519	98.6
South Hams	66,496	65,264	98.2	30,935	30,216	97.7
Teignbridge	84,735	83,541	98.6	30,644	30,464	99.4
Torbay	75,843	72,525	95.6	35,501	34,210	96.4
Torrington	40,914	40,108	98.0	11,297	11,126	98.5
West Devon	37,196	36,025	97.6	10,499	10,289	98.0

Net Cash Collected is total 2017-18 receipts net of refunds paid, in respect of 2017-18 only

TABLE 5 QUARTERLY INCOME IN 2017-18 RELATING TO ALL YEARS

Total amount collected in 2017-18 relating to any financial year (net of all refunds in 2017-18)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 st April – 30 th June	19,915	10,299
Quarter 2 - Receipts collected between 1 st July – 31 st September	17,922	7,695
Quarter 3 - Receipts collected between 1 st October – 31 st December	18,872	7,698
Quarter 4 - Receipts collected between 1 st January – 31 st March	9,137	5,084

* Net Cash Collected is total receipts in 2017-18 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS

		2017-18	2016 - 17	2015 - 16	2014 - 15	2013- 14	2012 - 13
HOUSING BENEFIT	Under £5,000 cases	151,891.76	68,357.34	57,038.07	102,138.53	75,357.30	87,095.83
HOUSING BENEFIT	£5,000 or over cases	63,513.87	5,394.07	7,177.42	0.00	14,903.19	61,925.43
Total		215,405.63	73,751.41	64,215.49	102,138.53	90,260.49	149,021.26
COUNCIL TAX	Under £5,000 cases	95,979.12	93,486.69	54,831.67	97,927.30	117,528.97	96,025.52
COUNCIL TAX	£5,000 or over cases	0.00	0.00	0.00	0.00	23,090.93	6,782.09
Total		95,979.12	93,486.69	54,831.67	97,927.30	140,619.90	102,807.61
SUNDRY DEBTS	Under £5,000 cases	102,792.98	1,321.50	9.03	6,584.63	2,723.23	12,811.29
SUNDRY DEBTS	£5,000 or over cases	73,929.08	0.00	0.00	0.00	0.00	0.00
Total		176,722.06	1,321.50	9.03	6,584.63	2,723.23	12,811.29
HOUSING RENTS	Under £5,000 cases	128.29	270.00	0.00	3,113.38	1,037.83	3,143.83
HOUSING RENTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00	0.00
Total		128.29	270.00	0.00	3,113.38	1,037.83	3,143.83
NON DOMESTIC RATES	Under £5,000 cases	20,832.66	32,812.78	37,074.12	75,016.54	70,809.92	39,115.54
NON DOMESTIC RATES	£5,000 or over cases	20,030.54	47,128.00	252,084.33	166,412.60	44,546.85	76,663.15
Total		40,863.20	79,940.78	289,158.45	241,429.14	115,356.77	115,778.69
GRAND TOTAL		529,098.30	248,770.38	408,214.64	451,192.98	349,998.22	383,562.68

Commercial Development Opportunities

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

Executive

Date:	13th December 2018
Title:	Commercial Development Opportunities
Portfolio Area:	Cllr John Tucker, Leader of the Council, Assets
Wards Affected:	All
Relevant Scrutiny Committee:	Overview & Scrutiny Panel
Date next steps can be taken:	After Call In 24 December 2018
Authors:	Darren Arulvasagam / Chris Brook Business Development / Assets CoP Lead Darren.Arulvasagam@swdevon.gov.uk Chris.Brook@swdevon.gov.uk

Recommendations: That Executive:

1) APPROVE the following projects to proceed, (capital investment of £20.86m as per Exempt Appendix H), including the granting of leases in excess of 15 years where applicable, subject to Recommendation 2 being approved by Full Council on 17th January 2019:

- i. Kingsbridge, Rope Walk Resource Centre development
- ii. Totnes, Steamer Quay office development
- iii. Sherford, commercial land acquisition
- iv. Beesands, beach huts
- v. Salcombe, Shadycombe Car Park capacity increase
- vi. Ivybridge, Leonard's Rd Car Park super market proposal
- vii. Workshop for Salcombe Harbour at Batson (subject to consultation with the Salcombe Harbour Board)
- viii. Employment Units, Batson

2) RECOMMEND to Council the financing of the following sums as set out within the Appendices of this report, subject to project approval above in Recommendation 1:

- i. To fund the acquisition of 10 acres of employment land at Sherford from the Business Rates Retention Earmarked Reserve (as set out in Appendix C)
- ii. To allocate £500k from S106 funding from Land at Torhill farm, Godwell Lane, Ivybridge (27_57/1347/14/F) to fund the Ermington Employment Units (thereby freeing up £0.5m of capital receipts funding)
- iii. To fund the £949,833 upfront borrowing costs during the construction period of the projects (as set out in Exempt Appendix H) from a combination of the Business Rates Retention Earmarked Reserve (£624,833) and the Business Rates Pilot gain for 2018/19 (£325,000).

Commercial Development Opportunities

Executive Summary

- 1.0 Following full Council approval of the Commercial Property Strategy (CPS) in September 2018 and the delegated authority to Executive, this report seeks approval of 8 projects that meet the CPS objectives.
- 1.1 These objectives were:
 - 1.1.1 To support regeneration and the economic activity of the District
 - 1.1.2 To enhance economic benefit & business rates growth
 - 1.1.3 To assist with the financial sustainability of the Council as an ancillary benefit.
 - 1.1.4 To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 1.2 The CPS delegates authority to approve development projects to Executive, where these projects fit within the borrowing limit approved by the Council. Some of the projects included in this report require seed funding or have an alternative funding provision entirely. These projects would therefore require full Council approval for the funding (see Recommendation 2).
- 1.3 The projects recommended are:
 - 1.3.1 A new build development in Kingsbridge which would be let to a major UK hotel operator on the former Rope Walk Resource Centre Site, providing year around visitor accommodation.
 - 1.3.2 An office development on a brown field site, for a well-established architect practice wishing to invest and grow in Totnes.
 - 1.3.3 The acquisition of approx. 10 acres of commercial land in Sherford to provide for future commercial expansion of business within or re-locating to the South Hams.
 - 1.3.4 Construction of 7 no. chalet style beach huts at Beesands to provide beach front tourist accommodation in the heart of the village, combined with the provision of a new play park facility.
 - 1.3.5 The construction of a single additional deck of car parking at Shadycombe Car Park, to provide approx. 30 new parking spaces in the centre of Salcombe.
 - 1.3.6 Provision of a discount supermarket in central Ivybridge, alongside car park improvements providing no net loss of car parking spaces.
 - 1.3.7 Construction of 5 Employment units in Batson and a Workshop for the Harbour Authority to work from that is fit for purpose and future proofed.
- 2 **Background**
 - 2.0 In July 2018, Council approved a report entitled "Council Owned Asset Investment and Development" which approved expenditure of up to £150,000 to progress 5 projects within the South Hams. Two of these (Kingsbridge and Ivybridge) projects have progressed to a stage where they are able to be considered by Executive. The other three have not incurred any cost to date and are not being progressed at this time.

Commercial Development Opportunities

- 2.1 In September 2018, the Council adopted a new Commercial Property Strategy, which delegates decisions on in-district development to Executive. This report sets out the two business cases (for Kingsbridge and Ivybridge), along with proposals for 6 other in-district projects.

3 Development Options Kingsbridge, Rope Walk Development

- 3.0 A major UK hotel operator is seeking a site in Kingsbridge and has confirmed that the land at Rope walk would be suitable for their requirements.
- 3.1 The proposal is for a 4/5 storey, 79 bedroom hotel. Some new parking will be provided, but the majority of hotel users will use the parking provided in the adjacent Council owned car park, as is typical in these situations.
- 3.2 The council would procure a design and build contract and then the building would be leased to the tenant on a 25 year, full repairing and insuring lease.
- 3.3 Based on an 80% occupancy rate (the UK average for the last 3 financial years) and 1.5 person/room, this would bring a minimum of 34,600 additional visitors to Kingsbridge per year.
- 3.4 According to Visit Britain.org¹, for every £1 of direct spend in tourism there is a further £1.90 in GVA that is supported elsewhere in the economy through the supply chain and consumer spending activities.
- 3.5 If this is applied to an average room rate of £60/night, the total additional annual spend in the economy of Kingsbridge and surrounding area (excluding room costs) would amount to £3.9m per annum.
- 3.6 This project will deliver an initial net yield slightly below the target net yield of 1% envisaged in the CPS. However, it performs very strongly when measured against the two other objectives of; supporting regeneration and the economic activity of the District and enhancing economic benefit & business rates growth.
- 3.7 Initial discussions with Kingsbridge Town Council have been broadly supportive, recognising the economic benefits such a development would bring to Kingsbridge. However, they did raise concerns over the aesthetic and vernacular of the building, wishing to see the best possible materials and architectural design applied through the planning process.
- 3.8 The project programme envisages approximately two years between approval and completion, should this project move forward.
- 3.9 The project would require full Council approval for the use of reserves to provide the cash flow during the build process ahead of receiving a rental income from the hotel operator. This would be subject to a separate report to Council in January 2019.
- 3.10 A transaction review template is provided in Appendix A, which due to commercial sensitivity is exempt.

¹ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Tourism_Jobs_and_Growth_2013.pdf

Commercial Development Opportunities

Totnes, Steamer Quay office development

- 3.11 It is proposed to develop a small two storey office on a brown field site at Steamer Quay in Totnes, as shown in Figure 2.1 below.



Figure 2.1 – Site location plan

- 3.12 The development would provide approximately 240m² of office space, across the ground and 1st floor.
- 3.13 The building would be designed and specified by the proposed tenant to meet with their requirements and showcase good design. The building would then be leased to the tenant on a long (min 10yr), full repairing and insuring lease.
- 3.14 Initially the 70m² ground floor space would be speculative and be let to the market, however it provides expansion space for the tenant in the future. The CoP Lead for Assets is satisfied that there is sufficient demand in the market to justify this approach.
- 3.15 This project would support a local firm wishing to invest in its future in Totnes and continue to provide secure highly skilled jobs in the area. In addition it provides scope for expansion and additional job creation.
- 3.16 A transaction review template is shown in Appendix B, which is exempt.

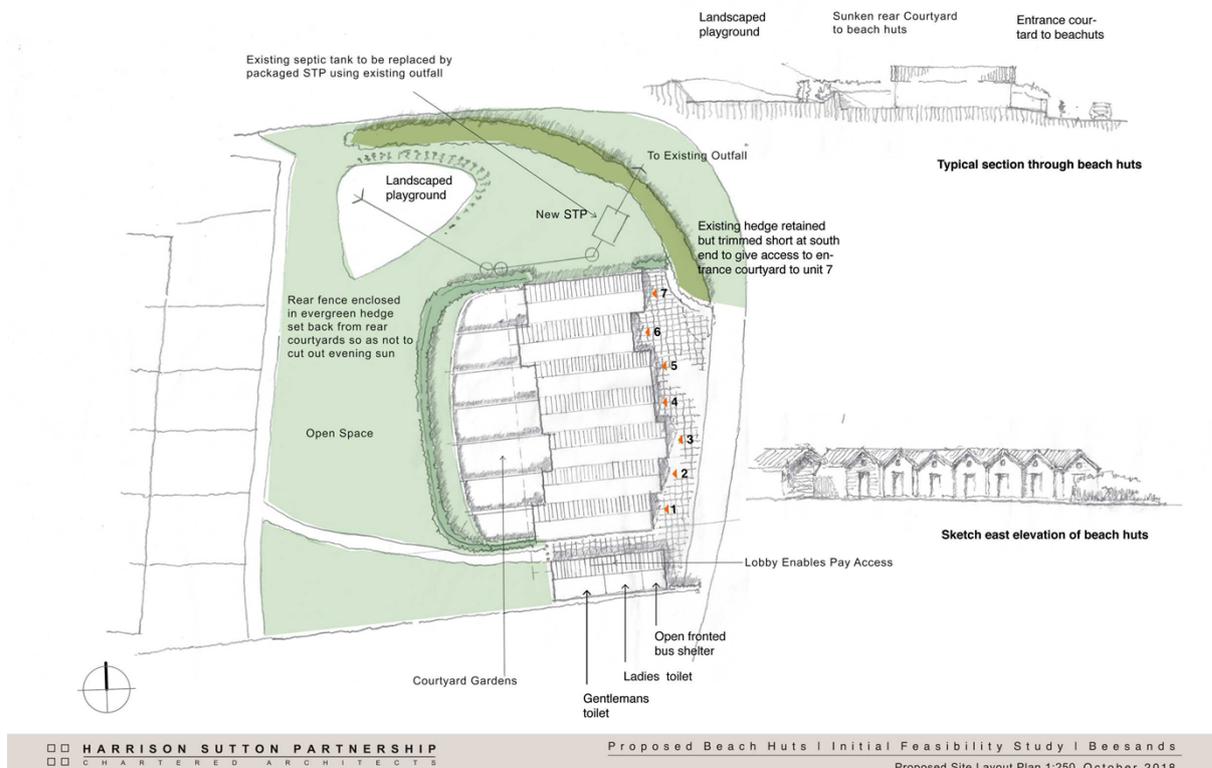
Sherford, commercial land acquisition

- 3.17 As part of the approved planning application for Sherford, approximately 30 acres of commercial land is identified on the north east part of the site, close to the junction with the A38.
- 3.18 The Council has a long history trying to support economic activity in the district, however, it has often not been able to provide sites for companies wishing to stay or move to the area for expansion.
- 3.19 To fulfil this need, it is proposed to buy 10 acres of the site to meet the future economic expansion demand of the District.
- 3.20 The site will have road access as well as services brought to the edge of the site, however internal infrastructure will need to be brought forward as parcels are developed out over time.
- 3.21 It is envisaged that this land could provide the District with between 10 to 20 years of commercial land supply.

Commercial Development Opportunities

- 3.22 This proposal will directly facilitate economic activity and growth as outlined in the CPS. Over time, it will also provide a sound economic investment both in land value terms and through individual parcels of land coming forward for development.
- 3.23 As there is no immediate payback from this investment, it is proposed to use reserves (rather than borrowing) to fund the acquisition. It is recommended to Council to fund the acquisition of 10 acres of employment land at Sherford from the Business Rates Retention Earmarked Reserve, as set out in Exempt Appendix C. (If this was approved, there would be less funding in this reserve available to pay a lump sum into the Council's Pension Fund, which is an option for the use of this reserve which has also been discussed with Members. More information on the options for the Council's Pension Strategy around the actuarial valuation was set out in Appendix C of the Medium Term Financial Strategy presented to Council in September 2018).
- 3.24 A transaction review template is shown in Appendix B, which is exempt
- Beesands, Beach huts**
- 3.25 The Council own a piece of land at Beesands, upon which it is proposed to construct 7 No. chalet style beach huts on the site, to provide tourist accommodation in the village. An overview of this is shown below in Figure 2.2 & 2.3.

Figure 2.2 – Beesands scheme overview



Commercial Development Opportunities



Figure 2.3 – Indicative images of the accommodation

- 3.26 The proposal includes the provision of a new play park on the site and the demolition of the existing toilet block. It could include the re-build of the toilet block in the same style or an 8th beach hut.
- 3.27 The business case for this project assumes an average occupancy rate of 170 nights a year. Assuming an average of 2.5 people per stay, this would equate to a further 425 visitor nights spent in Beesands over the year.
- 3.28 Applying the same multiplier of £1.90 per £1 spent, this would add a further £144k to the local economy of Beesands. In simple terms, it is highly likely that these additional visitors would spend their money in the local pub and adjacent restaurant, the latter particularly relying on and supporting the local fishing trade.
- 3.29 The proposals align well with the CPS objectives of supporting economic growth (in this case through tourism) and the provision of a reasonable direct financial return to the Council.
- 3.30 It has been discussed with Stokenham Parish Council, and they were asked their views on:
 - 3.30.1 The principle of the scheme.
 - 3.30.2 Taking on the maintenance and responsibility of the play park if it was constructed.
 - 3.30.3 Taking on the maintenance and responsibility of the toilet if it was re-built.
- 3.31 There was initial verbal support for the principle of the scheme during the meeting, however a written follow up from the Chairman advised that the Parish did not see the benefit of the scheme for the community. Furthermore, they were reluctant to confirm that they would take on the responsibility of the play park and clear that they did not approve of the policy of re-building the toilets being subject to transfer to the Parish.
- 3.32 As such, the Executive would need to consider the approach taken to the public toilets and play-park as part of this scheme, so officers can take the proposals forward.
- 3.33 A transaction review template is included in Appendix D of this report. Due to commercial sensitivity, this appendix is exempt from publication.
- Salcombe, Shadycombe Car Park capacity improvement**
- 3.34 Salcombe has long been a popular tourist destination whilst also supporting a year round community. The local geography of the town restricts the opportunities to provide parking for both locals and visitors.

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- 3.35 The Council owns and operates the three main car parks at Batson, Shadycombe and Whitestrand. All of these car parks are at capacity during the summer and whilst not full in the winter, are well utilised. This is exacerbated by the winter use of Batson car park for boat parking, a further land intensive service that is at capacity.
- 3.36 So as to address this capacity issue directly, it is proposed to construct a single car park deck on the site, to provide approximately 30 extra spaces.
- 3.37 This proposal was presented at a stakeholder workshop held in Salcombe in October, and it was generally well supported. Opinions were expressed that it would be better if the additional spaces were intended for visitors not residents parking, so as to support the shops and commerce in the town.
- 3.38 Whilst the proposal is only at concept stage, it is envisaged that the deck structure will connect to the higher part of the car park, and span over the lower carpark. It would be subject to planning and need to be designed sensitively given its location.
- 3.39 The scheme provides a direct economic return to the Council and will provide greater capacity for visitors to park in Salcombe, which in turn supports footfall and spend in the Town. As such it aligns well with the objectives of the CPS.
- 3.40 A transaction review template is included in Appendix E of this report. Due to commercial sensitivity, this appendix is exempt from publication.

Ivybridge, Leonard's Road supermarket proposal

- 3.41 A national supermarket operator is looking for a site in the vicinity of Ivybridge. It is believed that the Leonard's Road car park would be an ideal location, driving footfall into the town centre, as opposed to an out-of-town new retail development.
- 3.42 The footprint of the store would displace existing parking, which would be replaced through the creation of an upper level above the short stay parking area, resulting in no net loss of parking. Officers are considering other alternatives (which would be delivered at additional cost) to provide a net increase in parking, potentially through an additional level of parking.
- 3.43 The store would employ between 30 – 35 people and generate approximately 1,000 trips a day into the centre of Ivybridge.
- 3.44 The supermarket's business model of only stocking ~2000 – 3000 product lines (instead of a more typical 10,000-20,000) requires shoppers to visit other stores to complete their typical weekly shopping. It is for this reason that this style of store would assist with the sustainability of shops and high streets in close proximity.
- 3.45 There are no other sites in the centre of Ivybridge which would be suitable for such development. If an out of town location (such as a proposed south of A38 development) come forward, it is considered likely to have a negative effect on central Ivybridge footfall and commerce, when added to Tesco's location on the A38.

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- 3.46 The proposal will require a change in car parking strategy at the site, as both the store and the leisure centre will require sufficient parking for their needs, which is not all day parking, such as exists currently.
- 3.47 This report recognises that delivery of this store would displace long stay parking in part from the centre of Ivybridge. This would clearly be to the detriment of those who benefit from the £2 all day tariff, be-it workers or otherwise.
- 3.48 A car parking strategy would need to be devised and implemented alongside this development to cater for the displaced long stay parking. Options for this are currently being considered.
- 3.49 Discussion has been held with ward members and representatives from Ivybridge Town Council. Support for the development opportunity was mixed. It was felt that more needed to be done to create additional parking within the centre of Ivybridge and some felt a new supermarket would not bring additional trade into the town.
- 3.50 A transaction review template is included in Appendix F. Due to commercial sensitivity, this appendix is exempt from publication.

Salcombe Harbour Workshop – Batson

- 3.51 Salcombe Harbour Authority have a workshop located on Island Street. It is part of an existing Council building which is let to multiple tenants.
- 3.52 The workshop space has become too small for modern day operational practices as boat and equipment sizes increase. It is also constrained from a vehicular access perspective and the mobile plant that is required to operate from it has to travel to Batson car park on busy highway.
- 3.53 It is proposed to apply for planning and then construct a new workshop for the Harbour Authority located by the slipway in Batson. This building would provide a modern efficient building that would meet the operational requirements of the Harbour Authority.
- 3.54 The cost of the building is set out in Exempt Appendix H. It is proposed that the Council borrow the money to build the facility from the Public Works Loan Board. The Harbour Authority would then pay the cost of the borrowing and capital repayment (over a 50 year term) back to the Council along with an amount for repairs and maintenance.
- 3.55 The cost of this is estimated to be C. £45k / yr, but all efforts will be made to reduce the cost of the building and therefore the cost of the repayment.
- 3.56 The existing harbour workshop will be let to the market in the same way as the rest of the building currently is.

Employment Units, Batson

- 3.57 The development of the units at Batson meet with the objectives of the CPS as they will provide direct employment benefits to the community in Salcombe, much of which is marine related. It is hoped they will provide space for existing businesses who are unable to find space on Island Street as the character of that area moves away from marine and industrial usage.

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- 3.58 The scheme has been redesigned to take account of the operational needs around trailer parking, resulting in a smaller footprint for the building.
- 3.59 Based on an anticipated rental of £7.5 / sqft, the units should generate a gross rent of C. £24k/yr. However, due to the cost of borrowing it is estimated that the initial net income will be C. £5k/yr as shown in Exempt Appendix G. Any reduction in the overall cost of the scheme will improve the rental yield and income position.
- 3.60 The proposed funding for this project is set out in Exempt Appendix G. As part of this, Members are asked to allocate £500k from S106 funding from Land at Torhill farm, Godwell Lane, Ivybridge (27_57/1347/14/F) to fund the Ermington Employment Units (thereby freeing up £0.5m of capital receipts funding).
- 3.61 A transaction review template is included in Appendix G. Due to commercial sensitivity, this appendix is exempt from publication.
- 4 **Options available and consideration of risk**
- 4.0 The Executive is able to move forward on all, some, or none of the projects put forward in this report. When considering the benefits of these projects, the Executive must recognise that all of these projects meet the objectives of the CPS.
- 4.1 Not proceeding with the projects would result in the status quo, that is to say, the benefits of job creation, business rates and tourism would not be felt. Secondary to this, the financial returns would not be realised.
- 4.2 Proceeding with all or some of the projects also carries risk. All construction carries risk which the Council would have to manage through good design, project management and contractor oversight. It cannot however be eliminated and a financial contingency would always be put in place for each project that proceeds to mitigate that risk.
- 4.3 Apart from Shadycombe, Sherford, Batson Employment Units and Beesands, the projects presented have tenants identified to take occupation upon completion of the scheme. This is important given that the projects are funded through borrowing. Significant cost will not be incurred and planning permission will not be submitted until agreement for leases are completed with the proposed tenants.
- 4.4 The Sherford proposal is different as it is intended to create opportunity for economic expansion and inward investment in the district. The Council is in conversation with several companies looking for new premises and this commercial land may suit their needs. There is however, no clear timeline on how many or how quickly development on the land will occur. As such the Executive must recognise that this purchase represents is a long term investment and any future development will require either further investment or the sale of parcels of land.
- 4.5 The business case put forward for Beesands is based on figures derived from a similar development in Shaldon, Teignbridge. As such, it has already been market tested. It is not the case that any two villages have identical visitor numbers however, so it is quite possible that the business case and reality may vary by an amount, either for the better or worse.

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- 4.6 All the projects proposed rely on the Council borrowing money from the PWLB except for the Sherford opportunity which will be funded from the Business Rates Retention Earmarked Reserve.
- 4.7 Forecast borrowing interest rates have been used in the business cases proposed based on the project timelines. Therefore an interest rate risk exists with all of these projects if the forecast is either incorrect or the timeline is incorrect. This could reduce or improve the business case for each project. Some of the business cases have been calculated based on 100% repayment of the capital amount borrowed over the loan period, whilst others have been calculated based on 50% repayment of the capital borrowed. This is shown in Exempt Appendix H. The Council could opt to use either or different repayment treatments.

5 Proposed Way Forward

- 5.0 That Executive approve the projects set out in this report and recommend to Council to approve the use of reserves as required to seed fund where necessary as follows:
- 5.0.1 Borrowing of just under £19 million as set out in Exempt Appendix H, allocating £0.5m from s106 contributions towards marine units and £1.5m from the business rate retention earmarked reserve.
- 5.1 Should some or all of the projects be approved, the next step will be to finalise terms with prospective tenants and enter into agreement to lease. Following that, planning, detailed design and ultimately construction would commence. This will be completed without further redress to Executive, assuming the business case and financial viability remains consistent.
- 5.2 The timeline between approval and completion is expected to be 2 – 3 years, the exception being the acquisition in Sherford which would be concluded much more quickly.
- 5.3 The projects will be managed within the Assets CoP, utilising the existing supply chain that is in place for design and specification. The construction of the large projects will be undertaken through the Scape Framework to appoint a management contractor.
- 5.4 The small construction projects (Totnes, Beesands and Shadycombe) will be tendered within the market to get an appropriate sized contractor, as is normal for Council construction contracts.

6 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>All appendices to this report are exempt from publication because they contain 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> <p>These proposals are consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the</p>

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		<p>general power of competence).</p> <p>Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</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>Any future development will be subject to the normal Council planning process and any decision by Executive does not infer that planning permission for the proposed developments would be granted.</p>
Financial	Y	<p>If successful, the proposed asset developments have the potential to make a significant contribution to the current predicted cumulative budget gap for the Council within the current Medium Term Financial Strategy period to 2023/24. EXEMPT appendix H summarises the financial impact of all of the proposed projects if approved in this format.</p> <p>As set out in Exempt Appendix H, the projects could contribute net income of around £254,000 by the year 2022/23 and involve borrowing of just under £19 million.</p> <p>It is recommended to allocate £500k from S106 funding from Land at Torhill farm, Godwell Lane, Ivybridge (27_57/1347/14/F) to fund the Ermington Employment Units (thereby freeing up £0.5m of capital receipts funding)</p> <p>It is also recommended to fund the £949,833 upfront borrowing costs during the construction period of the projects (as set out in Exempt Appendix H) from a combination of the Business Rates Retention Earmarked Reserve (£624,833) and the Business Rates Pilot gain for 2018/19 (£325,000).</p> <p>A report on Council's Treasury Management Strategy will be presented to Council in January 2019. Borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council must confirm that the borrowing required is available and is proportional to the Council's financial situation.</p>
Risk	Y	<p>Members will need to be satisfied that any proposed development not only delivers best value but also meets the needs of the corporate strategy and adopted asset management strategy. This will include consideration of how:</p> <ul style="list-style-type: none"> • The relevant capital and revenue costs and income resulting from the investment over the whole life of the asset. • The extent to which the investment is expected to deliver a secure ongoing income stream. • The level of expected return on the investment. • The payback period of the capital investment. <p>The Council already owns and operates a property estate valued at c.£70m. It therefore has experience of managing commercial property and can act as an intelligent client to fulfil the proposed developments and preparation of the business cases.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not Applicable
Safeguarding	N	Not Applicable
Community Safety, Crime and Disorder	N	Not Applicable

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Health, Safety and Wellbeing	N	Not Applicable
Other implications	N	Not Applicable

Supporting Information

Appendices:

- Appendix A – EXEMPT Kingsbridge hotel development transaction review
- Appendix B – EXEMPT Steamer Quay development transaction review
- Appendix C – EXEMPT Sherford Land Acquisition transaction review
- Appendix D – EXEMPT Beesands development transaction review
- Appendix E – EXEMPT Shadycombe car park development transaction review
- Appendix F – EXEMPT Ivybridge supermarket development transaction review
- Appendix G – EXEMPT Batson Units development transaction review
- Appendix H – EXEMPT Summary financial impact of the proposed development projects

Background Papers:

- Commercial Property Strategy, presented to Council September 2018
- Council Owned Asset Investment and Development, presented to Council July 2018

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	n/a

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