

# South Hams Council



<b>Title:</b>	<b>Agenda</b>																																													
<b>Date:</b>	<b>Thursday, 19th December, 2019</b>																																													
<b>Time:</b>	<b>11.00 am and 2.00pm</b>																																													
<b>Venue:</b>	<b>Council Chamber - Follaton House</b>																																													
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Rowe <b>Vice Chairman</b> Cllr Foss</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Abbott</td> <td style="width: 33%;">Cllr May</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Austen</td> <td>Cllr McKay</td> <td></td> </tr> <tr> <td>Cllr Baldry</td> <td>Cllr O'Callaghan</td> <td></td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr Pannell</td> <td></td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pennington</td> <td></td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pringle</td> <td></td> </tr> <tr> <td>Cllr Chown</td> <td>Cllr Reeve</td> <td></td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Rose</td> <td></td> </tr> <tr> <td>Cllr Hodgson</td> <td>Cllr Smerdon</td> <td></td> </tr> <tr> <td>Cllr Holway</td> <td>Cllr Spencer</td> <td></td> </tr> <tr> <td>Cllr Hopwood</td> <td>Cllr Sweett</td> <td></td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Taylor</td> <td></td> </tr> <tr> <td>Cllr Kemp</td> <td>Cllr Thomas</td> <td></td> </tr> <tr> <td>Cllr Long</td> <td></td> <td></td> </tr> </table>	Cllr Abbott	Cllr May		Cllr Austen	Cllr McKay		Cllr Baldry	Cllr O'Callaghan		Cllr Bastone	Cllr Pannell		Cllr Birch	Cllr Pearce		Cllr Brazil	Cllr Pennington		Cllr Brown	Cllr Pringle		Cllr Chown	Cllr Reeve		Cllr Hawkins	Cllr Rose		Cllr Hodgson	Cllr Smerdon		Cllr Holway	Cllr Spencer		Cllr Hopwood	Cllr Sweett		Cllr Jackson	Cllr Taylor		Cllr Kemp	Cllr Thomas		Cllr Long		
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<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																																													
<b>Committee administrator:</b>	Member.Services@swdevon.gov.uk																																													

<b>1. Minutes</b>	<b>1 - 20</b>
to approve as a correct record and authorise the Chairman to sign the minutes of the meetings of the Council held on 26 September 2019 and the Special Council held on 28 November 2019;	
<b>2. Urgent Business</b>	
the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under 'Business Brought forward by the Chairman');	
<b>3. Exempt Information</b>	
to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;	
<b>4. Declarations of Interest</b>	
Members are invited to declare any personal; or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;	
<b>5. Chairman's Engagements</b>	
<b>6. Business Brought Forward by the Chairman</b>	
to consider business (if any) brought forward by the Chairman;	
<b>7. Updated Commercial Investment Strategy, Investment Strategy and Capital Strategy</b>	<b>21 - 72</b>
<b>8. Community Infrastructure Levy</b>	<b>73 - 82</b>
<b>9. Political Structures and Governance Review</b>	<b>83 - 92</b>
<b>10. Dementia Friendly Council</b>	<b>93 - 98</b>
<b>11. Annual Review of Health and Safety Policy Statement</b>	<b>99 - 118</b>
<b>12. Calendar of Meetings 2020/21</b>	<b>119 - 124</b>
<b>13. Honorary Alderman - Presentation to Mr John Tucker</b>	

**\*\*At this point, the meeting will be adjourned and will be reconvened at 2.00pm\*\***

**14. Climate Change Update** **125 - 166**

**15. Sustainable Procurement Policy and Procedure** **167 - 186**

**16. Questions**

to consider the following question received in accordance with Council Procedure Rule 8.

**17. Notice of Motion**

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

**(a) By Cllrs Pearce and Hopwood**

*'We ask that the Council Payroll Department set up a facility through CAF (the Charities Aid Foundation) so that anyone on the Payroll can establish regular giving to a charity or charities of their choice.'*

**(b) By Cllrs Birch and Baldry**

*'That the Council, as from the start of the 2020/21 Financial Year, increase the Council Tax premium on properties that have been empty for over two years from 50% to 200% thus resulting in the Council Tax on such properties being 300%.'*

**(c) By Cllrs Hodgson and Rose**

*'That the policies and proposals of the Joint Local Plan must be reviewed as a matter of urgency, as in its present form, it conflicts with and is unable to deliver a sustainable future, in light of the recognition of the Climate and Biodiversity Emergency that South Hams District Council has declared.'*

**(d) By Cllrs Hodgson and Rose**

*'Prior to being signed as a legally binding contract between SHDC and/or DCC and other relevant parties regarding a planning decision, a draft copy of the Section 106 Agreement will be provided to the relevant local Ward Member(s) for three days to provide an opportunity for any questions or clarification.'*

**18. Reports of Bodies**

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

\* Indicates minutes containing recommendations to Council

\*\* *Indicates recommendations to Council only; the full Minutes of the Executive meeting held on 19 December 2019 will be presented to Council at its meeting on 13 February 2020.*

- |  |                  |
|--|------------------|
| <b>(a) Audit Committee - 7 November 2019</b>   | <b>187 - 192</b> |
| <b>(b) Overview and Scrutiny Panel * - 21 November 2019</b>                              | <b>193 - 204</b> |
| <b>(c) Executive ** - 19 December 2019</b><br>Recommendations only, presented on screen. |                  |

# Agenda Item 1

## MINUTES OF THE MEETING OF THE SOUTH HAMS DISTRICT COUNCIL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 26 SEPTEMBER 2019

### MEMBERS

\* Cllr R Rowe – Chairman

\* Cllr R J Foss – Vice-Chairman

* Cllr V Abbott	* Cllr D W May
* Cllr L Austen	* Cllr J McKay
* Cllr K J Baldry	* Cllr D M O’Callaghan
* Cllr H D Bastone	* Cllr G Pannell
* Cllr J P Birch	* Cllr J A Pearce
∅ Cllr J Brazil	* Cllr J T Pennington
* Cllr D Brown	* Cllr K Pringle
* Cllr M Chown	* Cllr H Reeve
* Cllr J D Hawkins	* Cllr J Rose
* Cllr J M Hodgson	* Cllr P C Smerdon
* Cllr T R Holway	* Cllr B Spencer
* Cllr N A Hopwood	* Cllr J Sweett
* Cllr S Jackson	* Cllr B Taylor
* Cllr K Kemp	* Cllr D Thomas
* Cllr M Long	

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

For all items: Chief Executive; Section 151 Officer; Monitoring Officer; and Senior Specialist – Democratic Services

#### 30/19 **MINUTES**

The minutes of the annual meeting of Council held on 16 May 2019 and the special meeting of Council held on 25 July 2019 were both confirmed as a correct record and signed by the Chairman.

#### 31/19 **URGENT BUSINESS**

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

#### 32/19 **DECLARATIONS OF INTEREST**

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

Cllrs J D Hawkins and M Long both declared a personal interest in Item 11(b): 'Notice of Motion' (Minute 38/19(b) below refers) by virtue of being Members of a parish and town council respectively that were currently in negotiations with the Council regarding the potential transfer of local public conveniences. On the advice of the Monitoring Officer, both Members remained in the meeting and took part in the debate and vote on this item.

33/19

### **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman advised that a list of her engagements that she had attended to date during this Municipal Year would be circulated to all Members outside of this meeting.

In particular, the Chairman thanked Members for their attendance and support at her recent Civic Service. Also, the Chairman highlighted her recent charity event at Broadleigh Farm that had generated £853.00 for her chosen charity (the Devon Air Ambulance Trust) and she wished to thank those who had kindly supported this event.

34/19

### **MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2024/25**

Consideration was given to a report that sought approval of the Council's Medium Term Financial Strategy 2020/21 to 2024/25.

During discussion, particular reference was made to:-

- (a) Earmarked Reserves. In reply to a request to review those Earmarked Reserves that had been unspent for at least two years, officers advised that this exercise would be part of the Member Budget Workshop on 7 November 2019;
- (b) income streams. Some Members reiterated the importance of the Council maintaining its income levels.

It was then:

### **RESOLVED**

1. That the strategic intention be set to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax Referendum, to enable the continued delivery of services. (NB. the actual Council Tax for any given year will be decided by the Council in the preceding February;
2. That the Council respond to any Government announcement / consultation on Business Rates Reform;

3. That the Council continue to actively lobby and engage with the Government, Devon MPs and other sector bodies (such as the District Councils Network and the Rural Services Network) for a realistic business rates baseline to be set for the Council for 2020 onwards and for when the Business Rates Reform is introduced for 2021/22;
4. That the Council continue to lobby in support of the Government eliminating Negative Revenue Support Grant in 2020/21 (and thereafter) and for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision;
5. That, for modelling purposes, £500,000 of New Homes Bonus funding be used for 2020/21 (or any alternative scheme) to fund the Revenue Base Budget, with this being reduced to £350,000 by 2021/22 and £250,000 by 2022/23;
6. That the Council maintains a policy of a minimum level of Unearmarked Reserves of £1.5 million and that the annual level of contributions to Earmarked Reserves (£684,300) and the adequacy of the existing level of Unearmarked Reserves (£1.9 million) and Earmarked Reserves (£13.3 million) be reviewed by Members as part of the Budget Setting process. (NB. this will assess the adequacy of Reserves levels in light of future plans and pressures);
7. That the Council continues dialogue with the actuaries of the Devon Pension Fund and Devon County Council on the options for the Council's Pension position, with the aim of reducing the current contributions, increasing affordability, whilst best managing the pension deficit. One option to be explored is whether or not some (or all) of the pension deficit should be paid off in a lump sum. The Council supports this option being modelled, with a report being presented to Members by January 2020 that presents both the potential costs and the benefits once the results of the Triennial Pension Revaluation are known;
8. That the Council maintains an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million;
9. That the forecast Budget Gap for 2020/21 of £0.49 million and the position for future years be noted; and
10. That the current options identified and timescales for closing the Budget Gap in 2020/21 and future years (to achieve long term financial sustainability) be noted.

Members were presented with a report that presented the recommendations of the Climate Change and Biodiversity Working Group in respect of the setting up of a Citizens’ Assembly.

In discussion, the following points were raised:

- (a) A Member expressed her view that the Council should be establishing its own Citizens’ Assembly as soon as was practically possible. In contrast, other Members stated that they did not share this view and considered it to be more appropriate to work with Devon County Council in this respect;
- (b) An amendment to the motion was **PROPOSED** and **SECONDED** as follows:

1. *‘That, in considering the setting up of a Citizens’ Assembly, the Working Group be provided with full particulars of the Citizens’ Assembly proposed by Devon County Council including, but not limited to, the issues and matters to be addressed; the number of assembly members and their geographic spread; and the means of administration / operation. The said particulars are to be provided to the Working Group prior to its next meeting to be held on 10 October 2019;*

*(This will inform the benefits and options of establishing a Citizens’ Assembly for the South Hams).*

2. *That, in order to provide clarity in respect of the proposed Action Plan that is to be prepared in accordance with the resolution of the Council made at its meeting on 25 July 2019, its scope will have an internal and external focus as follows:*

**Internal:** *will focus on what the Council can do as an authority to reduce its own carbon footprint; and*

**External:** *will focus on identifying a number of opportunities in which the Council can influence or reduce the carbon footprint for the South Hams. In respect of this part of the Action Plan, there will be the categorisation of what the Council can do directly and what it needs to lobby / influence in order to achieve a successful outcome.*

In support of his amendment, the proposer felt that it was also important that the Council set out clear guidance to the Working Group on the scope of the Action Plan to be developed.



At the invitation of the Chairman, the proposer and seconder of the original motion both confirmed that they were content with this amendment and it was therefore included as part of the substantive motion.

It was then:

### **RESOLVED**

1. That, in considering the setting up of a Citizens' Assembly, the Working Group be provided with full particulars of the Citizens' Assembly proposed by Devon County Council including, but not limited to, the issues and matters to be addressed; the number of assembly members and their geographic spread; and the means of administration / operation. The said particulars are to be provided to the Working Group prior to its next meeting to be held on 10 October 2019;

(This will inform the benefits and options of establishing a Citizens' Assembly for the South Hams).

2. That, in order to provide clarity in respect of the proposed Action Plan that is to be prepared in accordance with the resolution of the Council made at its meeting on 25 July 2019, its scope will have an internal and external focus as follows:

**Internal:** will focus on what the Council can do as an authority to reduce its own carbon footprint; and

**External:** will focus on identifying a number of opportunities in which the Council can influence or reduce the carbon footprint for the South Hams. In respect of this part of the Action Plan, there will be the categorisation of what the Council can do directly and what it needs to lobby / influence in order to achieve a successful outcome.

36/19

### **HEART OF THE SOUTH WEST JOINT COMMITTEE GOVERNANCE REVIEW**

Members considered a report that sought to approve amendments to the Heart of the South West Joint Committee's list of functions.

The Leader introduced the report and highlighted the importance of the Council having a presence (and vote) on the Joint Committee.

During the ensuing discussion, some Members echoed the views of the Leader. However, one Member did express his reservations over the role of the Joint Committee and there was a general recognition that it now needed to start to deliver some tangible outcomes.

It was then:

### **RESOLVED**

1. That the amendments to the Committee's list of functions in the Arrangements document be approved and the updated budget position for 2019/20 for the Heart of the South West Joint Committee be noted; and
2. That agreement be given to the re-appointment of Somerset County Council as the Administering Authority to the Joint Committee for the period from 22 January 2020 to 21 January 2022.

37/19

### **QUESTIONS**

It was noted that three questions had been received in accordance with Council Procedure Rule 8.

#### **From Cllr Hodgson to Cllr Baldry, lead Executive Member for Environment**

(a) *'With regard to the many public concerns that have been raised regarding the delays to the roll out of kerbside collections and the potential impact on recycling rates the continued use of single use plastics until September 2020, would it be possible to implement a temporary arrangement with vehicles that WDBC commission to enable some of the new elements of the proposals including the switch from single use plastic bags to reusable collection bins to be implemented without further delay?'*

In response, Cllr Baldry stated that the date of 28 September 2020 for the introduction of the Devon aligned service was agreed by Full Council on 26 July 2018. This date had been put forward as it allowed sufficient time to procure the appropriate collection vehicles and the necessary infrastructure to be implemented. The vehicles used by West Devon Borough Council, made by Romaquip (the vehicle manufacturer), were highly sought after and were built to individual specification. The order for the new recycling vehicles was placed at the start of this year and had been agreed with Romaquip, however the earliest possible delivery date was September 2020.

Moreover, Cllr Baldry advised that to implement a temporary arrangement would still take several months and would cause unnecessary confusion amongst residents and affect the impact of the service change as a whole. In addition, an annual order of recycling sacks had already been placed to ensure that the Council had sufficient stock up until the time of the new service.

In reply to a supplementary question, Cllr Baldry reiterated his explanation for the project timescales.

#### **From Cllr Hodgson to Cllr Baldry, lead Executive Member for Environment**

(b) *'Please could the portfolio holder for the commissioning of waste services at South Hams District Council report on the current levels of collection / missed bins and customer satisfaction with the new services to date?'*

Cllr Baldry replied that performance of the new contract with FCC had improved (as expected) month on month. The missed collections rate per 100,000 since the contract had started was as below. The contract key performance indicator for missed collections per 100,000 was set at 80. FCC had been given a period of three months in which to achieve the required Service Level Agreements without any contractual penalty points being deducted:

April 2019 – 102 missed collections (per 100,000);  
May 2019 – 129 missed collections (per 100,000);  
June 2019 – 92 missed collections (per 100,000); and  
July 2019 – 75 missed collections (per 100,000).

Cllr Baldry also informed that the online waste survey suggested that customer satisfaction was still high with 89% of customers advising that they were happy with the service. This was also corroborated by the recent Waste and Recycling Advisor report that indicated: 'There were many compliments about the crews regarding how polite and helpful they were'. The Waste and Recycling Advisor had been in the South Hams from 24 May 2019 to 22 August 2019 speaking to residents about the recycling service and answering any queries that they may have. The recent report was circulated to the Waste Working Group on Monday, 16 June 2019 of which Cllr Hodgson was a Member.

### **From Cllr Hodgson to Cllr Pearce, Leader of the Council**

(c) *"Given the recent Declaration of a Climate and Biodiversity Emergency, can the contract with Fusion be amended to require that PV panels and/or Solar hot water panels be erected on the south facing roof of the Totnes Pavilions to reduce the impact of this facility on climate change and to ensure its resilience to rising energy prices and potential energy scarcity?"*

In her response, Cllr Pearce advised that, whilst the contract between Fusion and SHDC did have targets requiring it to reduce its energy consumption year on year, the leisure centre in Totnes was not leased to Fusion. It was leased to Tadpool who, in turn, had an operating contract with Fusion. The lease to Tadpool did not have any obligations in it around solar and could not be changed without the consent of both parties.

Cllr Pearce did however advise that there was nothing stopping the Council from trying to work with Tadpool and Fusion to promote solar investment and that offer had been made at the highest level and was being reviewed. There was also an opportunity to discuss this further with Fusion and Tadpool as part of the future investment of £1.5 million in the Totnes Leisure Centre previously approved by Members.

Whilst not asking a supplementary question, Cllr Hodgson did wish to put on record her gratitude that a meeting had been arranged earlier that day that she had found to be useful.

38/19

## NOTICE OF MOTIONS

It was noted that four motions had been received in accordance with Council Procedure Rule 10:

### (a) By Cllrs Hodgson and Rose

*“We propose that SHDC lobbies National Government to create a structure of fines that Local Authorities can impose for planning breaches. These would include illegal felling or damage to trees, illegal removal of Devon Bank and all mature hedgebanks. These fines could be imposed further to formal investigation by Enforcement officers (rather than the additional costs and time taken going through formal court proceedings).”*

In her introduction, the proposer emphasised the need for more meaningful sanctions to be available to act as a deterrent against potential planning breaches.

During the subsequent debate, an amendment to the motion was **PROPOSED** and **SECONDED** that read as follows:

*‘This Council resolves to lobby its Members of Parliament, the Local Government Association and national government in order to strengthen the sanctions arising out of a breach of planning controls including an increase in the current level of fines in cases of serious breaches such as unauthorised felling or damage to trees, removal of Devon Banks and mature hedgebanks.*

*It is proposed that in introducing an increase in the current level of fines the procedure leading to their imposition be simplified and made more effective in consequence of the limited resources available to local authorities in respect of enforcement.’*

The proposer introduced his amendment and, whilst welcoming the intent of the original wording, he was of the view that his suggested revision would in fact add strength to the motion.

It was noted that local Ward Members had a key role to play with regard to the reporting of potential planning breaches and there was an acknowledged training need to support Members in this respect.

As a result, officers gave a commitment to deliver relevant training to Members in the upcoming months.

When put to the vote, the amendment was declared **CARRIED** and therefore became the substantive motion.

It was then:

### **RESOLVED**

This Council resolves to lobby its Members of Parliament, the Local Government Association and national government in order to strengthen the sanctions arising out of a breach of planning controls including an increase in the current level of fines in cases of serious breaches such as unauthorised felling or damage to trees, removal of Devon Banks and mature hedgebanks.

It is proposed that in introducing an increase in the current level of fines the procedure leading to their imposition be simplified and made more effective in consequence of the limited resources available to local authorities in respect of enforcement.

#### **(b) By Cllrs Baldry and Thomas**

*“In the interest of public health, of our residents and of tourism there shall be no further closure of SHDC public lavatories.*

*This motion reverses the decision taken by the Executive on 22 November 2018 and 7 February 2019 and confirmed at Full Council on 21 February 2019 (following a Call-in to Overview and Scrutiny).*

*Where agreement has been reached with Parish Councils for them to take over or make a financial contribution for their lavatories, these arrangements will remain in place. Where no agreement has been reached by 31 December 2019, the lavatories listed at Resolution 3 and 4 of E.46/18 of the minutes of 22 November 2018 Executive meeting will remain open. Any change in expected Budget for 2020-21 will be taken account of in the 2020-21 Budget process.”*

The proposer introduced his motion and highlighted that:-

- he regretted the original decision of the Council to close any of its public conveniences;
- closures were discriminatory to a number of different categories of society;
- closures were particularly unfortunate in tourist areas such as the South Hams;
- it was his view that, irrespective of the budget implications, the Council should not close any more of its public conveniences.

During the subsequent debate, the following points were raised:

- (a) Some Members felt that it would be very unfair on those town and parish councils who were in discussions (or had already agreed) to take on responsibility for their local public conveniences if this motion was approved. As a differing view, another Member made the point that it was equally unfair for small rural parish councils to be asked to fund their public conveniences that were only for the benefit of visitors and tourists;
- (b) A Member reminded the Council that the motion focused on the closure of public conveniences and any potential transfers should be considered as a separate issue.

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

**(c) By Cllrs McKay and Birch**

*'This Council:*

- 1. acknowledges that within the network of Town and Parish Councils and community-based organisations (Community Land Trusts, Community Benefit Societies, Community Interest Companies etc) there is a wealth of talent, knowledge and expertise that should be regarded as an Asset by this Council;*
- 2. acknowledges that there is a great deal of evidence to support Asset Based Community Development (ABCD) as an effective strategy and that it is at the core of the success of Councils like Wigan and Cornwall and is being actively investigated by many other Councils across the UK and beyond;*
- 3. acknowledges that by adopting the ideas and principles of ABCD, and thereby investing in these Assets, that it would be able to:*
  - bring huge benefits to the communities it serves;*
  - create a sense of belonging and empowerment in communities;*
  - remove the sense of frustration and impenetrable bureaucracy felt by many; and*
  - release resources within the District Council and reduce costs.*
- 4. acknowledges that reliance on a Capital Investment Strategy alone is insufficient and that it should also be investing in People and Organisations. They too are an Asset;*
- 5. acknowledges that community consultation is the key to developing these Assets and that it needs to develop a culture of dialogue and engagement;*
- 6. acknowledges that the Community Involvement Statement (CIS) which the Localism Act 2011 requires the Council to publish, should reflect the desire of this Council to help its Town and Parish Councils, and other community organisations, to achieve their locally defined objectives and to support them as required; and*

*7. RESOLVES to consult with its communities through a programme to be determined by a Working Group of Members with a view to assessing how Asset-Based Community Development could benefit this Council and the communities it serves. The Working Group would also examine the setting up of a Community Support Fund through which development and support of community groups could take place. The Working Group to make recommendations to Full Council in four months' time.'*

By way of an introduction, the proposer provided some background information on the benefits of Asset Based Community Development (ABCD) and informed that the concept was used in a number of different circumstances. In addition, the proposer referred to a number of different local authorities that were actively engaging with ABCD and stated that these councils were not led by the same political parties.

During the subsequent debate, some Members felt that the ABCD concept was interesting and should be explored further and that this could be carried out without the need to establish a Working Group. As a result, an amendment was **PROPOSED** and **SECONDED** that read as follows:

*'This Council proposes that the Deputy Chief Executive and the Executive Lead for Communities together examine the benefits that Assets Based Community Development could offer to South Hams DC and its communities and report back to Council within four months in order to determine the next steps.'*

Subject to the proposer of the original motion being added to the wording, there was widespread support expressed for the amendment. In reply, the proposer and seconder of the amendment confirmed that they were content to include the proposer of the original motion and, with all parties then being content, the amendment became the substantive motion.

It was then:

### **RESOLVED**

This Council proposes that the Deputy Chief Executive; the Executive Lead for Communities; and Cllr McKay together examine the benefits that Assets Based Community Development could offer to South Hams DC and its communities and report back to Council within four months in order to determine the next steps.

**(d) By Cllrs Hodgson and Sweett**

*'In support of its commitment to the Climate and Biodiversity crisis, this Council will form and support a Forum of Town and Parish Councils across the District that have Declared a Climate Emergency and assist them in creating Action Plans to address and mitigate this challenge.'*

The proposer and seconder introduced their motion and made reference to:

- the ability to exploit the expertise contained within town and parish councils;
- town and parish councils now beginning to declare their own Climate Change Emergencies;
- there was a need for the District Council to support town and parish councils in this respect.

In the ensuing debate, the following points were raised:

- (a) Some Members felt that neighbouring town and parish councils should work more closely together on this agenda along the lines of the previous Cluster arrangements;
- (b) Such was the resource implications on supporting the Climate Change agenda for the district council, a Member advised that the Council did not have the officer capacity to provide the necessary support to town and parish councils;
- (c) An amendment was **PROPOSED** and **SECONDED** that read as follows:

*'In support of its commitment to the Climate and Biodiversity crisis, this Council would welcome the Town and Parish Councils across the District that have declared a Climate and Biodiversity crisis working together to create Action Plans to address and mitigate this challenge. To support this action, South Hams District Council will set up a website, similar to the one now well established for Neighbourhood Plans and populate it with our plans, a 'carbon footprint' calculator and a blog page for groups to exchange views.'*

Having received assurances that a related agenda item would be included for discussion on the annual town and parish council budget consultation session with the Council and Devon County Council (that would be taking place before the end of the year), the proposer and seconder of the original motion confirmed that they were willing to accept the amendment.



It was then:

## **RESOLVED**

In support of its commitment to the Climate and Biodiversity crisis, this Council would welcome the Town and Parish Councils across the District that have declared a Climate and Biodiversity crisis working together to create Action Plans to address and mitigate this challenge. To support this action, South Hams District Council will set up a website, similar to the one now well established for Neighbourhood Plans and populate it with our plans, a 'carbon footprint' calculator and a blog page for groups to exchange views.

39/19

## **REPORTS OF BODIES**

### **RESOLVED**

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

- |     |                                  |                   |
|-----|----------------------------------|-------------------|
| (a) | Audit Committee                  | 25 July 2019      |
| (b) | Development Management Committee | 14 August 2019    |
| (c) | Overview and Scrutiny Panel      | 5 September 2019  |
| (d) | Development Management Committee | 11 September 2019 |
| (e) | Executive                        | 19 September 2019 |

### **E.33/19: Quarter 1 Revenue Budget Monitoring 2019/20**

#### **RESOLVED**

That two additional Planning Enforcement Level 6 Case Managers be recruited that will cost an additional £50,078 per annum (SHDC share). (NOTE: that these two posts be funded from the Planning Earmarked Reserve in 2019/20 at a maximum cost of £16,700 (SHDC share)).

### **E.35/19: Corporate Strategy**

#### **RESOLVED**

1. That the progress made to date on refining the Council's Corporate Strategy be acknowledged; and
2. That the desired outcomes up until 2023 be adopted.

(Meeting commenced at 2.00 pm and concluded at 4.10 pm)

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**MINUTES OF THE SPECIAL MEETING OF THE SOUTH HAMS DISTRICT  
COUNCIL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 28  
NOVEMBER 2019**

**MEMBERS**

\* Cllr R Rowe – Chairman

\* Cllr R J Foss – Vice-Chairman

* Cllr V Abbott	* Cllr D W May
* Cllr L Austen	∅ Cllr J McKay
* Cllr K J Baldry	∅ Cllr D M O’Callaghan
* Cllr H D Bastone	* Cllr G Pannell
* Cllr J P Birch	* Cllr J A Pearce
* Cllr J Brazil	* Cllr J T Pennington
∅ Cllr D Brown	* Cllr K Pringle
* Cllr M Chown	* Cllr H Reeve
* Cllr J D Hawkins	* Cllr J Rose
* Cllr J M Hodgson	* Cllr P C Smerdon
* Cllr T R Holway	* Cllr B Spencer
* Cllr N A Hopwood	* Cllr J Sweett
* Cllr S Jackson	* Cllr B Taylor
∅ Cllr K Kemp	* Cllr D Thomas
* Cllr M Long	

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

For all items: Chief Executive, Monitoring Officer; and Senior Specialist – Democratic Services

**40/19 URGENT BUSINESS**

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

**41/19 DECLARATIONS OF INTEREST**

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

**42/19 POLLING DISTRICT AND POLLING PLACES REVIEW 2019**

Members considered a report that presented some slight revisions to the Council’s Polling Districts and Polling Places Order.

It was then:

**RESOLVED**

That the Polling Districts and Polling Places Order 2019 be approved.

43/19

**BRIXTON NEIGHBOURHOOD PLAN**

Members were presented with a report that sought to approve the making (adoption) of the Brixton Neighbourhood Development Plan.

In discussion, reference was made to:-

- (a) congratulations being extended to the Neighbourhood Planning Group. A number of Members wished to put on record their congratulations for the tireless effort and hard work that had been put in by the Neighbourhood Planning Group to reach this point;
- (b) the process of making a Neighbourhood Development Plan. A Member felt that the requirement for the Council to make a Plan was unnecessary and the declaration of the referendum result should be sufficient. In reply, other Members felt that it was appropriate for the Council (in its capacity as the Local Planning Authority) to give its approval since it would sit alongside its own Development Plan(s).

It was then:

**RESOLVED**

That the Brixton Neighbourhood Development Plan be made.

44/19

**APPOINTMENTS: FUTURE IT PLATFORMS JOINT SH/WD MEMBER WORKING GROUP AND DEVON AUDIT PARTNERSHIP**

Members considered a report that requested Council approval, for the remainder of the 2019/20 Municipal Year, to establish a 'Future IT Platforms' Joint SH/WD Member Working Group and to make appointments to serve on the Devon Audit Partnership Committee.

It was then:

**RESOLVED**

That, for the remainder of the 2019/20 Municipal Year:

1. the Council establish a 'Future IT Platforms' Joint SH/WD Member Working Group and approve the draft Terms of Reference;

2. Cllrs Brown, Long, McKay, Spencer (Chairman) and Taylor be appointed to serve on the 'Future IT Platforms' Joint SH/WD Member Working Group;
3. the Council be represented on the Devon Audit Partnership Committee and the Chairman and Vice-Chairman of the Audit Committee be appointed to serve on this Outside Body; and
4. attendance at meetings of these Bodies be regarded as an 'Approved Duty' (for the purposes of Members' Allowances).

45/19

## REPORTS OF BODIES

### RESOLVED

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

- (a) Salcombe Harbour Board 16 September 2019

#### **SH.13/19: 2020/21 Budget**

### RESOLVED

That the proposed 2020/21 Salcombe Harbour Authority Budget be approved.

#### **SH.14/19: Proposed Charges 2020-21**

### RESOLVED

That, with effect from 1 April 2020, the proposed Fees and Charges be approved and implemented.

- (b) Licensing Committee 30 September 2019
- (c) Development Management Committee 9 October 2019
- (d) Overview and Scrutiny Panel 17 October 2019
- (e) Executive 31 October 2019

#### **E.50/19: Budget Update Report for 2020/21 Onwards**

### RESOLVED

That, with effect from 1 April 2020, the Council Tax Support Grant be withdrawn from Town and Parish Councils by 50% per annum over the next two years.

## **E.54/19: Langage Update Report**

### **RESOLVED**

That approval be given to the use of up to £200,000 to fund (from the Business Rate Reserve) the cost of extending the lease of the starter units from 21 years to 125 years.

(f) Development Management Committee 6 November 2019

(Meeting commenced at 2.00 pm and concluded at 2.25 pm)

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Chairman

**MINUTES OF THE SPECIAL MEETING OF THE SOUTH HAMS DISTRICT  
COUNCIL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 28  
NOVEMBER 2019**

**MEMBERS**

\* Cllr R Rowe – Chairman

\* Cllr R J Foss – Vice-Chairman

∅ Cllr V Abbott	* Cllr D W May
* Cllr L Austen	∅ Cllr J McKay
* Cllr K J Baldry	∅ Cllr D M O’Callaghan
* Cllr H D Bastone	∅ Cllr G Pannell
* Cllr J P Birch	* Cllr J A Pearce
* Cllr J Brazil	* Cllr J T Pennington
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* Cllr M Chown	* Cllr H Reeve
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* Cllr J M Hodgson	* Cllr P C Smerdon
* Cllr T R Holway	* Cllr B Spencer
* Cllr N A Hopwood	* Cllr J Sweett
* Cllr S Jackson	* Cllr B Taylor
∅ Cllr K Kemp	* Cllr D Thomas
* Cllr M Long	

\* Denotes attendance

∅ Denotes apology for absence

Officers in attendance and participating:

For all items: Chief Executive, Monitoring Officer; and Senior Specialist – Democratic Services

**46/19 URGENT BUSINESS**

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

**47/19 DECLARATIONS OF INTEREST**

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

**48/19 HONORARY ALDERMAN - NOMINATION**

Members considered a report that sought approval, in accordance with Section 249(1) of the Local Government Act 1972, to the nomination of Mr John Tucker to receive the title of Honorary Alderman of the Council, in recognition of his 22 years’ service as a Ward Member for West Dart (12 years’ service as Leader of the Council).

In the ensuing debate, Members from across the Council Chamber paid tribute to Mr Tucker and felt that the nomination was very well deserved. Members also highlighted that Mr Tucker had been an excellent Leader of the Council who had worked tirelessly for the residents of the South Hams District throughout his 22 years' service.

It was then:

**RESOLVED**

That, in accordance with Section 249(1) of the Local Government Act 1972, the Council confer the title of Honorary Alderman of the Council upon Mr John Tucker, in recognition of his 22 years' service as a Ward Member for West Dart.

(Meeting commenced at 2.25 pm and concluded at 2.35 pm)

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Chairman



Report to: **Council**

Date: **19 December 2019**

Title: **Updated Commercial Investment Strategy,  
Investment Strategy and Capital Strategy**

Portfolio Area: **Strategic Assets – Cllr J Pearce**

Wards Affected: **All**

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

Date next steps can be taken: N/a

Author: **Chris Brook** Role: **Strategic Director for Place and Enterprise**  
**Lisa Buckle** **S151 Officer**

Contact: **Email: [Chris.Brook@swdevon.gov.uk](mailto:Chris.Brook@swdevon.gov.uk)**

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**RECOMMENDATION:**

**That the Council approves the updated Commercial Investment Strategy in Appendix A, the updated Investment Strategy in Appendix B and the updated Capital Strategy in Appendix C.**

**1. Executive summary**

- 1.1. This report requests Members to approve the amendments to the Commercial Investment Strategy, the Investment Strategy and the Capital Strategy, in order to enable the Council to invest (and to borrow to invest) in renewable energy.
- 1.2. The Council is updating its Commercial Investment Strategy, Investment Strategy and Capital Strategy in accordance with the Statutory Guidance on Local Government Investments (3<sup>rd</sup> edition) as shown in the highlighted amendments in the Appendices.
- 1.3. Recently the Authority has prioritised tackling Climate Change by moving a motion to declare a Climate Change Emergency and targeting proactive measures to meet these challenges.

- 1.4. Opportunities exist for South Hams to invest, off market, in shovel ready renewable energy generation assets (large-scale solar) which will deliver multiple benefits of
  - attractive investor return
  - directly linked to tackling climate change targets and the authority's low carbon agenda
  - providing a "hedge" against forward energy price rises
  - the opportunity to generate enhanced financial returns in the future from "bolt on" energy storage
- 1.5. The pursuit of such opportunities will require the Authority to amend its Commercial Investment strategy, its Investment Strategy (a treasury management function) and its Capital Strategy to include the renewable energy sector.

## **2. Background**

- 2.1. In September 2018, South Hams District Council (the Council) adopted a commercial investment strategy. This strategy has four core aims:
  - 2.1.1. To support regeneration and the economic activity of the District;
  - 2.1.2. To enhance economic benefit & create business rates growth;
  - 2.1.3. To assist with the financial sustainability of the Council as an ancillary benefit; and
  - 2.1.4. To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives.
- 2.2. This strategy is devised and adopted specifically to promote Enterprise in the District, a core theme of the Council. Progress has been made delivering against this strategy and this report aims to keep the strategy as relevant and multi-objective as possible, to align it with the Council's Climate Change agenda.
- 2.3. In June 2019 UK Government implemented, by statutory instrument, an amendment to the Climate Change Act 2008 committing to net zero emissions by 2050. This legislative change will bring into effect comprehensive recommendations contained in a report published in May 2019 by the UK Committee on Climate Change, "Net Zero, the UK's Contribution to Stop Global Warming".

- 2.4. The IPCC and UK Committee on Climate Change reports are clear that the generation of renewable energy will need to play a significant part in reaching that target of net zero by 2050. "Net Zero The UK's Contribution to Stopping Climate Change" sets out that not only will the UK's electricity need to go from 50% low carbon sources, to 100%, but due to electrification in other sectors (such as cars), there will be a doubling in the overall electricity requirement.
- 2.5. In this context, that means the quadrupling of low carbon energy including (but not limited to) solar power, hydropower and windpower.
- 2.6. As an organisation we consume energy from the national grid, through a supplier the same way as anyone else. Our current approach to our electricity procurement does not give priority to low carbon sourced power ("Green Electricity"). Furthermore, for us as an organisation to have a meaningful impact on our Scope 2 emissions (indirect emissions from things we can directly control) we need to draw our electricity from entirely new low carbon sources (i.e. "additionality"), rather than simply sharing in existing low carbon energy generation currently available.
- 2.7. It is feasible for low carbon electricity to be generated outside of area, but be bought and consumed in area, to the direct benefit of our District such that the generation source (units of power generated) is tracked and linked to consumption. This can be done through a sleeving arrangement with an energy supplier who will track and report energy generation and consumption through the Renewable Energy Guarantees of Origin (REGO) scheme administered by Ofgem. Consequently, beyond a perception of local investment being a good thing, it makes no difference whether an investment in a renewable energy generation facility is within the District of South Hams or another part of the UK.
- 2.8. Beyond the Authority's electricity consumption, there would be an opportunity for us to supply "partner organisations" (such as our Leisure Centres) with green power through a White Label supply arrangement.
- 2.9. Aligning our commercial investment strategy with our Climate Change declaration would allow us to deliver both an attractive investment return as well as directly linking such an investment to delivering on climate change targets.
- 2.10. The proposed amendments to the Commercial Investment Strategy, the Investment Strategy (a treasury management function) and the Capital Strategy in Appendix A, Appendix B and Appendix C, provides for this. ***The Council has procured advice from its legal***

***advisers as part of the due diligence work for the investment in the renewable energy sector and as part of this work, these amendments to the strategies have been recommended.***

### **3. Proposed Way Forward**

- 3.1 That the Council approves the updated Commercial Investment Strategy set out in Appendix A, the updated Investment Strategy in Appendix B and the updated Capital Strategy in Appendix C.

### **4. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Council has obtained specialist external legal advice on the powers that the Council has in order to enable it to legally invest (and borrow to invest) in renewable energy. There are various powers available and the Council's legal advisors will ensure that appropriate powers are identified on a case by case basis.</p> <p>The Council is updating its Commercial Investment Strategy, the Investment Strategy and the Capital Strategy, in accordance with the Statutory Guidance on Local Government Investments (3<sup>rd</sup> edition) as shown in the highlighted amendments in the Appendices.</p>
Financial implications to include reference to value for money	Y	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.
Risk	Y	The risks associated with renewable energy investment are set out in the Risk register accompanying the business case.
Supporting Corporate Strategy		<p>Enterprise &amp; Environment</p> <p>Renewal energy investments provide a major contribution towards meeting South Hams's carbon reduction strategy.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		N/A.
Safeguarding		N/A

Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		Positive alignment with meeting UK renewables targets and biodiversity associated with PV sites.

### **Supporting Information**

#### **Appendices:**

Appendix A – Updated Commercial Investment Strategy (Tracked Changes)

Appendix B – Updated Investment Strategy (Tracked Changes)

Appendix C – Updated Capital Strategy (Tracked Changes)

#### **Background Papers:**

Executive: 18 July 2019 – Commercial Investment Strategy

March 2019 – Council – Investment Strategy

March 2019 – Council – Capital Strategy

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## Appendix A – Updated SHDC Commercial Investment Strategy

This strategy replaces the Council’s Commercial Property Strategy which was approved on 18th July 2019. *The tracked changes show the differences/changes from the Strategy approved in July 2019.*

### Overall Objectives:

The Council’s Commercial Investment strategy has multiple objectives as stated below:

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

### Desired Outcomes:

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

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

This strategy will be achieved by acquisitions and developments within the South Hams District. This will include the focussed acquisition of existing commercial property assets and the development of new properties which are to be let to third parties. The strategy will also consider investments in the renewable energy sector which will not be constrained geographically (refer to “location” section of this strategy for further detail).

The following four types of investment are recognised in the Statutory Guidance on Local Government Investments (3rd Edition) (SGLGI):

1. Financial investments:
  - a. Specified investments - generally short term investments (para 31 and 32)
  - b. Loans - including to wholly owned companies (para 33 and 34)
  - c. Non-specified investments (e.g. shares) - generally longer term investments (para 35 and 36)
2. Non-financial investments (e.g. property) - non-financial assets, held primarily or partially to generate a profit (para 37 to 40)

As described above, this strategy therefore relates primarily to non-financial investments ie. Property. However, in the case of renewable investments it is possible that they may be classified as Financial Investments – Non specified investments. This strategy recognises that the purchase of Special Purpose Vehicles (SPVs) so as to own, operate or invest in renewable energy generation is a category of investment covered in this strategy.

### Risk

- The risks of acquiring property may be mitigated through the acquisition of assets with secure, long income streams, although this risk will be weighed up against the social and economic benefits of acquisitions to support commerce and trade in the District
- Acquisitions are to be made in a careful and controlled manner, with specific analysis of risk criteria carried out in the 'due diligence' stage prior to the completion of each purchase
- The Council's due diligence procedures are set out in detail in Section 5.3 of the Council's Investment Strategy. The Council's Investment Strategy also sets out Investment Indicators such as Debt to net service expenditure ratio and commercial income to net service expenditure ratio.
- The portfolio will be relatively risk-averse, targeting tenants of strong financial standing and minimum unexpired lease terms of four years at the date of acquisition. However, these criteria will be considered on a case by case basis and can be outweighed in order to meet the strategy objectives
- Risk of loss (Para 41 SGLGI) shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below.
- In accordance with Para 23-25 of SGLGI, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):
  - Rental value by property
  - Rental value by tenant
  - Sector split by purchase price
  - Purchase price
  - Rental income profile
  - Tenant lease length
  - Gross Yield
  - Management, Maintenance and Risk Mitigation Reserve (MMRM) value
  - Current value
  - In the case of an SPV, relevant criteria shall be reported depending on the nature of the SPV.

**Location:**

- Wherever opportunities arise within the District, in order to acquire or develop good properties which achieve some or all of the Council's multiple objectives and desired outcomes as stated above and are deemed as an acceptable risk.
- Where investments in renewable energy are considered, the geographical constraint will not apply. Instead a relative preference of location shall be used, as follows: Within area > Devon Business Rates Pool Area > LEP Area > South West Peninsula > Rest of UK\*

\* The UK wide investment area would only be considered subject to further legal advice, but it is included as this strategy recognises that as a result of the national grid, geography is not a barrier to investing in renewable energy for the district.

**Tenant mix:**

- Where possible, a mix of tenants will be sought to create a balanced portfolio



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

**Lease length:**

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

**For all of the above:**

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

**Yield:**

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

**Value & Cost:**

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

**Funding:**

- Acquisitions and development initiatives will be funded using predominantly borrowing or any other unallocated or available Council reserve or capital receipt. The Council shall not borrow more than or in advance of need as part of the funding for investments of developments so as to benefit from the investment of the extra sums borrowed (para 46 & 47 SGLGI). There are no circumstances in which the Council would seek to disregard the prohibition on borrowing ahead of need, purely for profit. The investment in renewable energy generation (SPV) would be made with a view to reducing the Council's carbon emissions and to mitigate the climate emergency that has been declared by the Council and many local authorities across the UK.

- Liquidity – Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will spread its liquidity profile across its portfolio and also have a spread of the sector in which the Council invests. The Council also documents potential exit strategies as part of its due diligence checks.
- 
- This is to be secured on a case by case basis on the most commercially advantageous terms available predominantly through borrowing or any other unallocated or available Council reserve or capital receipt.
- Currently borrowing levels are capped at £60m.
- The borrowing term will not exceed the expected remaining life of the property, but the Council wishes to secure borrowing over a maximum 50 year term. Liquidity will be a factor in determining the amount of rent set aside in the Maintenance Management and Risk Mitigation reserve for each investment. This will be reviewed with the same frequency as the risk reporting procedure set out in this strategy.
- Capital repayments will seek to repay a minimum of 50% of the capital value of any acquired property or borrowing for property development.
- For non specific financial investments the period of the loans shall be linked to either the viable business case of the investment or the asset life whichever is the shortest as determined at the time of acquisition or investment.

#### **Tax Implications:**

- Due to the Council holding acquired or developed assets, it is not anticipated that there will be any corporation tax or income tax implications from this strategy
- Some properties may be VAT elected, meaning VAT must be charged to tenants. This will be dealt with on a case by case basis and will be covered by the due diligence connected with that acquisition. The Council is able to charge and recover VAT
- Capital Gains Tax would not apply to assets sold from Council ownership
- Where investments in companies (such as SPVs) are made in line with this strategy, all tax liabilities shall remain with the SPV.

#### **Exit Strategy:**

- The Council is not looking to actively trade commercial property within the first 5 years of ownership of any acquired property, however this is flexible if required to meet this strategy's objectives
- If it is determined that the most prudent action is to sell an individual asset, this will be considered on a case by case basis and will be acted upon in consultation with Executive Members, the S151 officer and the Head of Paid Service
- It is proposed that the majority of investments shall be non – financial investments (properties) and as such will be held as Council Assets. Investments such as SPVs shall be owned through the purchase of shares. It is important to note that there would be early repayment charges if borrowing used to acquire or develop a commercial property was to be repaid before the end of the loan term. However, Public Works Loan Board (PWLB) lending is not secured against property, so would not inhibit the asset being traded during the loan period. An alternative asset could be purchased (& held) with any sale receipt.

### **Governance Arrangements:**

- Acquisitions and developments must conform to the adopted commercial investment strategy. Any deviation from the agreed strategy will require Council approval.
- The Council's Senior Leadership Team will initially consider each proposal (development or acquisition of property or renewables) as an initial step and recommend that the proposal proceeds in principle.
- When any decision to proceed with a development or acquisition is being considered, local Ward Members (where applicable) will be briefed at the earliest opportunity and be able to share their views with Executive Members and be consulted before the final decision is made. Executive Members, along with the Head of Paid Service and S151 officer, will consider each and every proposal on its own merits and specifically how each proposal meets the Council's multiple objectives and desired outcomes.

Executive Members will consider debt proportionality (the amount borrowed to date against the net service expenditure ratio) on a case by case basis for each acquisition as part of the decision making process, with information provided to them and the s151 officer, the Head of Paid Service and the Leader of the Council. Investment Indicators are set out within the Council's Investment Strategy. Table 2 of the Council's Investment Strategy shows the aggregate of commercial property income and treasury income as a percentage of the Council's gross service expenditure.

The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted, or if energy prices are below that forecasted in the case of a solar farm. The Council also put 10% annually of all rental income and income from energy prices into a Maintenance, Management and Risk Mitigation (MMRM) Reserve. This is part of the Council's contingency arrangements.

- 

- Officers, working with their specialist advisors in the market will sift opportunities and only present to Executive Members, opportunities that closely meet the Strategy. They will then lead the Executive Members into debate over the specific benefits and risks of each opportunity before the Executive Members make a decision. In this way, risk will be transparent through the process.
- Projects and their outcomes will be kept under constant review by officers and reports to Executive and Audit Committee.

### ***Governance: Development on Council Owned Land***

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

***Governance: Commercial Investment Acquisitions within the South Hams or renewables out of area***

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

***Running / Review***

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

***Disposal***

- Once acquired, decisions relating to the ownership of any acquired or developed properties will be dealt with in-line with the Council's constituted scheme of delegation.
- Disposal will be considered if the portfolio breaches the approved strategy. Decisions to be made in consultation with Executive Members, the S151 officer and the Head of Paid Service.

***Resources:***

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

## Risk assessment and due diligence

The Authority assesses the risk of loss before entering into and whilst holding property investments/property opportunities by carrying out appropriate due diligence checks and implementing mitigation measures in managing risk:

- The tenants need to be of good financial standing (this is assessed using Dun & Bradstreet credit rating reports and annual accounts). The number of tenants e.g. sole tenant or multi tenanted will be assessed.
- The property condition such as date of construction and any imminent or significant refurbishment or modernisation requirements (forecast capital expenditure).
- How the property investment or financial, non specified investment meets the Council's multiple objectives as set out in the Council's strategy e.g. Liquidity, renewable energy, economic regeneration, business growth.
- The lease must meet certain standards, such as being in a commercial popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future. Any break clauses will be assessed along with the number of unexpired years, bank guarantees and rent reviews.
- The location will be within the South Hams District Council's boundary as set out in the Commercial Investment Strategy (apart from renewable energy investment which may have a wider geographic spread). The population of the catchment area, the economic vibrancy and known or anticipated market demand as well as proximity to travel infrastructure and other similar properties will be assessed.
- Rental income paid by the tenant must exceed the cost of repaying the borrowed money from the Public Works Loan Board (which is itself funded by the Government). The surplus is then an ancillary benefit which supports the Council's budget position and enables the Council to continue to provide services for local people.
- The gross and net yield are assessed against the Council's criteria.
- The prevailing interest rates for borrowing at the time.
- Debt proportionality considerations.
- The life and condition of the property is assessed by a valuer and the borrowing is taken out over the life of the asset. The amount of management and maintenance charges are assessed as well as the ease of in-house management. 10% of all rental income (or an amount as deemed prudent) is put into a Maintenance Management and Risk Mitigation Reserve to cover any longer-term maintenance issues.
- The potential for property growth in terms of both revenue and capital growth will be assessed.
- The risks are determined by the property sector e.g. office, retail, industrial, associated with specific properties and the mix of sectors within the Council's portfolio.

- Details of acquisition costs e.g. stamp duty land tax, legal costs
- The documented exit strategy for a purchase/new build.
- The legal and technical due diligence checks will also identify any specific problems such as anomalies in the title deed, restrictive use classes, indemnities, local competition, construction or refurbishment requirements.
- The Council engages the use of external advisors to assist in undertaking elements of the due diligence checks such as technical, legal, accounting, property and taxation advice.
- The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

### Updated Investment Strategy Report 2019/20

(The attached shows the suggested changes/amendments to the Investment Strategy approved in March 2019)

#### 1. Introduction

- 1.1. The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments**).
- 1.2. This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the Government in January 2018 and focuses on the second and third of these categories. This strategy was approved by Council in March 2019 and is being updated in December 2019, to reflect the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

#### 2. Treasury Management Investments

- 2.1. The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £40m and £29m during the 2019/20 financial year.
- 2.2. Contribution
- 2.2.1. The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

### 2.3. Further details

2.3.1. Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy (Appendix C).

## **3. Service Investments: Loans**

### 3.1. Contribution

3.1.1. The Council does not currently have investments assisting local public services, such as making loans to local service providers or to local small businesses to promote economic growth or to subsidiaries that provide services. However, it may do so in the future if required.

3.1.2. The Council does not currently make loans to employees (e.g. car loans).

### 3.2. Security and Liquidity

3.2.1. If loans were to be made in the future, they would remain proportionate to the size of the Council.

3.2.2. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 is currently nil. Should the Council make any loans in the future, this will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.2.3. Liquidity – This is set out in further detail in Section 5.

### 3.3. Risk assessment

3.3.1. The Authority will always assess the risk of loss before entering into and whilst holding service loans. Should the Council make service loans in the future, risk assessment will take various forms, for example assessing the nature and level of competition, assessing how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. Where necessary, the Council will also engage use of external advisors.



3.3.2. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle. This will be set out within the Council's Investment Strategy for 2020/21 (presented to Full Council in February or March 2020).

#### **4. Service Investments: Shares and Bonds**

##### 4.1. Contribution

4.1.1. The Council has approved to make a £50,000 investment in the South West Mutual Bank which takes the form of shareholding in the bank with the purpose of encouraging local economic growth.

4.1.2. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

##### 4.2. Security

4.2.1. One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, an upper limits on the sum invested in shares has been at set £12,050,000.

4.2.2.

Category of company	31.3.2019 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Local business (South West Mutual Bank)	-	-	-	£50,000
Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation				12,000,000
<b>TOTAL</b>	-	-	-	£12,050,000

##### 4.3. Risk assessment

4.3.1. As it does for service loans, the Council also assesses the risk of loss before entering into and whilst holding shares.

4.3.2. Paragraph 5.3 sets out a more detailed approach to assessing risk.

- Risk of loss (Para 41 SGLGI) shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below.
  
- In accordance with Para 23-25 of Statutory Guidance on Local Government Investments, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):
  - Rental value by property
  - Rental value by tenant
  - Sector split by purchase price
  - Purchase price
  - Rental income profile
  - Tenant lease length
  - Gross Yield
  - Management, Maintenance and Risk Mitigation Reserve (MMRM) value
  - Current value
  - In the case of an SPV, relevant criteria shall be reported depending on the nature of the SPV.

4.4. Non-specified Investments (e.g. shares)

4.4.1. Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance, as set out in 4.2.1, being the investment in the South West Mutual Bank and the purchase of shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition. Investments in the CCLA are no longer classified as a non-specified investment.

4.5 Liquidity – This is set out in further detail in Section 5.

## **5. Commercial Investments: Property**

### 5.1. Contribution

- 5.1.1. The Council invests in local commercial property which is held solely to earn rentals, which will be spent on local public services. As at 31<sup>st</sup> March 2019 the Council held one investment property at Lee Mill.
- 5.1.2. In addition, South Hams DC owns a number of commercial units industrial units, office accommodation, the site in Lee Mill within the District valued at £28.5 million at 31/3/2018.
- 5.1.3. The Council leases various parcels of land and buildings to external organisations. This reflects the historic policy of supporting small start-ups which has proved and continues to be successful.
- 5.1.4. During 2017/18, a review of existing assets resulted in the site in Lee Mill which is currently leased to a supermarket being reclassified in from Property Plant and Equipment to Investment Properties, with effect from 31 December 2017. This was based on the view that the site is now held solely to earn rentals, i.e. for a commercial objective, and as such should so be reclassified. This decision was also informed by external advice which was obtained independently. The 2017/18 Annual Statement of Accounts shows the value of this property at £12.53m.
- 5.1.5. In September 2018 the Council endorsed the principle of a Commercial Property Strategy with expected capital expenditure of up to £60 million, which includes multiple objectives: (a) to support regeneration and the economic activity of the Council (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives. At the date of writing this report, the Council had made nil investments in such commercial property. £11.9 million of commercial property investment is anticipated to be undertaken in 2019/20.

5.1.6. An updated Commercial Investment Strategy is also presented to Council on 19<sup>th</sup> December 2019, to enable the purchase of shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

Table 1: Property held for investment purposes in £ '000s

Property	Actual	31.3.2018 actual		31.3.2019 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Lee Mill – Investment Property	4,400	-	12,530	-	12,530
<b>TOTAL</b>	4,400	-	12,530	-	12,530

## 5.2. Security

5.2.1. In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

5.2.2. A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on the security of investments. This will include any revenue consequences arising therefrom, for example, from a change in MRP policy.

## 5.3. Risk assessment

5.3.1. The Authority assesses the risk of loss before entering into and whilst holding property investments by carrying out appropriate due diligence checks and implementing mitigation measures in managing risk:

- The tenants need to be of good financial standing (this is assessed using Dun & Bradstreet credit rating reports and annual accounts). The number of tenants e.g. sole tenant or multi tenanted will be assessed.
- The property condition such as date of construction and any imminent or significant refurbishment or modernisation requirements (forecast capital expenditure).
- How the property investment or financial, non-specified investment meets the Council's multiple objectives as set out in the Council's strategy e.g. liquidity, renewable energy, economic regeneration and business growth.
- The lease must meet certain standards, such as being in a commercial popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future. Any break clauses will be assessed along with the number of unexpired years, bank guarantees and rent reviews.
- The location will be within the South Hams District Council's boundary as set out in the Commercial Property Strategy. The population of the catchment area, the economic vibrancy and known or anticipated market demand as well as proximity to travel infrastructure and other similar properties will be assessed.
- Rental income paid by the tenant must exceed the cost of repaying the borrowed money from the Public Works Loan Board (which is itself funded by the Government). The surplus is then an ancillary benefit which supports the Council's budget position and enables the Council to continue to provide services for local people.
- The gross and net yield are assessed against the Council's criteria.
- The prevailing interest rates for borrowing at the time.
- Debt proportionality considerations.
- The life and condition of the property is assessed by a valuer and the borrowing is taken out over the life of the asset. The amount of management and maintenance charges are assessed as well as the ease of in-house management. 10% of all rental income is put into a Maintenance and Management Reserve to cover any longer-term maintenance issues.
- The potential for property growth in terms of both revenue and capital growth will be assessed.
- The property sector e.g. office, retail, industrial will assist in deciding on the risks associated with specific properties and the mix of sectors within the Council's portfolio.
- Details of acquisition costs e.g. stamp duty land tax, legal costs

- The documented exit strategy for a purchase/new build.
- The legal and technical due diligence checks will also identify any specific problems such as anomalies in the title deed, restrictive use classes, indemnities, local competition, construction or refurbishment requirements.
- The Council engages the use of external advisors to assist in undertaking elements of the due diligence checks such as technical, legal, accounting, property and taxation advice.
- The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

### Liquidity

5.3.2. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will spread its liquidity profile across its portfolio and also have a spread of the sector in which the Council invests. The Council also documents potential exit strategies as part of its due diligence checks.

5.3.3 Liquidity will be a factor in determining the amount of rent set aside in the Maintenance Management and Risk Mitigation Reserve for each investment. This will be reviewed with the same frequency as the risk reporting procedure set out in the Council's Commercial Investment Strategy.

## **6. Loan Commitments and Financial Guarantees**

6.1. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

6.2. The Council is committed to making future payments to cover its pensions liability. The Pensions Reserve for the net defined benefit liability was £51.4m at 31/3/2018.

6.3. As stated in Note 35 of the 2017/18 Statement of Accounts – Contingent Liabilities - at the time of the transfer of the Council's housing stock in 1999, wide warranties were given to South Hams Housing (now

Liverty) on staffing, environmental and other issues, to safeguard the housing company if any of the main assumptions on which the transfer price was calculated, turn out to be different in reality. Any liabilities that do arise will be funded from the Council’s general reserves. Due to the uncertainties surrounding any potential claim on this contingent liability, it is not practicable to make an estimate of the total value of liabilities (if any).

6.4. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle. This will be set out within the Council’s Investment Strategy for 2020/21 (presented to Full Council in February or March 2020).

## **7. Debt Proportionality**

- 7.1 The Authority is partly dependent on profit generating investment activity to achieve a balanced revenue budget. Table 2 below shows the extent to which the expenditure planned to meet the service delivery objectives and place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan.
- 7.2 Should it fail to achieve the expected net profit, the Authority’s contingency plans for continuing to provide these services are/would be assessed at the appropriate time and this may involve the temporary use of reserves in the short term. The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

The Council set an upper limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million. Interest payments at 2.5% would equate to 16.4% of available reserves. At an interest rate of 3%, interest payments would equate to 19.7% of available reserves (Appendix E to the Budget Proposals report for 2019/20 – Council 21 February 2019).

*Table 2: Proportionality of Investments*

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Budget</b>	<b>2020/21 Budget</b>	<b>2021/22 Budget</b>
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Gross service expenditure	£54,038,718	£43,112,128	£42,691,186	£43,319,321	£43,673,123
Treasury income	£140,882	£193,000	£183,000	£183,000	£183,000
Commercial property income	£195,000	£645,000	£717,443	£1,173,822	£2,003,964
Proportion	0.62%	1.94%	2.11%	3.13%	5.01%

The table shows in 2019/20 that the aggregate of commercial property income and treasury income equates to 2.11% of the Council's gross service expenditure. This is projected to increase to 5.01% by 2021/22.

## **8. Borrowing in Advance of Need**

8.1. Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority plans to borrow for its Commercial Investment Strategy in its local area as detailed earlier in this report. The Authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired rental income or borrowing costs increasing are explained in section 5.3 Risk Assessment.

8.2. This is to be secured on a case by case basis on the most commercially advantageous terms available predominantly through borrowing or any other unallocated or available Council reserve or capital receipt. The Council shall not borrow more than or in advance of need as part of the funding for investments of developments so as to benefit from the investment of the extra sums borrowed (para 46 & 47 SGLGI). There are no circumstances in which the Council would seek to disregard the prohibition on borrowing ahead of need, purely for profit. The investment in renewable energy generation (SPV) would be made with a view to reducing the Council's carbon emissions and to mitigate the climate emergency that has been declared by the Council and many local authorities across the UK.

## **9. Capacity, Skills and Culture**

9.1. Statutory Officers and Members

9.1.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for recommending capital expenditure, borrowing and investment decisions to Members.



9.1.2. The Strategic Director for Place and Enterprise is a Chartered Civil Engineer with 16 years of experience and also holds a MSc in Construction Law.

9.1.3. The Chief Executive has a MSc in Leadership of Public Services (2009) from UWE (Bristol Business School) and an IoD (Institute of Directors) Certificate of Directorship in 2016. In addition, the Chief Executive has been involved in the oversight of the Councils' interests (as shareholder) in its wholly owned companies when working as a Director for a Unitary Council.

9.1.4. The Strategic Finance Lead (S.151 Officer) is a Chartered Accountant (ICAEW) with 15 years of experience of being a S151 Officer (Chief Finance Officer). In addition, the Strategic Finance Lead holds a BSc in Mathematics and has previously worked in the private sector for accountancy firms.

9.1.5. The Monitoring Officer is a qualified solicitor with 20 years public sector experience and private practice prior to that.

9.1.6. The Estates Specialist is a Chartered Surveyor, qualified for over 13 years, with an Estate Surveying degree. In addition they are a Registered Valuer.

9.1.7. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field (see 9.2.2)

9.1.8 External treasury management training was offered to all Members in November 2018 to ensure Members have up to date skills to make capital and treasury management decisions. In addition some internal training events on the Council's Medium Term Financial Strategy were organised in the year. The Council's Members Services are consulted when organising all training in order to maintain training and development plans for Councillors.

A comprehensive Members Induction Programme, following the District Council Elections in May 2019 was organised, this included specific financial and treasury management training which was undertaken as part of the induction. External treasury management training will be offered to all Members by March 2020. The purpose of this training is to ensure elected Members involved in the investments decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how

the quantum of these decisions have changed the overall risk exposure of the local authority.

## 9.2. Commercial deals

9.2.1. The Council's negotiating team includes the Strategic Director for Place and Enterprise and the S.151 Officer, who are both members of the Senior Leadership Team. Both Officers are aware of the core principles of the prudential framework and of the regulatory regime within which Local Authorities operate. The S151 Officer has attended specific treasury management training courses around the new MHCLG Guidelines on investments and the accounting treatment.

9.2.2. Where Council staff do not have the knowledge and skills required, use is made of external advisors and consultants that are specialists in their field. The appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required. A list is shown below:-

- Savills - Property agents
- JLL – Property and technical consultants
- CCD Properties Limited - Development specialists
- Arcadis – Building Surveyors and Engineers
- Everose – Technical advisers (renewable energy)
- Womble Bond Dickinson – Solicitors
- TLT - Solicitors
- Link Services – Treasury Management advice
- Arlingclose – Treasury Management advice
- APSE (Energy) – Local Government advisors
- KPMG – Financial advice (renewable energy)

9.2.3 This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## 9.3. Corporate governance

9.3.1. The Council has corporate governance arrangements to ensure transparency, accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during July 2018 on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids received were ranked against a prescribed priority criteria set out in the bid process. The

submitted capital bids have been assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure the existing Council property assets remain open. For the purpose of this report, Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending.

## 10. **Investment Indicators**

10.1. The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

### 10.2. Total risk exposure

10.2.1. The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

*Table 3: Total investment exposure in £ '000s*

<b>Total investment exposure</b>	<b>31.03.2018 Actual</b>	<b>31.03.2019 Forecast</b>	<b>31.03.2020 Forecast</b>
Treasury management investments	42,762	32,500	32,500
Service investments: Shares and Bonds (see section 4.2 for details)	-	-	50
Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation (see 4.2 for details)**			12,000
Capital investments: Commercial Property – new capital expenditure*	-	-	11,866
<b>TOTAL INVESTMENTS</b>	<b>42,762</b>	<b>32,500</b>	<b>56,416</b>
Commitments to lend	-	-	-
Guarantees issued on loans	-	-	-

<b>TOTAL EXPOSURE</b>	<b>42,762</b>	<b>32,500</b>	<b>56,416</b>
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\*Capital investments relate to areas such as capital expenditure on investment properties

\*\* Some of this expenditure will move into 2020-21 due to the timing, but for completeness the maximum amount is included above and to include sufficient headroom in the Indicators.

### 10.3. How investments are funded

10.3.1. Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

*Table 4: Investments funded by borrowing in £ '000s*

<b>Investments funded by borrowing</b>	<b>31.03.2018 Actual</b>	<b>31.03.2019 Forecast</b>	<b>31.03.2020 Forecast</b>
Commercial investments: Property (new capital expenditure)	-	-	11,866
Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.			12,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>-</b>	<b>-</b>	<b>23,866</b>

### 10.4. Rate of return received

10.4.1. This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

*Table 5: Investment rate of return (net of all costs)*

<b>Investments net rate of return</b>	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Forecast</b>

Treasury management investments	0.33%	0.59%	0.56%
Service investments: Shares **	-	-	-
Commercial investments: Property*	1.56%	5.15%	5.19%
ALL INVESTMENTS	0.33%	0.59%	0.56%

\*This relates to the one investment property which is held by the Council at Lee Mill.

\*\* Any income from shares is likely to be in 2020/21

Table 6: Other investment indicators

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Debt to net service expenditure ratio	0.00%	61.11%	166.31%
Commercial income to net service expenditure ratio	2.34%	7.18%	8.12%
Interest cover ratio (this indicator shows the ratio of income from commercial property investments compared to the interest expense incurred by them)*	N/A	N/A	454.08%

\*The Council owns one investment property at Lee Mill and there is no borrowing or interest payments associated with this investment property

Debt will be repaid through the Council's Minimum Revenue Provision policy. For example, for commercial investment, debt will be repaid on an Annuity method over the Asset Life.

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# Updated Capital Strategy Report 2019/20

**(The attached shows the suggested changes/amendments to the Capital Strategy approved in March 2019)**

## **1. Introduction**

- 1.1. This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. This strategy was approved by Council in March 2019 and is being updated in December 2019, to reflect the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

## **2. Capital Expenditure and Financing**

- 2.1. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in the year.
- 2.2. The Council has incurred £7.8m capital expenditure in 2018/19 to date and may incur further capital expenditure by the end of the year. The Council has approved a Capital Programme for 2019/20 of £15.291 million which consists of £3.425 million of general fund services and £11.866 million for Commercial Property Strategy investments. In addition there is a further recommendation to Council (on this agenda) on Community Housing capital expenditure.

**Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ '000s**

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
General Fund services	4,179	8,932	3,425	2,190	1,480
Community Housing	0	385	8,386	50	
Capital investments*	0	0	11,866	12,864	631
<b>TOTAL</b>	<b>4,179</b>	<b>9,317</b>	<b>23,677</b>	<b>15,104</b>	<b>2,111</b>

\*Capital investments relate to areas such as capital expenditure on investment properties.

2.3. The main General Fund capital project to which the Council is currently committed is Leisure Investment of £6.3m. The Council is being reimbursed by the leisure contractor for the borrowing of the Leisure Investment and the income has already been factored into the Medium Term Financial Strategy. In terms of slippage, £3.2m of capital expenditure approved for 2018/19 will be spent in 2019/20 (this is for all Council capital projects within the Capital Programme).

2.4. The Council also plans to incur up to £60m of capital expenditure over the medium to longer term if it fulfils the development and acquisitions outlined in its Commercial Property Strategy, which was agreed at Full Council on 27 September 2018 – see links below.

<http://mg.swdevon.gov.uk/ieListDocuments.aspx?CIId=151&MIId=1136&Ver=4>

2.5. A Commercial Development Opportunities Report was taken to Executive on 13<sup>th</sup> December 2018 detailing the proposed schemes in the 2019/20 strategy. The proposed capital expenditure in Table 1 above was put before the Joint Development Management Committee and Overview and Scrutiny Panel on 24<sup>th</sup> January 2019 for their views. This was further considered by the Executive on 7<sup>th</sup> February and on 21<sup>st</sup> February 2019 Full Council approved the 2019/20 Capital Programme of £15.291 million. In addition there is a further recommendation to Council (on this agenda) on Community Housing capital expenditure of £8.386m.

2.6. All items in Table 1 which are also in the Capital Programme for 2019/20 are based on budgeted estimates and will be subject to the normal



project appraisal procedures as required under the Council's Assets Strategy

## 2.7. Governance

2.7.1. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during July 2018 on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids received were ranked against a prescribed priority criteria set out in the bid process. The submitted capital bids have been assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, DDA etc.) and other capital works required to ensure the existing Council property assets remain open.

2.7.2. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives.

## 2.8. Financing

2.8.1. All capital expenditure must be financed, either from (i) external sources (government grants and other contributions), (ii) the Council's own resources (revenue contribution, reserves and capital receipts) or (iii) debt (internal borrowing and borrowing from third party lenders such as the Public Work Loans Board). The planned financing of the above expenditure is as follows:

**Table 2: Capital financing in £ '000s**

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
(i) External sources	1,079	1,387	2,760	1,190	930
(ii) Own resources	2,356	2,408	3,495	550	550
(iii) Debt	744*	5,522	17,422	13,364	631
<b>TOTAL</b>	<b>4,179</b>	<b>9,317</b>	<b>23,677</b>	<b>15,104</b>	<b>2,111</b>

\*Debt in 2017/18 was internal borrowing for leisure investment – external PWLB debt of £5.49 million was taken out in 2018/19 following the Council decision in March 2018.

2.9. The projected debt for 2019/20 also relates to borrowing for waste and cleansing procurement (approved by Council in December 2018 as part of the report on Frontline Services) and potential borrowing from the PWLB for projects shown in the South Hams Commercial Developments Report. In addition there is a further recommendation to Council (on this agenda) on Community Housing capital expenditure.

2.10. Debt is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

**Table 3: Replacement of debt finance in £ '000s**

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Own resources	0	0	254	334	629
- MRP	0	0	0	0	0
- Use of capital receipts					

The Council's full MRP statement is shown below:

2.11. Minimum revenue provision (MRP) policy statement

2.11.1. Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2003 states that 'A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent'. The provision is made from revenue in respect of capital expenditure financed by borrowing or credit arrangements.

2.11.2. With all options MRP should normally commence in the financial year following the one in which expenditure was incurred. Regulation 28 does not define 'prudent'. However MRP guidance has been issued, which makes recommendations to authorities on the interpretation of that term. Authorities are legally obliged to 'have regard' to the guidance.

2.11.3. The first recommendation given by the guidance is to prepare, before the start of each financial year, an annual statement of the policy on making MRP in respect of that financial year and submit this to Full Council for approval.

2.11.4. The guidance aims to ensure that the provision for the repayment of borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

The MRP policy to be adopted is as below:-

<b>Borrowing</b>	<b>MRP Methodology</b>
<p>Commercial Property acquisition (Borrowing of up to £60 million)</p>	<p><b><i>Annuity Method (over the 50 years)</i></b></p> <p>Under this calculation, the revenue budget bears an equal annual charge (for principal and interest) over the life of the asset by taking into account the time value of money.</p> <p>Since MRP only relates to the 'principal' element, the amount of provision made annually gradually increases during the life of the asset. The interest rate used in annuity calculations will be referenced to prevailing average PWLB rates.</p> <p>For two commercial property investments it is proposed to repay MRP based on 50% on the annuity method over the 50 year life (the assets will be regularly maintained), and 50% will be paid on maturity of the loan from either sale of the asset (a capital receipt) or through refinancing of the debt. The position will be regularly monitored. If at any point in time the valuation of the asset falls below the open market value then the MRP policy will be revisited.</p>
<p>Waste Fleet, Leisure Investment</p>	<p><b>Asset Life Method</b></p>

<b>Borrowing</b>	<b>MRP Methodology</b>
	<p>MRP is charged using the Asset Life method – based on the estimated life of the asset.</p> <p>This option provides for a reduction in the borrowing need over approximately the assets' life.</p> <p>For Leisure Investment, MRP will be charged in the year after the asset has become fully operational.</p>

2.12. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £17.2m during 2019/20.

Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

**Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ '000s**

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
General Fund services	646	6,168	5,914	5,660	5,406
Community Housing*	0	0	7,016	7,016	0
Capital investments	0	0	10,406	23,691	23,947
<b>TOTAL CFR</b>	<b>646</b>	<b>6,168</b>	<b>23,336</b>	<b>36,367</b>	<b>29,353</b>

\*Although the total capital expenditure for Community Housing is in the region of £8.5m, it is anticipated that Homes England capital grant and S106 contributions will fund some of this expenditure.

2.13. Asset management

2.13.1. To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.

## 2.14. Asset disposals

2.14.1. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans to third parties for capital expenditure and investments also generate capital receipts. The Council estimates to receive nil capital receipts in the coming financial year as follows:

**Table 5: Capital receipts in £ '000s**

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Asset sales	33	600	0	0	0
Loans repaid	0	0	0	0	0
<b>TOTAL</b>	33	600	0	0	0

## 3. Treasury Management

3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically more cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

3.2. At 31st March 2018, the Council had no external borrowing but had internally borrowed (i.e. used its own resources in lieu of external borrowing) £744,000 for the leisure investment. The temporary internal borrowing was replaced by a series of loans for £5.49m from the Public Works Loans Board (PWLB) in May 2018 for the Leisure Fusion contract investment. Other borrowing requirements (i.e. non commercial property strategy) include those for community housing which are not funded through Homes England capital grant or S106 contributions (This is a recommendation to Council on this March 2019 agenda).

3.3. The Council currently has £35m treasury investments earning an average rate of around 0.59% which are expected to fall to £31m at 31/3/2019.

3.4. Borrowing strategy

3.4.1. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore will seek to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

3.4.2. Projected levels of the Council's total outstanding debt which comprises borrowing is shown below, compared with the capital financing requirement (see above).

**Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ '000s**

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
Debt	0	5,490	22,912	36,276	29,891
Capital Financing Requirement	646	6,168	23,336	36,367	29,353

3.4.3. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term. In 2021/22 the debt is slightly higher than the CFR by £0.538m but this is only a short term position as the gross debt will reduce in 2022/23.

3.5. Affordable borrowing limit

3.5.1. The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year and to keep it under review. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit.

In view of the Council’s intended commercial property strategy, the Council obtained independent external advice on the total amount of borrowing that would be acceptable for the District Council based on the Council’s own financial status. The report on the advice is confidential, the advised maximum limit of £75 million is incorporated into the Prudential Indicator for the Authorised Limit. This limit takes into account the proposed commercial property strategy of up to £60m and £15 million for other borrowing requirements including borrowing for community housing schemes.

**Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £’000s**

	<b>2018/19 limit</b>	<b>2019/20 limit</b>	<b>2020/21 limit</b>	<b>2021/22 limit</b>
Authorised limit – total external debt	<b>14,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
Operational boundary – total external debt	<b>9,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>

3.5.2. Further details on borrowing are in the treasury management strategy (Appendix C).

### 3.6. Investment Strategy

3.6.1. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.6.2. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely including in collective investment schemes (pooled funds whose underlying assets are company shares, bonds, property etc.) one example of which is the CCLA Local Authorities’ Property Fund in which the Council is invested, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund

manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

**Table 8: Treasury management investments in £'000s**

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
Short-term investments	42,762	31,000	29,000	29,000	29,000
Longer-term investments	-	1,500	3,500	3,500	3,500
<b>TOTAL</b>	<b>42,762</b>	32,500	32,500	32,500	32,500

3.6.3. Further details on treasury investments can be found in the treasury management strategy (Appendix C).

### 3.7. Governance

3.7.1. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Strategic Finance Lead (S151 Officer) and finance staff (where appropriate), who must act in line with the treasury management strategy approved by Council. Semi-annual reports on treasury management activity are presented to the Audit Committee which is responsible for scrutinising treasury management decisions.

## **4. Investments for Service Purposes**

4.1. The Council has approved making a £50,000 investment in the South West Mutual Bank which takes the form of shareholding in the bank. Other than this, the Council does not currently have investments assisting local public services, such as making loans to local service providers or to local small businesses to promote economic growth or to subsidiaries that provide services. However, it may do so in the future if required. In light of the public service objective, the Council would thus be willing to take more risk than with treasury investments, however the objective would be for such investments to break even after all costs (Council Minute 43/18).

4.2 The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a



commercial rate with the Special Purpose Vehicle. This will be set out within the Council's Investment Strategy for 2020/21 (presented to Full Council in February or March 2020).

#### 4.2. Governance

4.2.1. Decisions on service investments are made by the relevant service manager in consultation with the Strategic Finance Lead (Section 151 Officer) and must meet pre-approved criteria and limits. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

### **5. Current and Proposed Commercial Activities**

5.1. South Hams DC owns a number of commercial units industrial units, office accommodation, the site in Lee Mill (see 5.3 below) within the District valued at £28.5 million at 31/3/2018.

5.2. The Council leases various parcels of land and buildings to external organisations. This reflects the historic policy of supporting small start-ups which has proved and continues to be successful.

5.3. During 2017/18, a review of existing assets resulted in the site in Lee Mill which is currently leased to a supermarket being reclassified in from Property Plant and Equipment to Investment Properties, with effect from 31 December 2017. This was based on the view that the site is now held solely to earn rentals, i.e. for a commercial objective, and as such should so be reclassified. This decision was also informed by external advice which was obtained independently. The 2017/18 Annual Statement of Accounts shows the value of this property at £12.53m.

5.4. Commercial activity generates net income each year after all costs, but it also exposes the Council to normal commercial risks. In 2017/18 rental income net of direct operating expenses was £165,000 and is expected to be £634,000 in 2018/19. The increase is due to the reclassification in 5.3 (Lee Mill). The risks are managed by the Council's Senior Leadership Team and the Council's Assets team who engage specialist advisors where appropriate. The Council has a comprehensive due diligence check list which is completed before any commercial property acquisitions are made.

## 5.5. **The Council's Commercial Property Strategy**

5.5.1. With the withdrawal of Government funding, the Council recognises it will need to generate additional income (as an ancillary benefit) to be able to carry on delivering the current range of services.

5.5.2. In September 2018 the Council endorsed the principle of a Commercial Property Strategy, which includes multiple objectives: (a) to support regeneration and the economic activity of the Council (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

5.5.3. Details of this strategy can be found in the report taken to Full Council on 27/9/2018.

<http://mg.swdevon.gov.uk/ieListDocuments.aspx?CIId=151&MIId=1136&Ver=4>

5.5.4. This strategy, which is expected to be predominantly funded through prudential borrowing, has two strands. The first is development on Council-owned land, the second is commercial property acquisition in South Hams.

5.5.5 A report on the projects within the South Hams that were Commercial Development Opportunities was presented to the Executive on 13<sup>th</sup> December 2018. (Minutes E.62/18)

<http://mg.swdevon.gov.uk/ieListDocuments.aspx?CIId=149&MIId=1259&Ver=4>

5.5.6 The projects set out within the report are:

- i) 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.
- ii) An office development on a brown field site, for a well-established architect practice wishing to invest and grow in Totnes.
- iii) 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.
- iv) 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.\*

- v) 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.
- vi) Provision of a discount supermarket in central Ivybridge, alongside car park improvements providing no net loss of car parking spaces.
- vii) 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.
- viii) Dartmouth Health and Wellbeing Hub

\*(Note in the Capital Programme Monitoring report for Quarter 2, it is recommended that the capital budget for developing beach huts be removed, following further clarity from the Joint Local Plan which means that this project is unable to proceed).

5.5.7. Due diligence and risk assessment will be undertaken and a business case produced for each development or acquisition opportunity, when identified. It will also be assessed on meeting the above objectives and on delivering one or more of the following outcomes: job creation or safeguarding; health and wellbeing; town centre regeneration; tourism / increased footfall; business rate growth; improved asset utilisation.

5.5.8. A minimum net yield return of 2% is being targeted. However, in some circumstances, e.g. where there is a community benefit, a lower return may be acceptable. The Council will put in place contingency plans should expected yields not materialise.

5.5.9. Other borrowing: A report was presented to the Executive in March 2019 which recommends to Council (to be considered in March 2019) to approve £8.5 million for community housing schemes within the South Hams, to build out four community housing schemes delivering 55 residential units. This borrowing, in aggregate with other borrowing, will not exceed the Authorised Limit and Operational Boundary in 3.5 above.

*5.5.10 An updated Commercial Investment Strategy is also presented to Council on 19<sup>th</sup> December 2019, to enable the purchase of shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.*

## 5.6. Governance

5.6.1. Commercial developments on Council owned land: There are multiple projects (see 5.5.6) being worked on by officers that meet the criteria

set out in the strategy and decisions on progressing and committing borrowing or funding to these projects is a delegated function of the Executive.

5.6.2. For commercial acquisitions, governance and decision making is detailed in Section 3 of the Commercial Property Strategy.

5.6.3. Property and most other commercial investments are also capital expenditure; purchases and development will therefore also be approved as part of the capital programme.

#### 5.7. Risk management

5.7.1. The Council accepts there is higher risk on commercial investment than with treasury investments. Financial risk will be weighed up against the social and economic benefits of the investment. The principal risk exposures include vacancies resulting in a disruption or fall in income streams, fall in capital value which is either site-specific or due to general market conditions, deterioration in the credit quality of the tenant. These risks will be managed, for example by having an appropriate tenant mix for small start-ups where the creditworthiness tends to be lower, targeting tenants with strong financial standing for larger units or, where there is single occupancy, having long unexpired leases on the date of acquisition.

#### Debt Proportionality

5.7.2. The commercial property strategy considers the risks of investment and the Council has engaged Treasury Management advisors to analyse the level of debt proportionality to the Council's finances (e.g. levels of reserves, asset base and level of interest costs as a percentage of income). Commercial property acquisitions expand the Council's balance sheet and interest costs will form a higher percentage of locally derived income. It would absorb a high level of reserves if there are shortfalls in or disruption to the income stream required to meet the additional expenditure.

Sensitivity analysis on the level of debt interest against the Council's level of reserves was considered as part of the Medium Term Financial Strategy and as part of the budget proposals for 2019/20. In order that commercial investments remain proportionate to the size of this Council, borrowing for the Commercial Investment Property Strategy is subject to an overall maximum limit of £60m. Within this £60m upper limit, capital expenditure of and borrowing before 30<sup>th</sup> April 2019 is capped at £30m.

5.8 The Council set an upper limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million.

Interest payments at 2.5% would equate to 16.4% of available reserves. At an interest rate of 3%, interest payments would equate to 19.7% of available reserves (Appendix E to the Budget Proposals report for 2019/20 – Council 21 February 2019).

## **6. Liabilities**

6.1. In addition to the current debt of £5.49m detailed above, the Council is committed to making future payments to cover its pensions liability. The Pensions Reserve for the net defined benefit liability was £51.4m at 31/3/2018.

6.2. As stated in Note 35 of the 2017/18 Statement of Accounts – Contingent Liabilities - at the time of the transfer of the Council's housing stock in 1999, wide warranties were given to South Hams Housing (now Livery) on staffing, environmental and other issues, to safeguard the housing company if any of the main assumptions on which the transfer price was calculated, turn out to be different in reality. Any liabilities that do arise will be funded from the Council's general reserves. Due to the uncertainties surrounding any potential claim on this contingent liability, it is not practicable to make an estimate of the total value of liabilities (if any).

### **6.3. Governance**

6.3.1. Decisions on incurring new discretionary liabilities are taken by Heads of Practice in consultation with the Strategic Finance Lead (S.151 Officer). The risk of liabilities crystallising and requiring payment is monitored as part of budget monitoring and reported quarterly.

6.3.2. Further details on liabilities can be found in Note 35 of the 2017/18 Statement of Accounts.

<https://www.southhams.gov.uk/article/3769/Annual-Accounts>

## **7. Revenue Budget Implications**

7.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Financing costs (£m)	(140,882)	(60,358)	717,322	1,176,326	1,299,745
Proportion of net revenue stream	(1.7)%	(0.7)%	8.1%	13.4%	14.3%

Further details on the revenue implications of capital expenditure are included in the 2019/20 Revenue Budget.

## 7.2. Statement on Sustainability

7.2.1. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future.

7.2.2. With no external debt at 31<sup>st</sup> March 2018, the Council is starting from a low base when comparing interest costs with income and reserves. It is anticipated that debt funded acquisitions will generate additional revenue above the capital funding costs. Based on reserves of £11.4m (£1.8m unearmarked and £9.6m earmarked), as shown in Appendix E of the Budget Proposals 2019/20 report to Council, an increase in debt to £75m will result in debt interest costs being equivalent to 16.4% of reserves (assuming an interest rate of 2.5%). Should average the average rate rise to 3%, then debt costs will be 19.7% of reserves. These costs do not include MRP which will also need to be considered.

7.2.3. The Strategic Finance Lead (S151 Officer) is satisfied that the proposed capital programme is prudent, affordable and sustainable and it is fully integrated with the Council's 2019/20 Medium Term Financial Strategy, Treasury Management Strategy and Investment Strategy and other strategic plans. The Capital Strategy is compiled in line with the requirements of the 2017 CIPFA Prudential Code and 2017 Treasury Management Code. The risks associated with the Commercial Property Strategy are covered within the Investment Strategy.

7.2.4 The delivery of the individual capital schemes on the plan is directly linked to the original approval of the capital project supported by each project having a project lead who is responsible for the delivery of the project (appropriate skills, contracting, planning etc.) and the subsequent achievement of the objectives of that project.

7.2.5 Members, via the Executive meetings receive quarterly budget monitoring reports on the Council's Capital Programme. Through these updates, which are driven by the requirement of financial reporting, Members can review and challenge the delivery of projects and any changes to both the timing and expenditure of the capital project.

7.2.6 If subsequent to the capital project being completed there are variations to the income expected to be generated from that asset, this will be reported as a variance in the quarterly budget monitoring reporting and if ongoing will be included in the following year's revenue budget proposals.

7.2.7 The Council's Senior Leadership Team has oversight for the delivery of and challenge to the Capital Strategy and Capital Programme.

### **Affordability**

7.2.8 Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital programme. This is mostly demonstrated by a report on the project being presented to Executive/Council for approval supported by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme.

7.2.9 All projects need to have a clear funding source. If external funding such as an external grant is to be used, there needs to be a clear funding commitment.

7.2.10 Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing costs of the operation and funding of that capital spend.

7.2.11 Where borrowing is to be used the affordability is of greater importance and the affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing (MRP). This repayment is matched

to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The rules around the governance of this borrowing are outlined in the Prudential Code (as summarised above).

7.2.12 At no stage should the asset value be lower than the value of outstanding debt unless there is a clear plan to mitigate that shortfall or to sell that asset.

## **Risks**

7.3.1. The risks associated with a significant Capital Programme and a significant level of borrowing can be mitigated through all capital projects being supported by a business case, having adequate project management and/or project boards, suitable skills for the delivery of the project, tax planning, cash flow, clear operational plan for the use of the asset, security and due diligence on loans and purchases, use of external advice where appropriate, project contingencies, full tender process and regular and transparent reporting to Members.

7.3.2 There are clear links from the capital strategy to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at the Audit Committee and Council. For any new borrowing, and this is a greater risk as the value of borrowing increases, this does increase the Council's overall liabilities that will need to be repaid in the future.

7.3.3. In addition, this increases the Council's level of fixed interest and repayment costs that it will incur each year. This is currently increasing by 2022 and could be up to a borrowing liability of £29.9m (see Table 6) and ongoing financing costs of the borrowing of approx. £1.48m by 2021/22. This is a clear risk that all Members need to be aware of.

7.3.4. However this risk for assets is mitigated by a robust business case and a MRP that will repay the borrowing costs over a (prudent) asset life. Any variations from this are set out in the MRP Policy (See section 2.11.4). Any variation in expected income is an issue, however given the wide range of operational assets and different income streams this helps to mitigate this risk.

7.3.5 As outlined above in the position statement, investment properties are a different type and level of risk. Risk arises from both variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.). The Council has established a clear strategy, criteria and a



governance route for these purchases which has included member training, second opinion on asset values, due diligence, site visits, surveys etc.

7.3.6 There are risks (and rewards) associated with the purchase of this type of assets, therefore all Members need to have sight of and understand the risks and rewards inherent in these commercial investments(development opportunities).

- 7.3.7 Risk of loss (Para 41 SGLGI) shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below.
  
- In accordance with Para 23-25 of Statutory Guidance on Local Government Investments, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):
  - Rental value by property
  - Rental value by tenant
  - Sector split by purchase price
  - Purchase price
  - Rental income profile
  - Tenant lease length
  - Gross Yield
  - Management, Maintenance and Risk Mitigation Reserve (MMRM) value
  - Current value
  - In the case of an SPV, relevant criteria shall be reported depending on the nature of the SPV.

## **Knowledge and Skills**

8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for recommending capital expenditure, borrowing and investment decisions to Members.

1.1.1. 8.2 The Strategic Director for Place and Enterprise is a Chartered Civil Engineer with 16 years of experience and also holds a MSc in Construction Law.

- 8.3 The Chief Executive has a MSc in Leadership of Public Services (2009) from UWE (Bristol Business School) and an IoD (Institute of Directors) Certificate of Directorship in 2016. In addition, the Chief Executive has been involved in the oversight of the Councils' interests (as shareholder) in its wholly owned companies when working as a Director for a Unitary Council.
- 8.4 The Strategic Finance Lead (S.151 Officer) is a Chartered Accountant (ICAEW) with 15 years of experience of being a S151 Officer (Chief Finance Officer). In addition, the Strategic Finance Lead holds a BSc in Mathematics and has previously worked in the private sector for accountancy firms.
- 8.5 The Monitoring Officer is a qualified solicitor with 20 years public sector experience and private practice prior to that.
- 8.6 The Estates Specialist is a Chartered Surveyor, qualified for over 13 years, with an Estate Surveying degree. In addition they are a Registered Valuer.
- 8.7 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required. A list is below:-
- Savills - Property agents
  - JLL – Property and technical consultants
  - CCD Properties Limited - Development specialists
  - Arcadis – Building Surveyors and Engineers
  - Everose – Technical advisers (renewable energy)
  - Womble Bond Dickinson – Solicitors
  - TLT - Solicitors
  - Link Services – Treasury Management advice
  - Arlingclose – Treasury Management advice
  - APSE (Energy) – Local Government advisors
  - KPMG – Financial advice (renewable energy)
- 8.8 This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 8.9 External treasury management training was offered to all Members in November 2018 to ensure Members have up to date skills to make capital and treasury management decisions. In addition some internal training

events on the Council's Medium Term Financial Strategy were organised in the year. The Council's Members Services are consulted when organising all training in order to maintain training and development plans for Councillors. A comprehensive Members Induction Programme, following the District Elections in May 2019 was organised, this included specific financial and treasury management training which was undertaken as part of the induction. External treasury management training will be offered to all Members by March 2020.

- 8.10 The purpose of this training is to ensure elected Members involved in the investments decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

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Report to: **Council**

Date: **19 December 2019**

Title: **Community Infrastructure Levy**

Portfolio Area: **Cllr Judy Pearce**  
**Strategic Planning**

Wards Affected: **all**

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

Date next steps can be taken: 17 December 2019

Author: **Tom Jones** Role: **Head of Place Making**

Contact: **01803 861404**  
**thomas.jones@swdevon.gov.uk**

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**Recommendations:**

**That Council be RECOMMENDED:**

- 1. to approve consultation on the Community Infrastructure Levy (CIL), including the evidence base; and**
- 2. to convene internal and external workshops to discuss the evidence base prior to consultation.**

**1. Executive summary**

- 1.1 This report sets out the purpose, timetable and key issues with respect to the proposal to introduce the Community Infrastructure Levy (CIL) in South Hams District and West Devon Borough in collaboration with Plymouth City Council.
- 1.2 If introduced in South Hams and West Devon, CIL would be a means to collect contributions towards infrastructure. CIL would operate in a manner complementary to the existing s106 regime.

- 1.3 A draft Viability Study has been prepared and shared with Councillors. The Study considers the costs of development and likely returns from development. Comparison of the two gives an indication of the headroom (profit) that is potentially available to fund infrastructure that is needed to support development.
- 1.4 The draft Study, the objectives of CIL, the process and timetable that are set out in this report have been endorsed by the Joint Local Plan Partnership Board.
- 1.5 Council approval is required to proceed to Stage 2 of the Viability Study, which would include stakeholder workshops and preparation of the Final Viability Study. The Viability Study would then be the subject of formal consultation alongside a draft CIL Charging Schedule.

## **2. Background**

### **What is the Community Infrastructure Levy?**

- 2.1 The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities to help deliver infrastructure to support the development of their area. It came into force through the Community Infrastructure Levy Regulations 2010.
- 2.2 Development may be liable for a charge under CIL if the Local Planning Authority has formally adopted a Charging Schedule. A Charging Schedule sets out how much money is payable per square metre of qualifying development.
- 2.3 New development that creates net additional gross internal area of 100 square metres or more, or create new dwellings, is potentially liable for this levy.
- 2.4 Some developments may be eligible for relief or exemption from CIL. Strict requirements apply with regard to the timing of the exemption process.
- 2.5 CIL can operate alongside a s106 regime as a means to secure the necessary infrastructure to deliver sustainable development. S106 Agreements are negotiated, under Section 106 of the Town and Country Planning Act 1990, on a site by site basis to secure the delivery of infrastructure, other contributions and Affordable Housing to make that specific development acceptable.
- 2.6 In areas where CIL and s106 operate CIL is used for a wider scope of infrastructure delivery whereas s106 is typically used to address and mitigate the specific impacts of the development being considered.

### **3. Outcomes / outputs**

#### **What is the process of adopting CIL?**

- 3.1 CIL becomes a formal means to secure funding for infrastructure after a Charging Schedule has been adopted by the Council. A Charging Schedule is prepared and adopted through the process described below. We are currently at Step 1.
1. Council Officers prepare an evidence base (consideration of the impact of CIL on development viability) to inform levy rates, which is expressed in £s per meter squared of development;
  2. Following consultation with neighbouring / overlapping authorities and other stakeholders, the Council prepares and publishes a draft charging schedule for formal consultation;
  3. Representations are sought through a formal six week consultation on the draft Charging Schedule;
  4. The Council considers representations made and addresses each, making amendments to the draft Charging Schedule before submitting it for examination;
  5. An independent person, the Examiner, reviews the Charging Schedule and evidence base and convenes an Examination in Public;
  6. The examiner's recommendations are published;
  7. The charging authority (the Council) has regard to the Examiner's recommendations and reasons for them; and
  8. The charging authority approves the charging schedule.

#### **What is the timetable for adopting CIL in South Hams / West Devon?**

- 3.2 Plymouth City Council currently operates a hybrid system of CIL and s106. With the Joint Local Plan (JLP) adopted we are synchronising a review of Plymouth CIL and the potential introduction of CIL in South Hams and West Devon.
- 3.3 A Stage 1 Viability Report has been prepared by a consultant in collaboration with Officers. This report is currently in draft form and its findings have been shared with Councillors at the three Planning Authorities.
- 3.4 The next step will be to hold stakeholder workshops. The workshops would be run by the Viability Study consultant with invitations being extended to developers, house builders, neighbouring Councils, Neighbourhood Planning Groups and other interested parties. A separate workshop would be held for South Hams Councillors and for West Devon Councillors as well as Town / Parish Councillors. The workshops will review the evidence base (the draft Viability Study) and will consider how CIL could

operate throughout the JLP area and in the respective Council areas. The workshops will focus on each of the component development costs and income lines that are used to model the potential CIL charges. The workshop for 'external' parties won't directly address the setting of the CIL charges.

- 3.5 It is proposed that two workshops for external parties would be held on a single day in January 2020 with one session for Plymouth and a second for South Hams and West Devon (the Thriving Towns and Villages Policy Area and the Urban Fringe part of the Plymouth Policy Area in the JLP). This reflects the fact that there will be separate Viability Study findings; that Plymouth already has CIL in place; that the geographies are different; and that many of the stakeholders are likely to want to attend both sessions and would prefer to do so on a single day. Additionally, this would retain the option for one or more of the Councils not to proceed beyond step 1.

3.6 The projected timetable:

Step	Action	Projected dates
1	Councillor Workshop(s) External stakeholder workshops Consider findings or workshops Stage 2 'Final Viability Study' reports completed Councils agree CIL levy rates Draft Charging Schedules wording and supporting materials (maps) prepared  Prior to Step 2 supporting evidence would be updated, including reviewing infrastructure needs assessments and indicative uses for CIL levy receipts.	Jan 2020 Feb 2020 March 2020 April 2020 May / June 2020
2	draft Charging Schedules published	July 2020
3	Representations sought during 6-8 weeks consultation	July 2020
4	Consideration of representations Councils agree submission of draft Charging Schedule for examination Further updates of supporting evidence and documentation (not the Viability Studies)	Sept 2020  Oct / Nov 2020
5	Joint* Examination takes place	February 2021
6	Examiner's recommendations	April / May 2021
7	Councils consider Examiner's recommendations	June 2021
8	Councils approve charging schedules	Summer 2021

\*Joint examinations are optional. Two or more charging schedules can be examined together if each of the charging authorities that prepared a draft agree to this approach.



## Key issues

- 3.7 South Hams District Council considered the introduction of CIL in 2011. At the time it was concluded that the potential benefits of CIL were not sufficiently strong in that there was limited headroom (profit) from which to seek developer contributions. The s106 regime was considered to be working sufficiently well and concern existed that the introduction to CIL might compromise the effectiveness of s106.
- 3.8 CIL is now a more attractive prospect in South Hams (and West Devon) since the Government has relaxed Regulation 123 of the CIL Regulations. Previously Regulation 123 required a Local Planning Authority to provide a prescriptive list of what CIL and s106 can be used for. The relaxation allows a more flexible approach, making it much easier to run CIL alongside s106.
- 3.9 In addition, the 2018 NPPF seeks to restrict the use of inflated land values in viability assessment, resulting in greater headroom being available.
- 3.10 Initial assessment, as set out in the Stage 1 draft Viability Study, provides evidence that CIL could be introduced to the TTV and Urban Fringe areas alongside and without compromising the ability to secure appropriate infrastructure requirements through s106 obligations. Doing so would also represent a consistent approach across the JLP area since CIL already operates in Plymouth.
- 3.11 Consideration is needed, however, to avoid setting the rate too high such that there would be an adverse effect on the likelihood of development happening or limiting the ability to deliver Affordable Housing.
- 3.12 A key objective of CIL is likely to be securing financial contributions from large properties built in areas with high headroom. In areas such as the South Hams coast and the Tavistock hinterland development can result in significant profits. Currently there is no mechanism to secure funding for infrastructure from such development where it is less than five houses.
- 3.13 CIL would be applicable in a wider area. It allows contributions to be taken from all developments, not just the larger (over 10 dwellings) sites and allows offsite contributions to be secured from development of 6 to 10 dwellings in the AONB.
- 3.14 CIL must be paid, whereas s106 requirements and payments are negotiated. If the Charging Schedule includes levies that are too high it could prevent development from coming forward or compromise the ability to deliver Affordable Housing.

- 3.15 The relationship between different charging areas and between Urban Fringe and Plymouth will need careful consideration such that arbitrary borders are not created that lead to significant disparities between development costs within a locality.
- 3.16 Appropriate rates and boundaries will be considered through the Councillor workshops.
- 3.17 If CIL were introduced the levy receipts can be spent on infrastructure that will support development. It will be at the discretion of the District Council and Town and Parish Councils to direct where the money is spent.
- 3.18 A Town / Parish with an adopted (made) Neighbourhood Plan would benefit from a 25% share of levy receipts. The money would need to be spent on things associated with supporting the delivery of development or addressing its impacts. A Town / Parish Council can also use their CIL receipts to support the delivery of Affordable Housing, something the District is not allowed to do. Where there is no made NP the proportion of CIL receipts payable to a Town / Parish is 15%.
- 3.19 CIL cannot be imposed retrospectively on any sites that already have any form of planning permission. It can't and won't, therefore, apply to the majority of the allocated sites in the Thriving Towns and Villages Area of the JLP (West Devon and South Hams).
- 3.20 It is appropriate to ensure that a headroom buffer is included so that the levy rate is able to support development when economic circumstances adjust. Generally buffers range from 25 to 50% below the level that the Viability Study indicates is viable.
- 3.21 In South Hams and West Devon headroom (available profit) exists in many areas that would allow a rate as high as £300 with a reasonable buffer. The greatest headroom has been identified in an area that approximately equates to land south of the A38 in South Hams and land at and south of Tavistock in West Devon. Slightly higher headroom has also been identified in an area centred around Okehampton.
- 3.22 Viability assessment indicates that there are no distinct hot spots. This is a key finding that corrects an intuitive belief that the high value sales areas would stand out. This is not the case, however, since the obvious areas (Salcombe and Newton Ferrers) typically have high build costs that in many cases limits profits.
- 3.23 The introduction of CIL so soon after the adoption of the JLP may necessitate a greater buffer than is typical when setting CIL rates. The reason for this is that the majority of sites that have been allocated and many smaller sites that are in the system will have been commercialised in the absence of CIL. To avoid a

shock to the house builders / landowners who might be deterred from developing sites in the short term (due to lower profit), it is considered appropriate to set the highest rate lower than £300. Similarly, to avoid having disparities across the area, it is suggested that the whole area could be set at a minimum of £50 per square metre, with allocated sites zero rated where they have planning permission or are well advanced in the process.

- 3.24 It is suggested that a 'soft' introduction of CIL at this time would result in limited but important benefits. The impact would then inform the role of CIL when the JLP is reviewed.

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

- 4.1 The principle decision is whether or not to make further progress in introducing CIL to South Hams / West Devon.
- 4.2 Option 1 is to make no further progress. In this case Plymouth would publish the Viability Study without the South Hams and / or West Devon sections; and would proceed to review their CIL regime and adopt an updated Charging Schedule for the Plymouth City area only.
- 4.3 If neither South Hams nor West Devon make further progress the current s106 regime would be the only means to require contributions towards infrastructure and other measures to support development in the area.
- 4.4 A potentially beneficial effect is that this would avoid a period of uncertainty in the development industry that would otherwise occur during the process of adopting CIL. Uncertainty can lead to delay. Delays in bringing forward development would mean that much needed housing and Affordable Housing might be delayed in the short term. It is considered that this impact would not be significant since the Councils are able to demonstrate a strong supply trajectory. Furthermore, the industry would be aware of the possible implications of the introduction of CIL from the first day of the consultation, which is anticipated to be early Spring 2020.
- 4.5 The disadvantage of not proceeding is that the potential to secure money from smaller developments would be missed.
- 4.6 This stage is the most appropriate opportunity to discontinue the process since the publication of the Viability Study is a key step.
- 4.7 In the interests of clarity it is not necessary for South Hams and West Devon to both adopt CIL. In the interests of clarity it is not necessary for South Hams and West Devon to both adopt CIL in order for the other Council to do so. The potential exists, however, for some impact on development trajectories if CIL is

introduced in one area and not the other. This might occur if the rates in the adopting area were so high that they diverted commercial interest to the other area. It is not likely that this would be significant and there is no evidence that this has happened elsewhere in the country where neighbouring authorities have different regimes. This is a matter that would need to be considered should the situation arise.

- 4.8 The benefit of introducing CIL are those identified earlier in the report (paragraphs 3.8 to 3.13, 3.17 and 3.18).
- 4.9 Option 2 is the recommended course of action, which is to publish the Viability Study and engage stakeholders through informal consultation. The related issues are described earlier in this report and summarised below.
- 4.10 A further important point is that the Government has, through the revision of the NPPF and Planning Policy Guidance, given a clear indication that CIL is an important means to secure funding from development for wider infrastructure needs whereas the s106 regime is the appropriate means to secure funding and measures that are directly related to a proposed development
- 4.11 Following consultation Councillors will have the opportunity to continue or not. Again, it is not a significant factor if not all three authorities continue the process.

## **5. Proposed Way Forward**

- 5.1 Officers seek approval to publish the Viability Study and engage in a series of workshops followed by formal consultation on a CIL Charging Schedule. The process is set out in detail in Section 3.1 of this report.
- 5.2 The implications are set out in Section 3. The key issue is that CIL will allow the Council to secure contributions towards infrastructure from all but the smallest development; and the Viability Study confirms that this can be achieved without having an adverse impact on the development trajectory. Town and Parish Councils with made Neighbourhood Plans will receive 25% of receipts and will be able to use the money toward Affordable Housing.
- 5.3 Introducing CIL is consistent with the objectives of the Joint Local Plan and with the objective to deliver Affordable Housing. CIL receipts can also be used to support the agenda of the imminent Climate Action Plan and the biodiversity emergency.
- 5.4 Risks have been identified in Section 3 and Section 4 of this Report. It is considered that the consultation process provides an opportunity to further consider and address risks.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal / Governance	Y	The process is set out in Section 3.1 of this Report. Following adoption of CIL the Council would need to consolidate the process of managing and monitoring s106 (Town and Country Planning Act 1990) and CIL (The Community Infrastructure Levy Regulations 2010).
Financial implications to include reference to value for money	Y	<p>The cost to the three Councils of the process of adopting CIL is likely to be around £100k as a one off. The main cost would be a hearing with a Government Inspector. The costs would need to be paid at the time they are incurred, but can be recouped using the subsequent CIL receipts.</p> <p>Officers at Cornwall Council (CC), which introduced CIL in January 2019 have advised that they experienced a sharp rise in planning applications prior to CIL being adopted as developers sought to avoid CIL applying to their development proposals. Immediately after adoption of CIL Development Management fee income dropped by 5%. CC advises that this impact was temporary.</p>
Risk	Y	Risks and the means to avoid and reduce these risks have been identified in this Report.
Supporting Corporate Strategy	Y	The funds raised through CIL would support all Corporate Strategies.
Climate Change - Carbon / Biodiversity Impact	Y	The funds raised through CIL would support delivery of measures to address climate change and biodiversity.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	Y	The funds raised through CIL would support measures to address equality, for example by funding the delivery of Affordable Housing and public transport.
Safeguarding	N	none
Community Safety, Crime and Disorder	Y	The funds raised through CIL would support opportunities to improve the public realm in a manner in keeping with safety and reducing crime.
Health, Safety and Wellbeing	Y	As above and equality

Other implications	N	none
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### **Supporting Information**

#### **Appendices:**

None

#### **Background Papers:**

Planning Advisory Service – all you need to know in detail here:

<https://www.local.gov.uk/pas/pas-topics/infrastructure/what-cil>

Example of timetable / process:

[https://www.swindon.gov.uk/info/20112/community\\_infrastructure\\_levy\\_cil/627/the\\_process\\_to\\_adopt\\_cil](https://www.swindon.gov.uk/info/20112/community_infrastructure_levy_cil/627/the_process_to_adopt_cil)

Example of Charging Schedule (Cornwall Council)

<https://www.cornwall.gov.uk/media/26578094/cil-draft-charging-schedule-final.pdf>

Report to: **Council**

Date: **19 December 2019**

Title: **Political Structures and Governance Review**

Portfolio Area: **Council – Cllr Pearce**

Wards Affected: **All**

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

Date next steps can be taken: **Immediately**

Author: **Darryl White** Role: **On behalf of Political Structures Working Group**

Contact: [Darryl.white@swdevon.gov.uk](mailto:Darryl.white@swdevon.gov.uk)

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## **RECOMMENDATIONS**

**That Council be RECOMMENDED that:**

- 1. the Political Structures Working Group decisions on the Webcasting Project be noted;**
- 2. initially for a trial period for the remainder of the 2019/20 Municipal Year, Group Leaders be given the ability to nominate Substitute Members (from the Overview and Scrutiny Panel membership only) to serve on the Development Management Committee;**

**assuming that recommendation 1 (above) is approved:**

- (a) the following Substitute Members be nominated to be able to serve on the Committee:**
  - Cllrs Reeve, Smerdon and Spencer (Conservative Group nominations); and**
  - Cllrs O’Callaghan and Thomas (Liberal Democrat Group nominations); and**
- (b) the draft Substitutes Protocol (as attached at Appendix A) be adopted; and**

- 3. the status quo in respect of both Committee Sizes and the practice whereby all 31 Members must serve on one of either the: Development Management Committee, Executive or Overview and Scrutiny Panel be retained;**
- 4. where deemed appropriate by the relevant lead officer, Members be given the option of remotely attending Member Briefings over Skype;**
- 5. the status quo in respect of the start time of formal Member meetings and the venues that they are held in be retained;**
- 6. initially for a twelve month trial period, one 'fit for purpose' Independent Person (with full voting rights) be recruited to serve on the Council's Audit Committee.**

## **1. Executive summary**

- 1.1 The Council has established a Political Structures Working Group (PSWG) that is tasked with *'making recommendations to full Council on the Council's Governance arrangements and decision-making processes and structures.'*
- 1.2 The Working Group last met on Thursday, 26 September 2019 and considered the following agenda items:
  - Webcasting of Council and Committee Meetings;
  - Use of Substitutes at Committees;
  - Committee Sizes and Should all Members be allocated a seat on a Committee?;
  - Joint Overview and Scrutiny Opportunities with West Devon Borough Council;
  - Member Briefings over Skype;
  - Meeting Start Times and Venues; and
  - Review of Appointing 'Independent Persons' to serve on the Audit Committee.
- 1.3. This report presents the Group's conclusions on each of these agenda items.

## **2. Background**

- 2.1 At its Annual meeting on 16 May 2019, the Council appointed the following Members to serve on the PSWG (Minute 16/19 refers):
  - The Leader of Council (Group Chairman);



- The Deputy Leader of Council (Group Vice-Chairman)
- Cllr Abbott;
- Cllr Baldry;
- Cllr Birch;
- Cllr Hodgson;
- Cllr Holway;
- Cllr Pannell;
- Cllr Rowe; and
- Cllr Smerdon

2.2 The Group meeting on 26 September 2019 was attended by 9 of the Group Members (Cllr Holway had sent his apologies) and Cllrs Hawkins, McKay, Spencer, Taylor and Thomas were also in attendance to contribute to the Group's deliberations.

### **3. Outcomes/outputs**

#### **3.1 Webcasting of Council and Committee Meetings**

3.1.1 At its meeting on 22 February 2018, the Council had given delegated authority to the PSWG to determine whether or not Council and formal Committee meetings that are held at Follaton House should be permanently live streamed (Minute 64/17 refers);

3.1.2 The PSWG meeting on 26 September 2019 was asked to exercise its delegated authority to make this decision and proceeded to conclude that:

- With effect from 1 December 2019, the existing webcasting system be used to live stream formal Member meetings that are held in the Council Chamber, with the effectiveness of the system being reviewed again by the PSWG in November 2020;
- A solution that would enable meetings to be webcast in the Cary and Repton Rooms be fully costed and reported back to a future PSWG meeting;
- That, as an internal trial, the Executive meeting on 6 February 2020 be held in the Council Chamber and webcast; and
- That, in advance of the live launch date of 1 December 2019, a combined Member and Officer Training Session be arranged on Webcasting.

#### **3.2 Use of Substitutes at Committees**

3.2.1 A Member request was made for the PSWG to revisit the current practice whereby the Council did not have

provision to appoint substitutes on to any of its Committees;

- 3.2.2 The PSWG is of the view that, to increase the resilience of the Development Management (DM) Committee, there should be provision for the Council to appoint Substitute Members to serve on the Committee;
- 3.2.3 Due to the potential conflict in roles between the two Member Bodies, the PSWG is not minded to recommend that Executive Members can be appointed as Substitute Members to serve on the DM Committee. As a consequence, it is recommend that Substitute Members be restricted to Members of the Overview and Scrutiny Panel only;
- 3.2.4 On the assumption that this proposal is approved by Council, Group Leaders have been invited to submitted their nominations and the following have been received:
- Conservative Group: Cllrs Reeve, Smerdon and Spencer; and
  - Liberal Democrat Group: Cllrs O'Callaghan and Thomas;
- 3.2.5 The PSWG is also of the view that a Substitutes Protocol should be produced to underpin this process and a draft version is presented at Appendix A for adoption;
- 3.2.6 To gauge the success of this proposal, the PSWG has recommended that this proposal is reviewed again by the Working Group following the DM Committee meeting on 8 April 2020. If the trial is deemed to be a success, then this will be reflected in the 2020/21 Member appointments process to be determined at the Annual Council meeting on 21 May 2020;

### **3.3 Committee Sizes and Should all Members be allocated a seat on a Committee?**

- 3.3.1 The PSWG was tasked with reviewing the practice whereby all 31 Members had to serve on one of either the: Development Management Committee, Executive or Overview and Scrutiny Panel;
- 3.3.2 The consensus view is that the current practice enabled all Members to have a seat on an important Committee and should be retained;
- 3.2.3 The PSWG did not receive any convincing arguments to amend the sizes of any of the Committees of the Council

and therefore recommended that the status quo should again be retained;

### **3.4 Joint Overview and Scrutiny Opportunities with West Devon Borough Council**

3.4.1 In light of the Shared Services agenda with West Devon Borough Council, this does present some potential opportunities for Joint Overview and Scrutiny working. Recent examples would include the ability to establish Joint Task and Finish Groups to review the Fusion Leisure Contract and the Locality Service;

3.4.2 The benefits of such joint working were identified during the last Corporate Peer Review;

3.4.3 There was a range of views on this proposal (both in support and opposition) expressed at the PSWG meeting and, as a way forward, it was agreed that:

*'A meeting of the Chairmen and Vice-Chairmen of the Overview and Scrutiny Panels at the two Councils be arranged to discuss potential joint working opportunities, with the outcome of this meeting then being reported to the next Working Group meeting.'*

3.4.4 The equivalent Working Group at West Devon Borough Council has now approved a similar proposal and the meeting will therefore be set up for early in the New Year.

### **3.5 Member Briefings over Skype**

3.5.1 The PSWG recognised that the IT equipment that Members had received upon their election included the technology (Skype) for remote attendance at Member Briefings;

3.5.2 Whilst it is recognised that not all Member Briefings would be conducive to be carried out over Skype, there was felt to be definite scope for it to be used in certain instances. Members recognised that Skype Briefings would have direct benefits including a reduction in Member Travel Claims and a reduction to the Council's Carbon Footprint;

3.5.3 As a way forward, the PSWG has recommended that, where deemed appropriate by the relevant lead officer, Members should be given the option of remotely attending Member Briefings over Skype.

### **3.6 Meeting Start Times and Venues**

- 3.6.1 The PSWG discussed at length the merits of evening start times for Committee Meetings. In citing as key reasons the inevitable clashes with Town and Parish Council meetings and the potential for some meetings to run into the early hours of the morning, the PSWG did not support the concept of evening start times for Committee meetings. It is therefore recommended that the status quo should be retained;
- 3.6.2 There was a proposal put to the PSWG meeting that the start time of Full Council meetings should be put back to 4.00pm. Whilst the proposal was declared lost (by a vote of 4 in favour and 5 against), some Members felt that this particular recommendation merited further consideration at this Council meeting;
- 3.6.3 The PSWG did acknowledge that, for lengthy DM Committee meetings, the agenda should include more pre-set time intervals. This working practice has already been implemented and is demonstrated by the agenda for the last DM Committee meeting that was held on 4 December 2019;
- 3.6.4 The PSWG is not convinced that there is a need to convene formal Member meetings at alternative venues to Follaton House and has therefore again recommended that the status quo be retained;

### **3.7 Review of Appointing 'Independent Persons' to Serve on the Audit Committee**

- 3.7.1 Local authorities have the ability to appoint 'Independent Persons' to serve on its Audit Committee;
- 3.7.2 This provision was last reviewed by the Council at its meeting on 21 March 2019 (Minute 69/18 refers) and, whilst the Council did not support this provision at that time, it was agreed that this matter should be reviewed again by the PSWG within the next twelve months;
- 3.7.3 At its last meeting, the PSWG recognised that the Chartered Institute of Public Finance and Accountancy (CIPFA) advice is that it is considered to be Good Practice to appoint at least one 'Independent Person' to serve on a Council's Audit Committee;
- 3.7.4 As a consequence, the Working Group has recommended that, initially for a 12 month trial period, one 'fit for purpose' Independent Person (with full voting rights) be recruited to serve on the Council's Audit Committee;

- 3.7.5 If the Council approves this recommendation, it is envisaged that a recruitment and selection exercise will be undertaken that is akin to the Salcombe Harbour Board appointments process. For clarity, the recommended appointment from the recruitment and selection process will still require the approval of Full Council;
- 3.7.6 At this present time, there is no provision in the Council's Scheme of Members' Allowances for an Audit Committee 'Independent Person' to be entitled to claim an Allowance. However, it is necessary for the Council to review its Scheme (the Independent Remuneration Panel will need to be reconvened during early 2020) and, subject to Council approval of this recommendation, this matter will be included as part of the review.

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

- 4.1 The Council can accept all, some or none of the Working Group recommendations. As part of its annual appointments process, the Council has established (and entrusted) a cross-party Working Group to undertake a belt and braces review on any aspects of the Council's Governance arrangements and decision-making processes and structures. The recommendations arising from the latest review are reflected in this report;
- 4.2 The specific provision to enable for Substitute Members to serve on the DM Committee will add resilience and further reduce the potential for a meeting to be declared inquorate;
- 4.3 The recommendations for both Substitute Members and an Independent Person to serve on the Audit Committee are only for an initial trial period. Therefore, if these are not deemed to be successful, then a recommendation(s) will be presented to a future Council meeting that reflects this conclusion.

#### **5. Proposed Way Forward**

- 5.1 It is recommended that each of the Working Group recommendations be approved at this Council meeting.

#### **6. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Political Structures Working Group has the ability to make recommendations to full Council meetings.</p> <p>The Council has the ability to amend and/or update its Constitution throughout the year.</p>

Financial implications to include reference to value for money		There are no significant implications arising directly from this report. However, there may be some savings made to the Member Travel Budget through the increased use of Skype Technology.  This is likely to be offset if the Council approves any recommendation to enable for an Allowance to be claimed by an Audit Committee 'Independent Person'.
Risk		The key risks are identified at Section 4 above.
Supporting Corporate Strategy		Efficient and Effective Council
Climate Change - Carbon / Biodiversity Impact		There may be some carbon footprint benefits through the increased use of Skype Technology.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		None arising as a direct result of this report
Safeguarding		None arising as a direct result of this report
Community Safety, Crime and Disorder		None arising as a direct result of this report
Health, Safety and Wellbeing		None arising as a direct result of this report
Other implications		None arising as a direct result of this report

### **Supporting Information**

#### **Appendices:**

Appendix A – Draft Substitutes Protocol

#### **Background Papers:**

Political Structures Working Group agenda papers;  
Council agenda and minutes – 22 February 2018 meeting;  
Council Constitution (that includes the Scheme of Members' Allowances);  
and  
CIPFA Guidance on Independent Persons serving on Audit Committees.

## **Development Management Committee Substitutes – Draft Protocol**

### **Background:**

At its meeting on 19 December 2019, the Council decided that, initially for a trial period for the remainder of the 2019/20 Municipal Year, Group Leaders be given the ability to nominate Substitute Members (from the Overview and Scrutiny Panel membership only) to serve on the Development Management (DM) Committee.

### **Appointed Substitute Members:**

Cllr O’Callaghan (Lib Dem Group);  
Cllr Reeve (Conservative Group);  
Cllr Smerdon (Conservative Group);  
Cllr Spencer (Conservative Group);  
Cllr Thomas (Lib Dem Group);

### **Protocol:**

1. Appointed Substitute Members for the DM Committee must have attended the appropriate Member Induction Planning Training sessions (to the satisfaction of the Head of Practice Development Management) before they can take part in the planning decision-making process. Appointed Substitute Members will also be expected to attend planning training refresher sessions as and when they are provided;
2. A Substitute must be appointed from the same political group as the Member who is unable to attend the Committee meeting and must be appointed from the membership of the Overview and Scrutiny Panel;
3. To enable their attendance at the DM Committee Site Inspections, the Leader of the Political Group concerned must give notice in writing to Democratic Services by 12 noon on the Friday before the Committee meeting is held. The Substitute Member will then be invited to attend the site inspections in advance of the Committee meeting;
4. A Substitute must be appointed for the duration (and not part) of a meeting;
5. A Substitute will have full voting rights at DM Committee meetings;

6. A Substitute Member cannot take part in any deferred applications which were deferred at a previous DM Committee meeting unless the Substitute Member had been a voting Member of the Committee that originally deferred the application;
7. At the start of any meeting for which a substitution has been arranged in accordance with these Rules, the Democratic Services representative at the meeting shall announce that the absent Member apologises for his/her absence and that the named Member has been appointed to serve as their substitute.



Report to: **Council**  
Date: **19 December 2019**  
Title: **Dementia Friendly Council**  
Portfolio Area: **Wellbeing**

Wards Affected: **Which Wards/all**

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

Date next steps can be taken: January 2020

Author: **Louisa Daley** Role: **Community Safety and Safeguarding Specialist**

Contact: [Louisa.daley@swdevon.gov.uk](mailto:Louisa.daley@swdevon.gov.uk) / 01822 813720

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## RECOMMENDATION

**That South Hams District Council work towards becoming a Dementia Friendly Council.**

## Executive Summary

1. The Alzheimers Society published Devon's local profile in 2019 [https://www.alzheimers.org.uk/sites/default/files/2019-07/ldp\\_devon.pdf](https://www.alzheimers.org.uk/sites/default/files/2019-07/ldp_devon.pdf) which states that "...By 2025, there will be an estimated 16,829 people over the age of 65 living with dementia in Devon. However, dementia doesn't just affect older people. We estimate by 2025 there will also be approximately 1,600 people aged between 30 and 64 living with dementia in the South West."

Healthier lifestyles and advances in medicine mean that we are now living longer than before. In the South Hams, according to the Devon Strategic Needs Assessment in 2013 <https://www.devonhealthandwellbeing.org.uk/jsna/overview/archive/population/population-structure/> we had a population structure where 25.7% of our residents were aged 65+, in comparison to the Devon figure of 23.9% and the English residents figure of 17.3%. The likelihood of developing dementia increases with age.

It is proposed that SHDC works towards becoming a Dementia Friendly Council, by embedding dementia friendly changes within all services to help make the lives of those affected by dementia a little bit easier. These changes need not have any direct cost implication if they are embedded as part of everyday business, however this would mean that some changes may only happen as part of a rolling work programme.

## **1. Background**

Dementia will affect most people in our communities at some point during their lives. The Alzheimers Society use the strap line “small changes, big difference” which is one that SHDC can refer to when considering how it can improve the lives of it’s residents over future years. Being a Council working towards a dementia friendly outcomes would fit into all of the themes of which we base our core business.

What is a Dementia Friendly Council?

There is no certified accreditation from Alzheimer’s Society, most Councils who commit to this area use wording such as “...South Hams District Council is working towards becoming a dementia friendly council and supporting the local dementia friendly communities.”

What can SHDC do?

There are no strict guidelines aside from there must be a Dementia Friendly Forum, consisting of professionals and volunteers and a representative from Alzheimer’s Society. A Forum has already been established, which Louisa Daley co-ordinates and attend, currently chaired by Cllr Holway. The most recent meeting was held on 18<sup>th</sup> November 2019

It is recommended that our aspiration would be for South Hams District Council to incorporate dementia awareness and consideration of dementia into every area of core business for the Council. This could include but is not exhaustive to the following:

- Dementia Friends information sessions and SHWD Members, then staff becoming Dementia Friends – we can do this in house at little cost through Dementia Champions running one hour sessions
- Parking – introduce more parking spaces closer to pay and display machines to assist carers and also those with dementia. These could be delineated (cost implication) but would not be enforceable – similar to mother and baby spaces for example.
- Signage for SHDC owned buildings – using simple graphics, not just words. These can be downloaded from the Alzheimers Society website for free and incorporated into Facilities rolling works programme for toilets, reception areas, lifts and exits.
- Environmental Assessment of our buildings – this can be undertaken using the Alzheimers Society Dementia Friendly Environment

Checklist, for example, removing large dark rugs which can be seen as gaping holes by customers who struggle with perception due to dementia.

- New homes – encourage our developers to include dementia friendly accommodation within new schemes.
- Further raise awareness of dementia through staff courses and running it as one of the “Course of the month” options.
- Licensed taxi drivers – raise awareness with SHDC licensed taxi drivers through existing forums/training that new drivers already receive.
- Raise awareness and promotion of local groups and the National Dementia Action Week (May) through our Communications team and highlight any work that we undertake as a Council.
- Leisure centres – encourage and promote dementia friendly sport and activity sessions with SHDC Leisure contractors as part of a prevention strand to our work (as detailed in the aforementioned Devon Local Profile)

## **2. Outcomes/outputs**

The work stream for this could commence in January, although without a dedicated officer for this project it would be an additional task for a member of staff.

An action plan will be developed, presented to a working group including Members and staff from different areas of business. It can be reported upon at Committee on a regular basis over the next six months.

The action plan will include outcomes related to each stream of the project, for example the number of Members and staff who become Dementia Friends.

An ongoing engagement with the Communications team can publish developments to the community as the project progresses.

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

Through the South Hams Dementia Friendly Forum SHDC will gather ideas and feedback of the dementia related work streams from both those people who have dementia and their carers. In addition to this also the local dementia groups who also sit on the forum and represent communities around Totnes, Dartmouth, Kingsbridge and Ivybridge. This can be reported upon during the regular updates to Members. The potential impacts of this are positive impacts on the wellbeing of residents in South Hams.

SHDC has full support of this project from the Alzheimers Society. Louisa Daley meets with the regional lead for the Alzheimers Society on a quarterly basis through the attendance of the South Hams Dementia Friendly Forum.

#### 4. Proposed Way Forward

The proposed way forward is for SHDC to recommend that it begins to work towards being a Dementia Friendly Council

A working group will be created and an action plan will be developed after the proposals are discussed with the business leads in each area.

There are no negative impacts related to this proposal.

#### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>There are no legal implications related to this proposal.</p> <p>Any changes or improvements will be made in line with guidance from the Alzheimers Society and in close consultation with the relevant Lead Specialist in the relevant area.</p> <p>The proposal is not a statutory duty.</p> <p>The proposal sits within the Wellbeing priority, and aligns closely with Communities, Homes and enhances our safeguarding offer.</p>
Financial implications to include reference to value for money		<p>The proposal enhances any existing offer or services that we currently provide. There are no direct requests for additional finance to support this proposal.</p>
Risk		<p>If Members do not support this work then the Council will not be able to become a Dementia Friendly Council and vulnerable customers may be adversely impacted upon.</p>
Supporting Corporate Strategy		<p>Wellbeing, Homes, Communities and Council themes are all positively enhanced for South Hams residents with the proposal.</p>

Climate Change - Carbon / Biodiversity Impact		There is no direct impact on SHDC Climate Change programme.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		The proposal has a positive impact on SHDC equality and diversity implications through assisting those vulnerable people in our communities.
Safeguarding		Current safeguarding procedures will be enhanced.
Community Safety, Crime and Disorder		There are no direct links with crime and disorder although helping some people to become less vulnerable will build their resilience and therefore ensure that they are less likely to become a victim of crime.
Health, Safety and Wellbeing		The proposal has potential huge positive impacts on health and wellbeing of people in SHDC community.
Other implications		None.

**Supporting Information**

**Appendices:**

Links have been included within the report.

**Background Papers:**

Devon Joint Strategic Needs Assessment  
Alzheimers Society Devon Profile 2019

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Report to: **Council**

Date: **19 December 2019**

Title: **Annual Review of Health and Safety Policy Statement**

Portfolio Area: **Strategy and Commissioning**

Wards Affected: **All**

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

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

Author: **Ian Luscombe** Role: **Community of Practice Lead (Environmental Health)**

Contact: **01822 813713 Ian.Luscombe@swdevon.gov.uk**

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**Recommendations:**

**That Council be RECOMMENDED to agree to adopt the revised Policy and that it is signed by the Head of Paid Service and the Leader of the Council.**

**1. Executive summary**

- 1.1 The Council is required to prepare a written health and safety policy statement by the Health and Safety at Work Act 1974. The policy should be agreed and signed off by the Head of Paid Service and the Leader of the Council.
- 1.2 The Joint South Hams District Council and West Devon Borough Council Health and Safety policy documents the Council's position regarding its intentions, organisation and arrangements for ensuring the health, safety and welfare at work of their employees, and the health and safety of any other person working in, visiting the Councils, or who may be affected by their activities
- 1.3 The policy is required to be reviewed annually and where appropriate, revised to reflect any significant change within the Organisation.
- 1.4 The policy has been amended to reflect changes in the Senior Leadership Team and in the Extended Leadership Team. The policy

also introduces a new three year plan for health and safety, the previous three year plan having expired.

## **2. Background**

- 2.1 The Council is required to have a written health and safety policy under the Health and Safety at Work Act 1974. The Policy is an important document to set the responsibility for the health and safety of staff in the Council's employment and those persons effected by its activities. The Policy covers the entire range of Council Services.
- 2.2 The Policy is supplemented by a number of Safety Codes dealing with specific issues relevant to particular Service Groups and/or activities, e.g., Work at Height, Working Alone, Incident Reporting, etc. These Codes will have the same status as the Policy
- 2.3 The Policy adopts a sensible approach to managing risk which reflects best practice and is based on integrated management principles enabling the Council to achieve a correct balance in managing health and safety as part of an overall risk management
- 2.4 The Policy should be reviewed annually and revised to include any significant changes

## **3. Outcomes/outputs**

- 3.1 The Council is required to have a Health and Safety Policy agreed by senior management and members, signed off by the Head of Paid Service and the Leader of the Council

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

- 4.1 There is a statutory requirement to agree and implement the Councils Health and Safety Policy. Failure to do so would risk prosecution by the Health and Safety Executive and put employee's health and safety at unacceptable risk.

## **5. Proposed Way Forward**

- 5.1 The Council should agree the revised Health and Safety Policy and continue to review it on an annual basis and/or when significant changes occur.
- 5.2 The Health and Safety officer group should provide a basis for integrating health and safety into its management structure and achieve continuous improvement in health and safety standards.

## **6. Implications**



Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Health and Safety at Work etc Act 1974 The Policy conforms to the 2013 HSE guidance in order to ensure that the Council is legally compliant. Accordingly, the Policy needs to be formally adopted by the Council.
Financial	Y	Achieving legal compliance requires the Council's officers to actively engage in carrying out health and safety responsibilities intrinsic to their job role. The cost will be officer time which is accounted for within existing budgets.  Achieving best practice will require an ongoing commitment to continuously improve the health and safety management system which will add to the cost of officer time.
Risk		The potential cost of not achieving legal compliance includes: i HSE enforcement costs ii legal and court cost iii compensation costs iv loss of credibility.
Comprehensive Impact Assessment Implications		
Equality and Diversity		The Policy applies to all members of staff and has considerations of the effect of Council activities on non-employees. Effective management of health and safety should ensure that equality and human rights are not infringed.
Safeguarding		Indirect impact derived from suitable and sufficient risk assessment of activities associated with vulnerable groups
Community Safety, Crime and Disorder		No direct impact
Health, Safety and Wellbeing		As above, indirect impact on wellbeing derived from suitable and sufficient assessment of risk of work activities, e.g., lone working
Other implications		None

## **Supporting Information**

### **Appendices:**

A – South Hams District and West Devon Borough Council’s Health and Safety Policy Statement

### **Background Papers:**

None

## HEALTH AND SAFETY STATEMENT AND POLICY

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### Revisions

Version 1	September 2015
Version 2	November 2016
Version 3	July 2017
Version 4	October 2018
Version 5	November 2019

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**Sophie Hosking – Head of Paid Service**

## **Health and Safety Statement**

South Hams District Council and West Devon Borough Council are fully committed to ensuring a high standard of health and safety. The Councils recognise their statutory duties protect the health, safety and welfare of staff and others connected to our work activities. We recognise the potential strategic, operational and financial risks associated with failures in health and safety and the importance of maintaining a well-resourced internal health and safety service.

To demonstrate our commitment to health and safety we annually update the health and safety policy statement and have developed a health and safety improvement programme to continue the cycle of continuous improvement by reviewing and updating the health and safety procedures related to the work that we do. This statement, and the associated management systems detail how South Hams District Council and West Devon Borough Council will manage our health and safety responsibilities and deal with any incidents that may occur.

It will be the responsibility of the Councils' Senior Leadership team (SLT) to monitor the implementation of this policy and the councils' overall risk management performance. This will be achieved through the use of regular reporting commissioned by SLT and annual audits.

The Health and Safety Group will be responsible for meeting to ensure the work programme is delivered. They will champion health and safety compliance within the Community of Practice business areas.

The organisations have identified that technical expertise for health and safety will be provided by the Environmental Health Community of Practice. They provide advice and support to the organisation as necessary.

We expect all staff to take reasonable steps to be aware of the policy, risk assessments, and the controls identified. To support the Heads of Practice in assessing risks, implementing controls, and to actively engage in any training, exercises or workshops will arranged to test the organisation's effectiveness.

Members are required to make themselves aware of the health and safety arrangements that are likely to effect them.

The Councils are committed to ensuring that the internal health and safety service is adequately resourced to enable the full implementation of this policy. This

commitment includes the provision of sufficient financial resources, management and employee time, training and advisory support. The Council has appointed a competent person to provide competent health and safety advice to the Councils.

This Health and Safety arrangements will be reviewed at least annually or more frequently where there have been significant changes to the Councils or factors affecting the Councils' activities.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## 1. Statement of Intent

- 1.1 This is a statement of policy by South Hams District Council and West Devon Borough Council (the Councils) about their intentions, organisation and arrangements for ensuring the health, safety and welfare at work of their employees, and the health and safety of any other person working in, visiting the Councils, or who may be affected by their activities.
- 1.2 It is the intention of the Councils to do all that is reasonably practicable to provide safe and healthy working conditions for its employees and to enlist their support in achieving this. The Councils also recognise their responsibilities to ensure the health and safety of elected members, members of the public, visitors and contractors when on their premises and others who may be affected by their activities.

## 2. Policy

- 2.1 It is the policy of the Councils as employers that they will comply so far as is reasonably practicable, with the requirements of the Health and Safety at Work etc. Act 1974 and all other relevant statutory provisions.
- 2.2 This policy is supported by Codes of Practice that apply throughout the Councils and will have the same status as this policy. The Codes of Practice will reflect:
- minimum legal requirements
  - best practice.
- 2.3 The Councils will do all that is reasonably practicable to prevent personal injury and illness, loss and damage to premises, plant and equipment by:
- Appropriate assessment and management of risk for all activities and seeking to eliminate hazards and/or reduce risks;
  - ensuring appropriate competence of all employees in health and safety by the provision of information, instruction, training, supervision, management support and performance appraisal;
  - ensuring close co-operation and participation of management and staff through normal working relationships and consultation with employees.
- 2.4 The Councils will pursue the above aims by the implementation of the objectives at **Appendix A** and the new three year safety plan.
- 2.5 The remainder of this document contains the following sections:
- Organisation and responsibilities
  - Arrangements for implementation
  - Objectives.

### **3. Policy Review**

- 3.1 This policy will be reviewed annually, in consultation with the unions, by the Internal Health and Safety Service who will advise the Senior Leadership Team (SLT) on possible amendments
- 3.2 The Codes of Practice will be reviewed by the Internal Health and Safety Service as and when legislation changes, best practice dictates or when otherwise necessary.

### **4. Organisation and responsibilities**

- 4.1 This part of the policy describes the organisational arrangements within the Councils for ensuring health and safety at work. Health and Safety issues are line management responsibilities alongside and of equal importance to responsibilities for the provision of services and the management of resources.

#### **4.2 Head of Paid Service**

- 4.2.1 The **Head of Paid Service** has overall responsibility to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all the Councils' employees and members, to ensure, so far as is reasonably practicable, the health and safety of others who work in and visit the Councils or may be affected by the Councils' activities.

- 4.2.2 The **Head of Paid Service** will include Health and Safety in his/her annual report to Council.

#### **4.3 Directors**

- 4.3.1 Directors are responsible for the implementation of this policy in the areas over which they have control. Oversight of the function sits with the Director for Governance and Assurance.

#### **4.3.2 Head of Environmental Health and Licensing**

The **Head of Environmental Health and Licensing** will be responsible for providing an internal health and safety service to the Councils which will be the competent assistance as required by the Management of Health and Safety at Work Regulations 1999. To avoid confusion this should be a named officer.

#### **4.4 Heads of Practice and Business Manager Case Management**

Heads of Practice and the Business Manager Case Management are responsible for ensuring the implementation, coordination and monitoring of this policy and associated Codes of Practice, and the overall health and safety management of the staff within their control. In particular, they must:

- carry out risk assessments and ensure that safe working conditions are maintained;
- ensure that staff within their control are trained and instructed in safe methods and comply with them;
- ensure that all accidents, incidents and near misses are reported and investigated and steps taken wherever possible to prevent a recurrence.

4.5 Heads of Practice may nominate officers with Day to Day Responsibility for Health and Safety in their respective services/departments and inform their staff and the Internal Health and Safety Service accordingly but this will not remove the Head of Practice's responsibilities.

#### 4.6 **Employees**

Employees shall:

- take reasonable care for the health and safety of themselves and of other persons who may be affected by their acts or omissions;
- co-operate with their manager in the implementation of this policy;
- follow safe working practices at all times;
- report accidents, incidents and near misses to their line manager;
- report unsafe working conditions and hazards to their line manager or other appropriate person.

#### 4.7 **Key staff with additional health and safety responsibilities**

In addition to their responsibilities as managers the following Heads of Services will also have the responsibilities shown at **Appendix B**:

- Head of Environmental Health and Licensing
- Head of Maritime
- Head of Human Resources
- Members of the Health and Safety Virtual Community of Practice group

#### 4.8 **Members of the Health and Safety Virtual Community of Practice group**

- Membership of the Health and Safety Virtual Community of Practice group will consist of Heads of Practice and Managers and other relevant persons
- The group will be a forum for discussion for Internal Health and Safety matters and responsible for developing and progressing health and safety awareness throughout the Councils.
- The group will identify and implement work programmes relating to internal health and safety, including a programme of auditing and review, and any other tasks arising to achieve compliance with regulatory requirements or best practice.
- A member of SLT will be in attendance. This will enable key decisions to be made or effectively escalated to SLT.



- This group will also be a point of contact for Union Representatives and Staff Forums.

#### **4.9 Head of Environmental Health and Licensing (Internal Health and Safety)**

The Head of Environmental Health and Licensing is responsible for the Internal Health and Safety service. The Internal Health and Safety service provides the competent advice to the Councils on matters relating to health, safety and welfare at work across the Councils. Their objectives include:

- providing specialist support and guidance to the Councils on the effective management of health and safety;
- to help promote and maintain a high standard of total health (physical and mental) for all persons working in the Councils;
- the safeguarding of all staff from health and safety hazards arising from their work or the environment by means of accident prevention, environmental control and prevention of injury and illness;
- to receive all Incident/Near Miss reports, maintain an Incident/Near Miss database and publish performance statistics.

### **5. Arrangements for implementation**

5.1 This part of the policy describes the general arrangements for the implementation and monitoring of health and safety at work.

#### **5.2 Strategic aims, objectives and three-year action plan**

The aims, objectives and three-year safety plan set out the Councils' commitment to provide a healthy and safe environment for all those who work in and visit the Councils. The plan reflects best practice and is based on the principles of loss control and quality management.

This approach is designed to:

- a. address the health and safety implications of the various activities of the organisations;
- b. identify the hazards and assess the level of risk;
- c. apply the following general principles of prevention in the order shown:
  - avoiding risks;
  - evaluating the risks which cannot be avoided;
  - combating the risks at source;
  - adapting the work to the individual, especially as regards the design of workplaces, the choice of work equipment and the choice of working and production methods, with a view, in particular, to alleviating monotonous work and work at a predetermined work-rate and to reducing their effect on health;

- adapting to technical progress;
- replacing the dangerous by the non-dangerous or the less dangerous;
- developing a coherent overall prevention policy which covers technology, organisation of work, working conditions, social relationships and the influence of factors relating to the working environment;
- giving collective protective measures priority over individual protective measures; and
- giving appropriate training and instructions to employees.

### **5.3 Codes of Practice**

5.3.1 Where a need is identified, through legislation, risk assessments, best practice, health and safety auditing, the proceedings of committees or other means, a Code of Practice will be established to set the standard of implementation and operation for the identified topic. These Codes of Practice will be reviewed as and when legislation changes or practice dictates.

5.3.2 The Codes of Practice shall have the same status as the main policy document and will outline how to implement the requirements of the main policy in specific risk areas.

### **5.4 Training**

5.4.1 The Internal Health and Safety Service in conjunction with the training partnership and workplace managers and supervisors, will provide guidance on Health and Safety Training and general training needs, and identifying those key workers who should attend. The Internal Health and Safety CoP will administer health and safety training across the organisations. Heads of Practice will be responsible for maintaining a training competency matrix, which will establish key training for all staff in their work area.

5.4.2 Each Community of Practice will ensure that good working arrangements for health and safety training exist. This training will include attendance at corporate induction training and appropriate special to job induction training.

5.4.3 Each Community of Practice will ensure that health and safety is included as an integral part of their annual business plan.

5.4.4 Records of safety training provided will be maintained on Team Spirit and but may also be maintained by service managers.

5.4.5 The identification of health and safety training needs is to be part of the annual appraisal process. Managers are responsible for identifying the training needs of individuals. The Internal Health and Safety Service needs in conjunction with Human Resources will be responsible for an analysis of the corporate training.

## **5.5 Risk assessment**

5.5.1 Each manager/supervisor shall make a suitable and sufficient assessment of:

- the risks to the health and safety of his employees to which they are exposed whilst they are at work; and
- the risks to the health and safety of others who may be affected by their activities,

for the purpose of identifying the measures necessary to ensure a safe and healthy place of work.

5.5.2 In addition to the general risk assessment set out at paragraph 5.5.1 there may also be a need for a specific risk assessment and the need for that should be identified and if possible carried out at the same time. These specific assessments are shown in the appropriate Code of Practice on Assessment of Risk but include:

- manual handling ((including the lifting, putting down, pushing, pulling, carrying or moving of a load);
- display screen equipment (computing and word processing);
- hazardous substances etc;
- young people
- pregnancies.

5.5.3 Risk assessments will be reviewed:

- Periodically as recorded on the risk assessment;
- when an accident, incident or near miss occurs;
- when purchasing new equipment;
- changing work practices etc; or moving into a new work area.

5.5.4 Managers/supervisors are to monitor work activities to ensure that risk assessments and control measures are still suitable and sufficient and take appropriate action to review when necessary.

5.5.5 Where a need for a generic risk assessment is identified (e.g. work in offices, activities of a similar nature taking place in more than one service) the internal health and safety service will be responsible for carrying out the assessment and monitoring as required by paragraph 5.5.4

## **5.6 Health and safety standards, audit and inspection**

5.6.1 A set of health and safety standards has been designed and each Service will make their own arrangements for reviewing their level of achievement annually which will be reported in their service plan. The standards are shown at **Appendix C.**

5.6.2 The Internal Health and Safety Service CoP will develop a programme of audits and a standardised form to identify whether the management of risk has been carried out in each service area. The programme should be designed to reflect the needs of the Councils and the individual Service and will take into account the particular kinds of hazard or health and safety issues encountered. The timing of health and safety audits will appear in the annual safety plan and will be proportionate to the level and scope of the hazards and risks present.

5.6.3 The combination of the review of safety standards and the audit process is designed to ensure that we can demonstrate our level of health and safety management. The results will be analysed, considered, prioritised and shaped into an action programme.

## **5.7 Occupational health**

5.7.1 Occupational health is concerned with work-related problems and health and safety in the work place. An occupational health service for staff is provided under arrangements made by Human Resources. Further details may be obtained from the Human Resources Office.

## **5.8 Incidents**

5.8.1 Any incident or injury occurring whilst at work or on the Council's premises, however trivial it may appear at the time, must be reported to the Internal Health and Safety Service on the prescribed form.

5.8.2 Any report of an incident caused by defective fixtures and fittings, furniture, equipment etc. should make the cause clear so that steps can be taken to rectify the fault and avoid a recurrence.

## **5.9 First Aid Arrangements and Medical facilities**

5.9.1 Details of first aid arrangements and medical facilities for the Councils are given in the appropriate Code of Practice and on the Health and Safety pages of the Intranet.

## **5.10 Eye tests for display screen equipment users**

5.10.1 Members of staff or elected members who are users of display screen equipment (computers etc) are eligible for the refund of the cost of an eye test. If it is confirmed by the optician that they require spectacles specifically for display screen equipment use, a further refund may be provided for the cost of a basic pair of spectacles. Further details are available from the Internal Health and Safety Service and on the Health and Safety pages of the Intranet.

## **5.11 Smoking and vaping**

5.11.1 Smoking or vaping is not permitted in any of the Council's premises. The text of the policy is set out in the appropriate Code of Practice and on the Health and Safety pages of the Intranet. This also extends to the use of E Cigarettes.

## **5.12 Emergency Procedures**

### **5.12.1 Fire**

Details of the procedure in the case of fire are provided at each of the Councils' premises. Fire Safety training is also covered on the Induction Courses which is mandatory for all staff, in the health and safety training prospectus and periodically as a refresher.

### **5.12.2 Emergency procedures for staff with disabilities**

On joining the Councils, any member of staff or elected member who has a disability that might impede their evacuation or the evacuation of anyone else should bring this to the attention of their manager. A personal evacuation plan will be drawn up by the responsible manager, in conjunction with the Internal Health & Safety Service, and this should be brought to the attention of colleagues working in the same locality. Staff who develop a disability during their employment in the Councils should also consult their manager.

### **5.12.3 Threats Against the Councils**

On receipt of a threat against the Councils including those by letter or suspect package suspicious letter or parcel, staff should:

- make no attempt to open it;
- place the package carefully on the nearest firm surface; and
- telephone Follaton House Building Management (extension 1227) and Kilworthy Park Facilities (extension 3611/3609)

## **5.13 Security**

Responsibility for security within the Councils' premises rests with the manager of each site. Staff are however expected to exercise all reasonable vigilance and, in particular, are responsible for any visitors they may bring into the Councils' premises.

## **5.14 Arrangements for Names badges and access cards and for Access Control**

Where there is a need to provide staff and elected members with name badges and access cards or for access control the Facilities service will make the necessary arrangements.

## **5.15 Consultation With Employees**

5.15.1 Consultation with employees on health and safety matters is essential and a statutory requirement.

5.15.2 Suitable arrangements are to be put in place for staff consultation and Terms of Reference agreed as appropriate.

.....  
Sophie Hosking  
Head of Paid Service

.....  
Judy Pearce  
Leader of the Council

.....  
Neil Jory  
Leader of the Council

South Hams District Council  
Follaton House  
Totnes  
TQ9 5NE

West Devon Borough Council  
Kilworthy Park  
Tavistock  
PL19 0BZ

Date            November 2019

## **Appendices**

Appendix A Aims and Objectives

Appendix B Key Staff With Additional Health and Safety Responsibilities

Appendix C Standards Linked To Health and Safety Objectives

## **Appendix A**

### **Aims and Objectives**

#### **Aims**

- To ensure that a robust safety management system is in place;
- To provide and maintain a work environment that is safe and without risk to health for all employees, contractors and others who may be affected by the activities of the council;
- To avoid all accidents and to ensure that no one suffers ill health as a result of working at South Hams District Council or West Devon Borough Council or by the activities of the Councils;
- To plan and manage activities so that hazards are assessed and risks eliminated or controlled in so far as is reasonably practicable by appropriate prevention and protection measures

## Objectives

- Fully integrate health and safety into the management and decision-making processes within the Councils.
- Ensure appropriate systems are developed and maintained for the effective communication of health, safety and welfare matters throughout the Councils.
- Comply with all relevant Statutes, Regulations and Codes of Practice. The minimum standards that will be adopted by the Councils will be those required by law, although the Councils will always seek to exceed these where there is a demonstrable benefit.
- Devote appropriate resources in the form of finance, equipment, personnel and time to ensure the maintenance of health, safety and welfare standards.
- Provide necessary information, instruction and training to employees and others, including temporary staff, to ensure their competence with respect to health, safety and welfare.
- Ensure appropriate liaison with all necessary persons to ensure an appropriate standard of health, safety and welfare. The Councils will also ensure that adequate arrangements are also in place for ensuring the health and safety of non- employees who may be affected by the Councils' activities.
- Ensure that all employees are aware of their responsibilities to take reasonable care of themselves and others who could be affected by their acts or omissions and to co-operate with management in achieving the standards required.
- Ensure that managers are aware of their specific duties and responsibilities to comply with the letter and spirit of the Councils' policy and that the management of health, safety and welfare is an integral part of their function and their performance will be monitored along with their other duties.
- Carry out appropriate investigation of accidents, incidents and 'near-misses' and necessary action taken to reduce the likelihood of a recurrence.
- Establish procedures to ensure that safe equipment and plant are provided for employees and non-employees.
- Establish procedures for the appointing and monitoring of the competency of contractors.

## Appendix B

### Key Staff with Additional Health and Safety Responsibilities

1. Head of Environmental Health and Licensing, in addition to his enforcement responsibilities in the commercial sector, will:

Continue to be appointed as the Councils statutory appointed competent person under the health and safety at work act 1974

- a. Provide a health and safety advisory service to the Councils by means of the Internal Health and Safety Service;
- b. Advise the Internal Health and Safety Service on matters of Environmental Health and Licensing, relating to activities carried out by the Councils;
- c. When necessary, monitor the atmosphere and assess noise levels in certain areas of work;

2. Head of Maritime will ensure that:
  - a. The Dartmouth Lower Ferry operates in accordance with the South Hams District Council's approved Domestic Safety Management Code as required by the Merchant Shipping (Domestic Passenger Ships) (Safety Management Code) Regulations 2001) and that reviews of the Code take place when necessary and at not less than 3 yearly intervals.
  - b. The Salcombe Harbour Safety Management System as required by the Department for Transport Port Marine Safety Code is produced and reviewed at the prescribed intervals.
  
3. Head of Human Resources will have responsibility for:
  - a. Advising elected Members and Officers on the personnel implications of the Councils' Health and Safety Policy;
  - b. Consultations and negotiations with representatives of the staff on those aspects of the Health and Safety policy which affect the staff and their conditions of employment;
  - c. In conjunction with the Internal Health and Safety Service provide suitable induction and other training for staff in health and safety matters, including the administration of the training programme and the organisation of training courses within the Council;
  - d. Ensure that an appropriate paragraph concerning risk management and health and safety is included in each job description.
  
4. Risk Management Virtual Community of Practice group will have responsibility for:
  - a. identifying and implement work programmes relating to internal health and safety, including a programme of auditing and review, and any other tasks arising to achieve compliance with regulatory requirements or best practice.
  - b. the administration of health and safety training across the organisations and develop a training competency matrix.

## APPENDIX C

### Standards linked to Health and Safety Objectives (targeted levels in column 4)

Performance levels			
1	2	3	4
<p><b>Communication and Consultation</b> - <i>Management will ensure that appropriate systems are developed and maintained for the effective communication of health, safety and welfare matters throughout the Councils. The Councils will liaise and work with all necessary persons to ensure an appropriate standard of health, safety and welfare. The Council will also ensure that adequate arrangements are also in place for ensuring the health and safety of non- employees</i></p>			



Health & safety is not discussed and changes are made without consulting with staff or managers	Health & Safety is a standard item on managers meetings, for all staff during first week induction and following any incident. Changes which may affect H&S are openly discussed with managers	Health & Safety is a standard item on managers and team meetings, for all staff during first week induction and following any incident and as part of risk assessment. Changes which may affect H&S are openly discussed with managers and staff	Health & Safety is a standard item on managers and team meetings for all staff during first week induction and following any incident and as part of risk assessment. Any matters arising are followed up to a conclusion. Changes which may affect H&S are openly discussed with managers and staff and comments or arguments welcomed
<b>Contractors</b> - <i>The Councils will ensure that procedures are established for appointing and monitoring the competency of contractors.</i>			
Contractors are selected without considering any health and safety implications	Contractors are selected after checking their health and safety management and systems	Contractors are selected after checking their health and safety management and systems and agreeing method statements and working processes. The Council's Internal Health and Safety Service is involved.	Contractors are not used  OR  Contractors are selected after checking their health and safety management and systems and agreeing method statements and working processes. The Council's Internal Health and Safety Service is involved. Contractors are actively monitored during the contract works and a record is maintained.
<b>Monitoring of health and safety including risk assessments and working practices</b>			
No monitoring of health and safety takes place	When problems are brought to the attention of managers the matter is looked into	Regular checks of some aspects of health and safety are made	A programme of checks on health and safety is produced and followed
<b>Planning including the effects of service changes and requirements on health and safety</b>			
There is no consideration of health and safety in my planning	Health and safety is included in my Service Plan but not to any great extent	Health and safety is included in my Service Plan and general planning for my service. Key hazards are identified together with targets for removing or mitigating the risks	Health and safety is a feature of all planning in the service. My service plan identifies key hazards and shows targets for removing or mitigating the risks. Progress is actively monitored.
<b>Risk assessment</b> - <i>The Councils' approach to health, safety and welfare is based on the identification, management and control of risks. There are distinct benefits to be gained from providing a safe and healthy working environment, and appropriate levels of resources will be allocated to promoting, developing and maintaining the standards of health, safety and welfare within the Councils.</i>			

No risk assessments have been carried out	Risk assessments have been carried out for all activities	Risk assessments have been carried out for all activities, control measures put in place and communicated to those affected. Review of assessments is carried out	Risk assessments have been carried out for all activities, control measures put in place and have been communicated to those affected and training has been provided. Monitoring and reviewing of assessments is carried out and recorded.
<b>Training - The Councils will provide the necessary information, instruction and training to employees and others, including temporary staff, to ensure their competence with respect to health, safety and welfare.</b>			
Training is not provided.	Health and safety training needs are identified during the annual appraisal process but not monitored	Health and safety training needs are identified during the annual appraisal process, and when they arise during the year	Health and safety training needs are identified during the annual appraisal process, and when they arise during the year and monitoring carried out to ensure that training takes place

**South Hams District Council and West Devon Borough Council aim to ensure equality of opportunity in the delivery of their policies, services and employment practices. South Hams District Council and West Devon Borough Council will challenge discrimination, and encourages other organisations within South Hams and West Devon to act in accordance with Equality legislation.**

**This Policy is available in large print or Braille upon request.**

**If you require any help completing associated paperwork please contact the Internal Health and Safety Service extension 1475.**

Report to: **Council**  
Date: **19 December 2019**  
Title: **Calendar of Meetings 2020/21**  
Portfolio Area: **Council – Cllr Pearce, Leader**

Wards Affected: **All**

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

Date next steps can be taken: **Immediately**

Author: **Kathryn Trant** Role: **Specialist – Democratic Services**

Contact: **Email: [Kathryn.trant@swdevon.gov.uk](mailto:Kathryn.trant@swdevon.gov.uk)**

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**RECOMMENDATION:**

**That Council be RECOMMENDED that the Calendar of Meetings for 2020/21 (as presented at Appendix A) be approved.**

**1. Executive summary**

- 1.1 Each year, the Council is required to approve a calendar of meetings for the forthcoming year.

**2. Background**

- 2.1 The Constitution sets out requirements relating to the number and frequency of meetings of Council Bodies. In setting the calendar of meetings each year, the Council can ensure that these requirements are met. It also enables forward planning and avoids meeting clashes.

**3. Outcomes/outputs**

- 3.1 Set out at Appendix A is the draft calendar of meetings for 2020/21.
- 3.2 In drawing up the calendar of meetings, a number of parameters are set which include:
- 3.2.1 Constitutional requirements which, for some bodies, sets the number and frequency of meetings to be held annually

3.2.2 The wishes of Members that Thursdays are seen as Member days and therefore as many meetings as possible are arranged to take place on this day

3.2.3 The wishes of Members to avoid formal meetings during school holidays where possible

3.2.4 The wish of Members to ensure, where possible, there is a two week gap between Overview and Scrutiny Panel dates and Executive dates

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

4.1 By approving the calendar of meetings each year, the Council will avoid potential Member meeting clashes and ensure that the Constitutional requirements are provided for, and Members wishes, where possible, are taken into account.

#### 5. Proposed Way Forward

5.1 Approval of the calendar of meetings will prevent meeting clashes and ensure that Constitutional requirements are met.

#### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Statutory Powers – Local Government Act 1972
Financial implications to include reference to value for money	N	There are no direct financial implications
Risk	N	These are addressed in the report
Supporting Corporate Strategy		Efficient and Effective Council
Climate Change - Carbon / Biodiversity Impact		Attendance at meetings is required, but Members are encouraged to car share. Skyping in to Briefings is encouraged where deemed appropriate
Comprehensive Impact Assessment Implications		

Equality and Diversity		Not applicable
Safeguarding		Not applicable
Community Safety, Crime and Disorder		Not applicable
Health, Safety and Wellbeing		Not applicable
Other implications		Not applicable

**Supporting Information**

**Appendices:**

Calendar of Meetings 2020/21 – Appendix A

**Background Papers:**

None

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**SOUTH HAMS CALENDAR OF MEETINGS 2020/21**

<b>Committee</b>	<b>May 20</b>	<b>June 20</b>	<b>July 20</b>	<b>Aug 20</b>	<b>Sept 20</b>	<b>Oct 20</b>	<b>Nov 20</b>	<b>Dec 19</b>	<b>Jan 21</b>	<b>Feb 21</b>	<b>Mar 21</b>	<b>Apr 21</b>	<b>May 21</b>	<b>June 21</b>	<b>July 21</b>	<b>Aug 21</b>	<b>Sept 21</b>
SH Council All at 2pm	21				24			10		11	25		13				30
SH Council Tax Panel 2.00pm										23							
SH Executive All at 10am	14	18	30		17	22			28		11	22		3	15		16
<i>Exec Briefing</i>		4	16		3	8	19		14	25		8	20		1		2
SH O&S All at 10am		4	16		3*	8*	19		14**	25*		1	20*		1		2*
SH Audit Committee All at 10am		25	23				12			4	11			17	22		
SH Licensing Committee							5										
Salcombe Harbour All at 2.30pm		22			14		16		18		15			14			20
TRAINING DATES		11			10												
<i>SH Planning Briefing</i>	1	1/29	27	28	28	26	23	21	25	22	22	19	17	14	12	9	6
SH Site Inspections	11	8	6	3	7	5	2/30		4	1	1/29	26	24	21	19	16	13
DM Committee	13	10	8	5	9	7	4	2	6	3	3/31	28	26	23	21	18	15

Notes:

**SH Informal Council dates are the morning of SH Council**

**SH Executive Briefing dates are internal dates and will not be published on the website (Executive Members and SLT)**

**\*dates for O&S are between 4 and 8 weeks after quarter end for presentation of PIs, except Sept dates which are 10 weeks (to avoid August)**

**\*\* Joint O&S and DM Committee date**

**DM Committee for SH at 4 weekly intervals wherever possible**

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Report to: **Council**  
Date: **19 December 2019**  
Title: **CLIMATE CHANGE UPDATE**  
Portfolio Area: **Council**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Immediately**

Author: **Drew Powell** Role: **Director of Governance and Assurance**

Contact: **01803 861240 email: drew.powell@swdevon.gov.uk**

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## **RECOMMENDATIONS:**

**That Council is RECOMMENDED to:**

- 1. That the draft Action Plan proposal (as at Appendix 1) be adopted subject to it being:**
  - (a) Amended to comply with parts 2 and 4 of the Climate Change resolution arising from the Special Council meeting held on 25 July 2019 (Minute 29/19(b) refers);**
  - (b) Forwarded to Town and Parish Councils for their comments and for such comments to be received by 31 March 2020;**
  - (c) Published on the Council's Climate Change section of its website with a provision for comments from the public to be received by 31 March 2020;**
  - (d) Reviewed and amended following the end of the consultation period at points (b) and (c) above. (Such amendments to be considered by the Working Group by 30 April 2020, with an updated version of the Action Plan then being submitted to the Annual Council meeting on 21 May 2020 for approval);**
  - (e) Able to be monitored on an ongoing basis by Full Council at any time it considers it necessary and/or appropriate;**
- 2. Note the content of the Council's first Greenhouse Gas Inventory (as outlined at Section 5);**

- 3. Aim to reduce the Council's organisational carbon emissions (Scope 1, 2 and 3 emissions) to net-zero by 2030;**
- 4. Commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest;**
- 5. Aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025;**
- 6. Request that the Climate Change and Biodiversity Working Group develop a framework for a Climate Change and Biodiversity Strategy to be brought back to full Council for approval on 21 May 2020; and**
- 7. Request that an update on progress against the adopted aims be brought back to Council on an annual basis.**

## **1. Executive summary**

- 1.1 At the meeting of full Council on July 25th 2019 it was resolved that both a Climate Change and Biodiversity Emergency be declared (Minute 29/19 refers).
- 1.2 The Council also approved the recommendation that an Action Plan be developed and presented back to the Council for approval within six months.
- 1.3 This report outlines progress in developing the Action Plan and proposals for progressing implementation along with proposed targets for reducing carbon emissions both organisationally and across the District.

## **2. Background**

- 2.1 Evidence shows that humans have already caused climate change, the impacts of which are being felt around the world. Global temperatures have already increased by 1 degree Celsius from pre-industrial levels. Atmospheric Carbon dioxide (CO<sup>2</sup>) levels are above 400 parts per million (ppm). This far exceeds the 350 ppm deemed to be a safe level for humanity.
- 2.2 In order to reduce the impact of Global Warming and limit the effects of Climate Breakdown, it is estimated that, globally, we need to reduce our CO<sup>2</sup>eq (carbon equivalent) emissions from their current 6.5 tonnes per person per year to less than 2 tonnes as soon as possible.
- 2.3 Understanding how an organisation impacts climate change is complex. Determining how to approach achieving a carbon neutral District or

County is equally complex and requires a strategic evidence based approach.

2.4 The Greenhouse Gas (GHG) protocol introduced a widely accepted accounting tool, a methodology that splits consumption and production as follows;

- Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.
- Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.
- Scope 3 – All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

2.5 Assessing Scope 1 and 2 emissions is relatively straightforward however Scope 3 requires detailed work and cooperation across numerous stakeholders.

2.6 Tackling this huge challenge will require action at all levels from international policy through to individual action but it is recognised that Local Authorities at all tiers are uniquely placed to deliver and enable a reduction in carbon emissions.

2.7 In addition to reversing the adverse impacts on the environment, reducing our carbon footprint can deliver economic benefits in terms of new jobs, economic savings and market opportunities, as well as improved personal, social and environmental well-being for people, locally and worldwide.

2.8 In terms of Biodiversity, The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report on Biodiversity and Ecosystem Services (May 2019) concludes that 'Nature is declining globally at rates unprecedented in human history — and the rate of species extinctions is accelerating, with grave impacts on people around the world now likely.'

2.9 It is recognised that whilst Climate Change and Biodiversity are separate issues they are also intrinsically linked.

### **3. Outcomes/outputs**

3.1 The Council recognises the need to reduce its carbon footprint, and to respond to the challenges of climate change and loss of biodiversity in the interests of local, national and global well-being.

3.2 This report sets out progress on the Action Plan to date, proposals for specific targets and details the baseline carbon footprint from the Councils own activities.

#### **4. Action Plan**

- 4.1 The Climate Change and Biodiversity Action Plan (The Plan) (see Appendix 1) has been developed, for consistency, using the 12 Decarbonisation Themes being put forward as part of the emerging Devon Carbon Plan plus an additional 13<sup>th</sup> Theme, Biodiversity. A lead Officer, with expertise in the relevant area, has been allocated to each Theme and a list of proposals has been generated.
- 4.2 At this stage the Plan is a compilation of proposals generated to date by officers and Members of the Working Group and it is important to stress that it will remain a live, working document that will be subject to regular review by the Working Group.
- 4.3 The Plan takes the form of an interactive spreadsheet that allows the proposals to be subjectively assessed against a number of criteria including likely benefit in terms of carbon reduction, biodiversity gain, cost and the influence the Council has in taking action.
- 4.4 This allows a high level prioritisation exercise to be undertaken to determine which of the over 150 proposed actions should be individually assessed first. It is proposed that an overall cost/benefit analysis will be undertaken for each proposal prior to determining whether to implement, pend or to reject.
- 4.5 The above approach will allow low cost, 'quick wins' to be implemented as soon as possible whilst more complex and potentially costly actions can be fully assessed and included within budget setting and decision making processes.
- 4.6 The Plan, as presented, has been sorted by theme and in descending order of influence from 1-5, with 1 being where the Council has full control and 5 being where we have minimal influence other than through lobbying and influencing.

#### **5. The Council's Carbon Footprint**

- 5.1 It is recognised that the Council has a key role in tackling the Climate Change and Biodiversity Challenge both directly as an organisation and also through its leadership role within the community.
- 5.2 The Council's own activities generate a carbon footprint and the Working Group have been keen to quantify this and to lead by example by reducing it.
- 5.3 In view of this the Council commissioned Exeter University, a key partner in the development of the Devon Carbon Plan, to carry out a Greenhouse Gas Inventory based on the financial control of the Council. This inventory is essentially the carbon footprint of the organisation.
- 5.4 The South Hams District Council Greenhouse Gas Inventory report (Appendix 2), which has just been received, quantifies the emissions in terms of metric tonnes of Carbon Dioxide (CO<sub>2</sub>) equivalent (tCO<sub>2</sub>e) in

line with standard methodology arising from Scope 1, 2 and 3 emissions.

- 5.5 This data, for 2018/19, establishes a baseline position against which progress in reducing carbon emissions can be measured year on year. This is the first time the Council has been able to quantify its actual contribution to climate change.
- 5.6 The following table shows the summary of emissions (metric tonnes of CO2e);

No.	Category	2018/19
<b>SCOPE 1: Direct GHG emissions and removals</b>		<b>3285.2</b>
1.	<i>Stationary combustion</i>	85.9
2.	<i>Owned transport</i>	3199.4
3.	<i>Process emissions</i>	0.0
4.	<i>Fugitive emissions</i>	0.0
<b>SCOPE 2: Energy GHG indirect emissions</b>		<b>290.9</b>
5.	<i>Electricity</i>	290.9
<b>SCOPE 3: Other indirect GHG emissions</b>		<b>4438.1</b>
6.	<i>Purchased material and fuel</i>	1515.1
7.	<i>Transport related activities</i>	305.7
8.	<i>Waste disposal</i>	0.0
9.	<i>Leased assets and franchising, outsourcing</i>	2617.2
10.	<i>Sold Goods and Services</i>	0.0
<b>TOTAL GROSS FOOTPRINT (SCOPES 1, 2 and 3)</b>		<b>8014.2</b>
11.	<i>Offset Emissions</i>	0.0
<b>TOTAL NET FOOTPRINT (SCOPES 1, 2 and 3 and Offsets)</b>		<b>8014.2</b>

- 5.7 The Council's total carbon footprint is estimated at approximately 8000 metric tonnes of CO2 equivalent (tCO2e) per year. For comparison, the average home in the United Kingdom is estimated to contribute 2.7 tCO2e per year through heating.
- 5.8 It can be seen that the key contributor where the Council has full control, Scope 1 and 2 emissions, relates to 'owned transport' (Scope 1.2) which includes mileage from our own vehicle fleet, including waste and cleansing.
- 5.9 Under Scope 3, the key contributors are Scope 3.6: Purchased material and fuel and Scope 3.9: Leased assets and franchising, outsourcing. This includes energy usage within the leisure centres.
- 5.10 As this report has just been received Officers are in the process of analysing the data to establish a clear understanding of the implications going forward.

## 6. Next Stages

- 6.1 The Working Group has focussed on two distinct work streams:
- The Council's own Carbon Footprint – understanding and calculating this and creating a plan to become net-zero carbon by a future date.
  - The wider Community/Devon/Regional position – the need to support the emerging Devon Carbon Plan and establish similar wider plans on biodiversity.
- 6.2 Now that we have an established baseline carbon footprint for the Council it is proposed to align the relevant proposals within the Action Plan to the footprint and determine which should be pursued in line with the principles set out in 4.3 to 4.5 above
- 6.3 The above will be carried out by officers and brought back to the Working Group for consideration.
- 6.4 In terms of the wider District/Devon position it is clear that there are number of the proposals in the Action Plan that can be delivered at a local, Community/District level and others that are likely to be more achievable if included as part of the wider, Devon Carbon Plan.
- 6.5 In view of the above the logical approach it to align these proposals as part of the Councils wider approach effectively creating two distinct, but complimentary, plans
- The Operational Carbon Reduction Plan – Reducing Our Footprint
  - The South Hams Climate Change and Biodiversity Action Plan (which will be aligned to the Devon Carbon Plan)
- 6.6 In order to set the context and evidence base for the plans, it is recommended that the Council develops a Climate Change and Biodiversity Strategy to provide the framework and set out the organisational aims and objectives. The Strategy, once adopted by the Council, would support all six Corporate Themes and ensure that Climate Change and Biodiversity are key factors in future decision making.

## **7. Setting Targets**

- 7.1 Setting targets for reducing carbon emissions is notoriously difficult. A key factor is the level of control over which, in this case, the Council have in securing the necessary reductions. Whilst the Council can influence, promote and support change it has very limited direct control other than over its own activities.
- 7.2 However, it is considered that targets need to align with established and recognised dates as put forward by the Intergovernmental Panel on Climate Change (IPCC) and IPBES.
- 7.3 In addition, as leaders in the Community the Council should help set the standard, be aspirational and promote the changes needed in support of the Climate Change and Biodiversity Emergency that Members declared on 25<sup>th</sup> July 2019.

- 7.4 It is proposed that two targets are set in line with the Action Plans proposed in 6.5 above.
- 7.5 There a number of options that are available to the Council for reducing its own organisational carbon footprint;
1. Option 1 - set no targets and measure progress against the Action Plan
  2. Option 2 – set a target to reduce the Councils organisational carbon emissions (Scope 1 and 2 only) to net-zero by 2030
  3. Option 3 - set a target to reduce the Councils organisational carbon emissions (Scope 1,2 and 3) to net-zero by 2030

It is recommended that Option 3 is adopted as it is considered both aspirational and realistic.

- 7.6 In terms of the wider District target;
1. Option 1 – set no targets and measure progress against the Action Plan
  2. Option 2 – Commit to working with partners through the Devon Climate Emergency Response Group to reduce South Hams’ carbon emissions to net-zero by 2030 at the latest;
  3. Option 3 - Commit to working with partners through the Devon Climate Emergency Response Group to reduce South Hams’ carbon emissions to net-zero by 2050 at the latest;

It is recommended that Option 3 is adopted in view of the lack of control the Council has over the vast majority of factors that influence carbon emissions within the District and as it aligns both with the Devon Climate Declaration, to which then Council is a signatory, and the Government’s position.

- 7.7 In terms of a measurable target for Biodiversity, it is proposed that the Council commission a benchmarking of the baseline habitat value of its green and wooded public open space, and aim for a 10% Biodiversity Net Gain in the value of these sites by 2025.

- 7.8 Defra have recently released a ‘Biodiversity Metric Calculator’ which is being used for planning purposes (Development Management and Strategic Planning) but equally could be used to establish the current baseline of ‘Biodiversity units’ at the Council owned public open spaces. The exercise would record the type and size of parcels of habitat within a site, multiplying the sizes by scores for the quality of the existing habitat (which are based on pre-set distinctiveness score and assessed condition, strategic significance and connectivity scores). This gives a biodiversity unit value for each habitat parcel and represents the ‘baseline’ or ‘pre-intervention’ value.

- 7.9 The calculation can then be repeated for a post-intervention scenario, typically post-development, but in this case post land management change. In the case of the Council owned public open spaces, changes to the Council's land management such as tree planting or conversion of part of amenity greenspace/verges to meadow planting would have a positive effect on the biodiversity unit value. The calculation would be repeated periodically to assess performance towards the 10% increase in value as the condition of the habitat parcels improves.
- 7.10 There will be a cost associated, which can be found within existing budgets, with the commissioning of benchmarking of the baseline habitat value and the specification and parameters of this will require careful consideration as this method of assessing the biodiversity value of a site is relatively new (the Biodiversity Metric Calculator is currently a 'test' version). However, in addition to the Climate Change and Biodiversity Action Plan proposals associated with this report, there may be additional benefits to the Council in terms of contributing evidence towards future Open Space Assessments which will be required for Local Plan Reviews. In addition, a commitment to a 10% Biodiversity Net Gain on the Council's estate would be a proactive move which may encourage others, for example Town and Parish Councils, to undertake similar measures.

## **8. Progress on the Devon Carbon Plan**

- 8.1 Development of the Devon Carbon Plan is progressing well and there have been a number of themed hearings held over the last few weeks and webcast live to the public. The hearings, facilitated by members of the Net-zero Task Force and attended by experts from across the community, will help shape the proposals that will then go before a Citizens' Assembly in 2020.
- 8.2 The Net-Zero Task Force have recently issued a paper - 'Proposed Design of Devon Climate Emergency Citizens' Assembly' - which has been reviewed, and is supported, by the Working Group. The paper is due to be considered at the meeting of the Devon Climate Emergency Response Group on December 18<sup>th</sup> and a verbal update on the outcome will be provided to Council on December 19<sup>th</sup>.

## **9. Initiatives the Council is Progressing**

- 9.1 The Council has engaged with British Solar Renewable (BSR) and negotiated to purchase a site and develop 2 solar farms, totalling over 20MW capacity. The above is subject to a review of the business case and Member approval.
- 9.2 A staff policy to facilitate a salary sacrifice scheme for pure electric cars is being investigated. The policy, which promotes uptake of Ultra Low Emissions Vehicles (ULEVs), will help reduce emissions from business and commuting mileage.



- 9.3 An electric pool car is on order and is estimated to arrive just ahead of Christmas. The car will be used to reduce business mileage and further promote car sharing for essential journeys.
- 9.4 The Assets team are currently measuring electricity usage at Follaton House to ascertain how much real spare capacity is available with a view to installing further Electric Vehicle (EV) charging capacity.
- 9.5 A review of the Councils current vehicle fleet is underway with the aim of moving over to pure EV over a 5 year period.

## 10. Resources

- 10.1 In order to progress future work on this agenda, A Climate Change Policy Officer (a two year temporary post) has been included in the budget proposals for 2020/21 at a cost of £25,000 per annum (SHDC share). The post will be reviewed after year 2.

## 11. Summary

- 11.1 The Council has established its own carbon footprint and now has an understanding of its climate change impact. Through this, and its developing Action Plan, the Council is now in a position to respond positively to the Climate Change and Biodiversity Emergency at an organisational and District level.

## 12. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Actions arising from the declaration (and the developing Action Plan) will, where necessary, be subject to normal council decision making
Financial implications to include reference to value for money	Y	It is highly likely that declaring a climate emergency will have significant financial implications for the Council however it is not possible to estimate costs in advance of detailed work on individual actions within the developing Action Plan.
Risk	Y	A number of risks need to be highlighted; Based on the evidence put forward failing to respond to the emergency is likely to have long term impacts on the council and the community it serves.

		<p>Acting in a disproportionate manner and directing resources away from other key areas may have adverse impacts in a number of areas including delivery of statutory services, customer satisfaction, vulnerable people and the financial sustainability of the organisation.</p> <p>Implementing new policies without full consideration of their impacts may directly impact on business, economic growth and delivery against the Joint Local Plan housing targets.</p>
Supporting Corporate Strategy	Y	Developing a strategy to meet the challenges of climate change and Biodiversity supports all six corporate themes.
Climate Change - Carbon / Biodiversity Impact	Y	The report focusses on these issues and the impact will be assessed for each arising action.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no implications arising from this report
Safeguarding		There are no Safeguarding implications arising from this report.
Community Safety, Crime and Disorder		There are no positive or negative impacts on crime and disorder reduction.
Health, Safety and Wellbeing		Developing a plan to meet the challenges of climate change and biodiversity is likely to have a net positive impact on health, safety and well-being. The magnitude of this impact cannot be assessed at this stage.
Other implications		None at this stage

**Supporting Information:**

**Appendices:**

Appendix 1: Draft Climate Change and Biodiversity Action Plan  
Appendix 2: South Hams District Council Greenhouse Gas Inventory Report

**Background Documents:**

Devon Climate Declaration  
Climate Change and Biodiversity Working Group agenda papers and action notes;  
Council meeting agendas and minutes – 25 July 2019.



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1 Behaviour Change & Communication - Internal	Andy Wilson	Introduce culture of agile working, working from home & skype meeting to reduce unnecessary travel	1	Y	High	High	Ongoing	Low	Low	N	G				
1 Behaviour Change & Communication - Internal	Andy Wilson	Introduce business train booking account to encourage journeys by rail	1	Y	High	High	Ongoing	Low	Low	N	G				
1 Behaviour Change & Communication - Internal	Andy Wilson	Introduce a car sharing scheme publishing on the intranet the intended journey and times	1	N	Med	Med	2 months	Low	Low	N	R				
1 Behaviour Change & Communication - Internal	Andy Wilson	Introduce a company scheme incentivising the purchase of electric cars	1	N	Med	Med	6 months	Low	Low	N	R				
1 Behaviour Change & Communication - External	Lesley Crocker	Create new website/pages on what residents can do to help fight climate change	1	N	Med	Med	1 month	Low	Low	N	A				
2 Behaviour Change & Communication - External	Lesley Crocker	Litter, packaging and waste must be in key messages	1	N	Low	Low	3 months	Low	Low	N	R				
1 Behaviour Change & Communication - Internal	Andy Wilson	Use of electric car between KP & FH	2	N	Med	Med	1 year	Med	Low	N	R		Vehicle being leased in December to		
1 Behaviour Change & Communication - Internal	Andy Wilson	Provide new electric charging points	2	N	High	High	6 months	Med	Med	N	R				
1 Behaviour Change & Communication - Internal	Andy Wilson	Encourage car sharing by paying 5p per mile if sharing on a business journey	3	Y	Med	Med	Ongoing	Med	Med	N	G				
1 Behaviour Change & Communication - Internal	Andy Wilson	Change criteria for essential car user allowance, remove minimum mileage requirement and don't reimburse between FH&KP	3	Y	High	High	Ongoing	Med	Med	N	G				
1 Behaviour Change & Communication - External	Lesley Crocker	Encourage residents to sign up to paperless billing and communication	4	N	Low	Low	1 months	Low	Low	N	R				

1	Areas we can directly control/guide
2	Areas we can enable through funding
3	Areas we can enable through policy
4	Areas we can influence locally
5	Areas we can influence nationally through request and lobby

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2 Energy Supply	Stuart Truss	Procure truly renewable energy	1	N	High	Med	1 year	High	Low	N	R				
2 Energy Supply	Stuart Truss	Divest from fossil fuels and invest in renewable energy projects	1	N	High	High	2 years	Med	Med	N	R				
2 Energy Supply	Stuart Truss	Explore forming a non-profit green energy company	1	N	High	High	5 years	High	High	N	R				
2 Energy Supply	Stuart Truss	Install low water delivery taps/plumbing to all our toilet facilities at Follaton House	1	N	Low	Low	2 years	Med	Low	N	R				
2 Energy Supply	Stuart Truss	Install much more sophisticated thermostats for the heating system at Follaton House – at the moment it's either baking or freezing.	1	n	Med	Low	2 years	Med	Low	N	R				
2 Energy Supply	Stuart Truss	Identify areas suitable for renewable energy in the local plan.	2	N	High	Med	5 years	High	High	N	R				
2	Stuart Truss	Rolling programme of electric equipment to move away from petrol/generators.	2	N	High	High	6 months	High	High	N	R				

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3 Walking, Cycling & Public Transport	Tom Jones	Investigate electric bikes for some facility servicing. For instance, it would be much easier for the toilet cleaners to park up in Salcombe and travel to the various locations on an electric bike, especially in high season. It would mean having supplies and cleaning kit at each locality.	1	N	Low	Low	2 years	Low	Low	N	R				
3 Walking, Cycling & Public Transport	Tom Jones	Promote/Require all Taxis to be EV's through licencing	3	N	Med	Low	2 years	Med	Low	N	R				
3 Walking, Cycling & Public Transport	Tom Jones	Introduce differential changes to parking permits e.g Higher carbon emission vehicles pay more.	3	N	Low	Low	2 years	Med	Low	N	R				
3 Walking, Cycling & Public Transport	Tom Jones	Ensure new housing developments are much more walking and cycling friendly.	3	Y	Med	Med		Low	Low	N	A				
3 Walking, Cycling & Public Transport	Tom Jones	Promote/ Require buses to be Electric	4	N	High	Med		Low	Low	Y	R				
3 Walking, Cycling & Public Transport	Tom Jones	Install electric bike hire in towns & maybe tourist areas in summer start to change culture. (Donkey bikes were dying to come to Totnes). Great idea for council workers to use them	4	N	Low	Low		Med	Med	Y	R				

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4 Strategic Transport Planning	Tom Jones	District and Borough Councils do not have any direct or specific responsibility for delivering or managing cycling / active transport networks but can influence	4	N	Med	Med		Low	Low	Y	R				
4 Strategic Transport Planning	Tom Jones	Electrification of the main train lines	5	N	High	High		Low	Low	Y	R				
4 Strategic Transport Planning	Tom Jones	Rail and road improvements linked to the future economic well-being of the South West.	5	N	High	High		Low	High	Y	R				

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5 Waste and Resources	Jane Savage	SH moving to the Devon Aligned Service 2020	1	Y	Med	Med	Sep-20	Low	Low	N	A				
5 Waste and Resources	Jane Savage	Rationalise bottle banks in South Hams	1	N	Low	Low	2021	Low	Low	N	R				
5 Waste and Resources	Jane Savage/Cathy	Fleet forward plan to include a trial use of electric vehicles for GM/MLO/CEO's.	2	N	High	High	2 years	High	High	N	R				
5 Waste and Resources	Jane Savage	Promote zero to incineration by improved communications	2	N	High	High	1 year	Med	Med	N	R				
5 Waste and Resources	Cathy Aubertin	New EP policy to ensure correct use of litter bins potentially reducing collection need	3	N	Low	Low	6 months	Low	Low	N	R				
5 Waste and Resources	Jane Savage	The Council should support the principles proposed through the English Waste Strategy regarding the Extended Producer Responsibility. The principles support a circular economy approach which will be funded by producers and will lead to better packaging design, improved recycling and better consumer awareness of what can be recycled.	5	N	Med	Med		Low	Low	Y	R				

need to understand the actual benefit in terms of CC as above

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7 New Developments - Internal	Guy Pedrick	Achieve good EPC rating on new Developments.	1	Y	Med	Med	Ongoing	Med	Med	N	A				
7 New Developments - Internal	Guy Pedrick	rainwater harvesting	1	N	Low	Low	Ongoing	Med	Med	N	R				
7 New Developments - Internal	Guy Pedrick	Passive Solar design	1	N	Med	Med	Ongoing	Med	Med	N	R				
7 New Developments - Internal	Guy Pedrick	Recycled and Sustainable construction materials	1	N	Low	Low	Ongoing	Med	Med	N	R				
7 New Developments - External	Phil Baker	JLP policies to reduce the carbon footprint of new development DEV32, DEV33, DEV34	1	Y	Med	Med	Ongoing	Low	Low	N	A			Need to ensure Members/Officers have necessary skill set to assess against, for example, energy hierachy. Proposal to bring in new CC Officer will support this.	
7 New Developments - External	Phil Baker	Change how we invest developer contributions for carbon reduction for example invested directly into energy saving measures to help improve the efficiencies of our existing housing stock through EH networks	1	N	Med	Med	5 years	Med	High	N	R				
7 New Developments - External	Phil Baker	JLP is reviewed every 5 years and we could revise it to better reflect the heightened importance of carbon reduction. The JLP was adopted in March 2019, but a review can be undertaken at any stage within the 5 year review period. The reviews, submission and adoption process is time consuming, so at the latest a review would begin in 2021.	3	N	Med	Med		Med	High	N	R				
7 New Developments - External	Phil Baker	Internal process to create a flow of investment from developer contributions to energy saving projects. It is unclear how much will be available as this depends on to what extent developers contribute onsite renewables as part of future development proposals – but a mechanism could be established internally that is ready to invest funds when available.	3	N	Low	Low		Med	Med	N	R				
7 New Developments - External	Phil Baker	As part of JLP review consider an Article 4 Direction that removes permitted development rights on class Q barn conversions.	3	N	Low	Low	5 years	Low	Med	N	R				
7 New Developments - External	Phil Baker	Allocate sites for renewable energy, in particular strategic scale solar and wind for both commercial and community energy development	3	N	Med	Low	5 years	Med	Med	N	R				
7 New Developments - Internal	Guy Pedrick	Location for good transport infrastructure	4	N	Med	Med	Ongoing	Med	Med	Y	R				
7 New Developments - Internal	Guy Pedrick	Encourage occupiers to factor in sustainability in work processes	4	N	Low	Low	6 months	Low	Low	N	R				

7 New Developments - External	Phil Baker	JLP adopted a carbon reduction target and aims to reduce carbon emissions by 50% by 2034 (monitored against the 2005 baseline)	4	Y	Med	Med	Ongoing	Low	Low	N	A
7 New Developments - External	Phil Baker	The LPAs could look to invest more directly in community energy projects though community energy groups. In Plymouth this could be the Plymouth Energy Community, and in SHWD it could be the SWD Community Energy Partnership or similar.	4	N	Med	Med	2 years	Med	Med	N	R
7 New Developments - External	Phil Baker	Change to building regulations, reducing energy demand in new homes towards net zero carbon. This would require the change to the Deregulation Act 2015 as its currently outside the control of local government	5	N	High	High	2 years	Low	High	N	R
7 New Developments - External	Phil Baker	Look to install rainwater harvesting on new developments where possible - will need changes to building regs/JLP	4	N	Med	Low	2 years	Med	Med	N	R

Lobbying with Devon/Partners will add weight but can also be done locally.



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8 Existing Buildings - Internal	Guy Pedrick	Retro-fit Council properties with energy efficient measures	1	N	Med	Med	5 years	High	High	N	R				
8 Existing Buildings - Internal	Guy Pedrick	Explore PV options for car parks	1	N	Med	Med		High	High	N	R				
8 Existing Buildings - Internal	Stuart Truss	Aim for a Higher result in the energy performance certificates	1	N	Med	Med	On going	Med	Med	N	R				
8 Existing Buildings - Internal	Stuart Truss	Energy Efficiency – light fittings changed to LED	1	Y	Med	Med	Ongoing	Med	Med	N	R				
8 Existing Buildings - External	Stuart Truss	More emphasis on renewable technology – solar and air source heat pumps for example	1	N	High	High	5 years	Med	Med	N	R				
8 Existing Buildings - External	Guy Pedrick	Increase PV on tenanted/commercial property	1	N	High	High	2 years	High	High	N	R				
8 Existing Buildings - External	Guy Pedrick	PV on landholdings, but mostly public open space/play areas	1	N	High	High	5 years	High	High	N	R				
8 Existing Buildings - Internal	Stuart Truss	LED at Commercial estate	1	N	Med	Med	On going where we have responsibility	Med	Med	N	R				
8 Existing Buildings - External	Rob Sekula	Plant new trees on open space	1	N	Med	Med	6 months	Low	Low	N	R				
8 Existing Buildings - External	Rob Sekula	Grow samplings (save money too)	1	N	Low	Low	6 months	Low	Low	N	R				
8 Existing Buildings - External	Guy Pedrick	Reduce consumption at toilets (water flushing)	1	N	Low	Low	6 months	Low	Low	N	R				
8 Existing Buildings - External	Stuart Truss	PV on industrial units and secure feed in tariff to grid - post 1.04.19 FIT not available to commercial installations	1	N	High	Med	Currently not achievable	High	High	N	R				
8 Existing Buildings - External	Stuart Truss	Purchase our energy from green suppliers (Stuart) contract - depends on contracted supplier agreeing switch	1	N	High	Med	1 year	Low	Low	N	R				
8 Existing Buildings - External	Ian Luscombe	Promoting ECO grants for home insulation, efficient heating systems and sustainable energy sources for owner occupied and tenanted properties	2	Y	High	Med	Ongoing	Med	High	N	R				
8 Existing Buildings - External	Stuart Truss	Electric car charging points in car parks	2	Y	Med	Med	Ongoing	Med	Med	N	R				
8 Existing Buildings - Internal	Stuart Truss	Opportunity for ground source heat pump at Follaton -installation implications for site	2	N	Med	Med	5 years	High	High	N	R				
8 Existing Buildings - External	Guy Pedrick	Wind turbines in industrial estates	2	N	High	Med	5 years	High	High	N	R				
8 Existing Buildings - External	Guy Pedrick	Tenanted property/commercial – 3-4% PV, no heating installed , EPC is now necessary in some cases	3	Y	High	Med	Ongoing	Med	Med	N	R				
8 Existing Buildings - External	Guy Pedrick	Electric charging points in industrial estates	4	N	High	High	6 months	High	High	N	R				
8 Existing Buildings - External	Guy Pedrick	Green messaging in tenants handbook – encourage tenants to buy green energy	4	N	High	Med	6 months	Low	Low	N	R				
8 Existing Buildings - Internal	Stuart Truss	Biomass boilers at HQ building - wil investigate	1	N	Med	Med	5 years	High	High	N	R				

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9 Greening the Economy - Internal	Rosie Wilson	Contract Procedure Regulations which already contain Environmental Sustainability aspects when procuring via our standard selection questionnaire or through the use of frameworks or dynamic purchasing systems whereby the suppliers are already prequalified with a similar standard selection questionnaire.	1	Y	Med	Med	Ongoing	Med	Med	N	G				
9 Greening the Economy - Internal	Rosie Wilson	Devon Districts Procurement Strategy in place 2015-2019	1	Y	Med	Med	Ongoing	Low	Low	N	G				
9 Greening the Economy - Internal	Rosie Wilson	Sustainability in Commissioning Policy in place	1	Y	Med	Med	Ongoing	Low	Low	N	G				
9 Greening the Economy - Internal	Rosie Wilson	Responsible Procurement Strategy in place	1	Y	Med	Med	Ongoing	Low	Low	N	G				
9 Greening the Economy - Internal	Rosie Wilson	Removal of Sustainability in Commissioning Policy and amalgamating with 6 other policies into 1 Sustainable Procurement Policy	1	N	Med	Med	Deadline Jan	Low	Low	N	R				
9 Greening the Economy - Internal	Rosie Wilson	Introducing new Devon Districts Procurement Strategy 2019-2022.	1	N	Low	Low	Deadline Apr	Low	Low	N	R				
9 Greening the Economy - Internal	Rosie Wilson	The Sustainable Procurement Policy also include ideas about how we can be sustainable day to day (outside of procurement).	1	N	Med	Med	Deadline Jan	Low	Low	N	R				
9 Greening the Economy - Internal	Rosie Wilson	Introduction of new Sustainable Procurement Policy – however, we need to bear in mind that environmental sustainability, whilst it can be considered, can be challenging for some procurements due to increased costs.	1	N	Med	Med	Deadline JAN	Low	Low	N	R				
9 Greening the Economy - External	Tom Jones	Draw together external organisations, who have active projects in the pipeline.	4	N	Med	Med	6 months	Low	Low	Y	R				
9 Greening the Economy - External	Tom Jones	Bring groups together in a District / Borough (including DNPA) wide fora	4	N	Med	Med	6 months	Low	Low	Y	R				
		policy change to halt single use plastic, polystyrene, reduce disposable plates, cups packaging in all our licensed premises and takeaways and council run markets	4	N	Med	Med		Low	High	Y	R				

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10 Individual and Collective Action - Internal	Andy Wilson	Reduce personal commuter mileage by more use of agile working	1	N	Low	Low	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Reduce business mileage by greater use of technology to reduce need to attend meetings	1	N	Med	Med	6 months	Med	Med	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Reduce business mileage by encouraging customer self-service and reduce need for officer/customer to travel	1	N	Med	Med	1 year	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Further encourage and incentivise alternative modes of travel e.g. use of rail, public transport	1	N	Med	Med	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Publicise/incentivise change of residential energy provider	1	N	Med	Med	2 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Encourage/incentivise use of electric cars	1	N	Med	Med	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Encourage/incentivise greater use of cycles for commuting	1	N	Low	Low	2 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Reduce energy consumption at home – install greater insulation, use less hot water, use less heating, turn off electrical appliances when not in use, don't use unnecessary appliances like tumble dryer etc.	1	N	Med	Med	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Make sure Council finances are invested with 'green banks'	1	N	Low	Low	1 year	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Commit to buying less new products, to greater recycling and greater use of re-used (second-hand) products	1	N	Med	Med	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Identify individual commute and business usage and set reduced targets	1	N	Med	Med	1 year	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Provide free/subsidised home energy audit to advise employees on how to reduce carbon footprint of home	1	N	Med	Med	1 year	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Provide advice/support to allow employees to calculate the impact of their lifestyles	1	N	Low	Low	6 months	Low	Low	N	R				
10 Individual and Collective Action - External	Lesley Crocker	Support the council be exploring the use of webinars for training	1	N	Med	Med	2 months	Med	Med	N	R				
10 Individual and Collective Action - External	Lesley Crocker	Explore other channels for communicating with residents that are not in print	1	N	Low	Low	6 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Take greater personal responsibility for the use of car sharing, particularly between KP and FH.	3	N	Low	Low	6 months	Low	Low	N	R				
10 Individual and Collective Action - External	Lesley Crocker	Encouraging a culture in the teams of not printing unless they need to	3	Y	Low	Low	Ongoing	Low	Low	N	G				
10 Individual and Collective Action - Internal	Andy Wilson	Encourage people to reduce animal protein in their diet	4	N	Low	Low	2 months	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Volunteer/support collective action via community groups	4	N	Low	Low	1 year	Low	Low	N	R				
10 Individual and Collective Action - Internal	Andy Wilson	Incentivise the use of public transport	4	N	Med	Med	6 months	Low	Low	N	R				

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Draft Master Plan - South Hams District Council

Theme	Officer	Proposal	Level of influence	Doing now?	Annual Estimated Net potential Carbon	Annual Estimated Net potential Biodiversity	Timescale to implement (incl. current contract)	Cost	Opportunity	Defer to Devon	Progress	Link to Business	Reduce organisational	Notes/ Suggestions	Members notes and suggestions
11 Community Engagement	Lesley Crocker	Informing residents about how they can recycle – using norming messaging	1	Y	Med	Med	Ongoing	Low	Low	N	G				
11 Community Engagement	Lesley Crocker	Informing residents about what we are doing with climate change	1	Y	Low	Low	Ongoing	Low	Low	N	G				
11 Community Engagement	Lesley Crocker	Push the recycling messages hard this Christmas / Halloween	1	N	Low	Low	2 weeks	Low	Low	N	R				
11 Community Engagement	Lesley Crocker	Demonstrate the effectiveness of the campaigns and celebrate how well the public are doing by telling them after Christmas	1	N	Low	Low	2 months	Low	Low	N	R				
11 Community Engagement	Lesley Crocker	Link in more with recycle Devon and all of the other efforts that people are going around the District and borough	1	N	Low	Low	2 months	Low	Low	N	R				
11 Community Engagement	Lesley Crocker	Create an e newsletter and get people who are interested in supporting our emergency to sign up – begin to build an army of interested people	1	N	Low	Low	6 months	Low	Low	N	R				

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Draft Master Plan - South Hams District Council

Theme	Officer	Proposal	Level of influence (see chart to the	Doing now?	Annual Estimated Net potential Carbon Saving/Benefit	Annual Estimated Net potential Biodiversity Saving/Benefit	Timescale to implement (incl. current contract lengths)	Cost	Opportunity	Defer to Devon Carbon Plan	Progress	Link to Business Case (if required)	Reduce organisation al footprint	Notes/ Suggestions	Members notes and suggestions
12 Land Use Change for Carbon Sequestration	Rob Sekula	Supporting individual tree planting requests on estate	1	Y	Low	Low	Ongoing	Low	Low	N	G				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Securing tree planting through development proposals	1	Y	Low	Low	Ongoing	Low	Low	N	G				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Plant up our own land ourselves subsidised by grants (but unlikely to receive any/significant maintenance support)	1	N	Med	Med	2 years	Med	Med	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Buy land to plant – within Strategic Nature Areas or to contribute to forthcoming Devon Nature Recovery Network – South Hams forest/woodland (either funded/part funded by Biodiversity Net Gain, Woodland Creation Grants - Countryside Stewardship <€6,800 per ha, possibly followed by Woodland Management Grants), Woodland Trust partnership, but likely to be significant additional cost to the LA particularly land purchase cost and ongoing maintenance costs. Possible woodland managers living on site in temporary accommodation (subject to planning) – i.e. sustainable and Low cost woodland management?	1	N	Med	Med	5 years	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Support more/all approaches by communities for tree planting on our land where they source free trees (and is consistent with land use and not likely to lead to conflict with neighbours) – but maintenance costs	1	N	Med	Med	2 years	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Fix more carbon in vegetation cover (relaxing cutting regime)	1	N	Med	Med	6 months	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Look at alternative grass/plant mixes in any new sowing, using varieties to increase soil carbon sequestration.	1	N	Med	Med	1 year	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Potential use of biodiversity net gain funds to contribute to community planting schemes	1	N	Low	Low	2 years	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Pushing tree planting agenda within Neighbourhood Plans (allocating spaces for woodland creation and sustainable management perhaps)	1	N	Med	Med	1 year	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Tree planting, supporting resident interest in planting on Council land where they can obtain free trees	1	N	Med	Med	1 year	Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	EOI to Urban Tree Challenge Fund for Ph2 with bids in 2020/21	1	N	Med	Med		Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Policy of replanting X number of trees for each tree felled dependant on trunk diameter at 1.5m height (using table included in JLP SPD)	1	N	Med	Med		Low	Low	N	R				
12 Land Use Change for Carbon Sequestration	Rob Sekula	Ringfencing and promoting a % of Members grant schemes (SCLF/Localities Fund) towards tree planting schemes for community groups, Town and Parish Councils, or money towards a 'Tree Planting grant scheme' (we did this in 2010 for the International Year of Biodiversity)	1	N	High	High	1 year	Low	Low	N	R				

12	Land Use Change for Carbon Sequestration	Rob Sekula	Urban Tree Challenge Fund (Phase 2 – 2020/21)	4	N	Med	Med	2 years	Low	Low	N	R
12	Land Use Change for Carbon Sequestration	Rob Sekula	Increasing approaches from residents for tree planting on Council land (spurred by National Tree Week/plant a tree campaigns)	4	N	Med	Med	1 year	Low	Low	N	R
12	Land Use Change for Carbon Sequestration	Rob Sekula	Natural Environment Design Guide to support Development Management proposals – establishing importance of street trees in urban/built environment proposals, trees in new hedgelines, and tree/woodland planting as part of onsite public open space provision	5	N	Med	Med	5 years	Med	Med	N	R
12	Land Use Change for Carbon Sequestration	Rob Sekula	Biodiversity Net Gain likely to be mandated – generating £s for planting		N						N	R
12	Land Use Change for Carbon Sequestration	Rob Sekula	Natural coastal and flood management approaches to increase carbon sequestration, reduce erosion, deliver improved catchment management (?)		N	Med	Med		Med	Low	N	R
12	Land Use Change for Carbon Sequestration	Rob Sekula	Targeting biodiversity net gain (and offsite compensation) at tree planting where appropriate, increasing and connecting woodland SNAs		N	Low	Med		Med	Low	N	R

Draft Master Plan - South Hams District Council

Theme	Officer	Proposal	Level of influence (see chart to the	Doing now?	Annual Estimated Net potential Carbon Saving/Benefit	Annual Estimated Net potential Biodiversity Saving/Benefit	Timescale to implement (incl. current contract lengths)	Cost	Opportunity	Defer to Devon Carbon Plan	Progress	Link to Business Case (if required)	Reduce organisational footprint	Notes/ Suggestions	Members notes and suggestions
13 Biodiversity	Rob Sekula	Applying JLP policies (as well as other related policy and legislation) relating to development and the conservation and enhancement of biodiversity	1	Y	Med	Med	Ongoing	Low	Low	N	G				
13 Biodiversity	Rob Sekula	Do not use fertiliser, no weedkiller used on beds	1	Y	High	High	Ongoing	Low	Low	N	G				
13 Biodiversity	Rob Sekula	Produce c.50 tons of wood chip each year for use on shrub beds and under hedge lines, also have a bio shredder producing c.30 tons of compost that we also use on beds.	1	Y	High	High	Ongoing	Low	Low	N	G				
13 Biodiversity	Rob Sekula	Review own estate management in terms of Grounds Maintenance	1	N	High	High	2 years	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Review GM layer and assess potential for amending to increase wildlife value balanced against amenity requirements (e.g. for short grass for dog walking/recreation, etc)	1	N	Med	Med	1 year	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Relax cutting regimes – i.e. cut less often/vary leaving uncut majority, well cut margins, cut later in the year	1	N	Low	Low	1 year	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Scrape sites, reseed with wildflower mix, annual cut, use mixes that increase soil carbon sequestration	1	N	Low	Low	1 year	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Introduction of wildlife measures (e.g. hibernacula in appropriate sites, bird and bat boxes, bug hotels, etc)	1	N	Low	Low	2 year	Low	Low	N	R				
13 Biodiversity	Rob Sekula	PR relating to purpose of any revised approach (e.g. managing community expectations and a level of complaint about ‘unkempt/untidy’ sites, lazy Councils, etc)	1	N	Low	Low	6 months	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Look to reduce/eliminate weedkiller use on hard surfaces	1	N	High	High	6 months	Low	Low	N	R				
13 Biodiversity	Rob Sekula	Produce Natural Environment Design Guide to sit alongside the JLP and SPD as a guide for good design for biodiversity (amongst other ecosystem services) within new development	1	N	Med	High	1 year	Med	Low	N	R				
13 Biodiversity	Rob Sekula	Ensure the DBRC SLA is a revenue budget line (currently funded through ‘new burdens money’ contributing to safeguarding the Local Wildlife Sites network)	1	N	Med	Med	1 year	Med	Low	N	R				
13 Biodiversity	Rob Sekula	Put additional resource to a ‘biodiversity officer’ post – namely with respect to avoiding backlog of DM and consultation responses (i.e. to make sure no potential for missing responses) and ensuring policy is correctly and consistently applied, or potentially contribute to a shared DCC ecologist post for this purpose	1	N	High	High	6 months	High	High	N	R				
13 Biodiversity	Rob Sekula	Potentially skim/apply a % management fee to offsite compensation/Biodiversity Net Gain payments (via s106) to part fund a new/existing role (there will be an additional pressure) in terms of findings sites to delivery this offsite habitat creation (which the LA could either buy and manage, or work in partnership with another, e.g. DWT, RSPB).	1	N	High	High	6 months	Med	Med	N	R				

13 Biodiversity	Rob Sekula	Monitor work being undertaken by the PCC Green Estates team on their natural capital accounting tool, and seek to learn from this.	1	N	Low	Low	1 year	Low	Low	N	R
13 Biodiversity	Rob Sekula	Tweaking management of some sites within own estate likely to be quickest win – in terms of relaxing cutting regimes. (scraping/reseeding, etc, would take some more research about costs and suitability, and much more positive PR due to current level of complaints we receive about long grass!)	1	N	Med	Med	3 months	Low	Low	N	R
13 Biodiversity	Rob Sekula	Fund forthcoming baseline mapping of the DNRN (critical in guiding future spend of £s generated from development towards offsite compensation and BNG measures)	2	N	Low	Low	1 year	Med	Low	N	R
13 Biodiversity	Rob Sekula	Consult Town and Parish Councils over changes to their practices	3	N	Low	Med	1 year	Low	Low	N	R
13 Biodiversity	Rob Sekula	Any new development led by SHWD to be exemplar (e.g. Building with Nature, bird and bat boxes, good design with GI, etc).	4	N	Med	Med	tbc	Med	Med	N	R
13 Biodiversity	Rob Sekula	Funding the Ancient Woodland Inventory review		Y	Low	Low	Ongoing	Med	Low	N	G
13 Biodiversity	Rob Sekula	Working with other LPAs across Devon to get ahead of the curve on Biodiversity Net Gain, including pushing the new Defra Biodiversity Metric 2.0 at pre-app for new applications		Y	Low	Med	Ongoing	Low	Low	N	G
13 Biodiversity	Rob Sekula	Increase in 'offsite compensation' and Biodiversity Net Gain measures to restore and create new habitat		N	Med	High	1 year	Low	Low	N	R
13 Biodiversity	Rob Sekula	Devon Nature Recovery Network mapping		N	Low	Med	1 year	Med	Low	N	R
13 Biodiversity	Rob Sekula	JLP SPD (covering approach to BNG – first in Devon)		N	Med	Med	6 months	Low	Low	N	R
13 Biodiversity	Rob Sekula	Supporting mapping of local ecological networks/corridors within Neighbourhood Plans		N	Low	Med	1 year	Med	Low	N	R
13 Biodiversity	Rob Sekula	Support & encourage the creation of wildlife corridors across Devon		N	Low	High		Med	Med	N	R
13 Biodiversity	Rob Sekula	Encourage agroforestry (+regenerate peat bog) to reduce the risk of flooding		N	Med	High		Low	Med	N	R

# South Hams District Council Greenhouse Gas Inventory 2018/19

## Company Information

South Hams District Council (SHDC)

Follaton House, Plymouth Rd, Totnes TQ9 5NE.

## Reporting Period

1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019

## Reasons for Change in Emissions

This is the first year that an organisational greenhouse gas (GHG) footprint has been undertaken for the organisation following this method. Future annual updates will include a running commentary of the key drivers for changes in GHG emissions in this section.

## Quantification and Reporting Methodology

The quantification of emissions has been undertaken in accordance with Chapter 3 of *HM Government 2019, Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance*<sup>1</sup>.

The *2018 UK Government GHG Conversion Factors for Company Reporting (version 1.01)* were used in the calculations<sup>2</sup>.

## Organisational Boundary

The financial control approach has been used.

## Operational Scopes

Scopes 1, 2 and certain Scope 3 emissions (as described in the detailed inventory) have been measured in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

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<sup>1</sup> <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>

<sup>2</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

## Summary Inventory

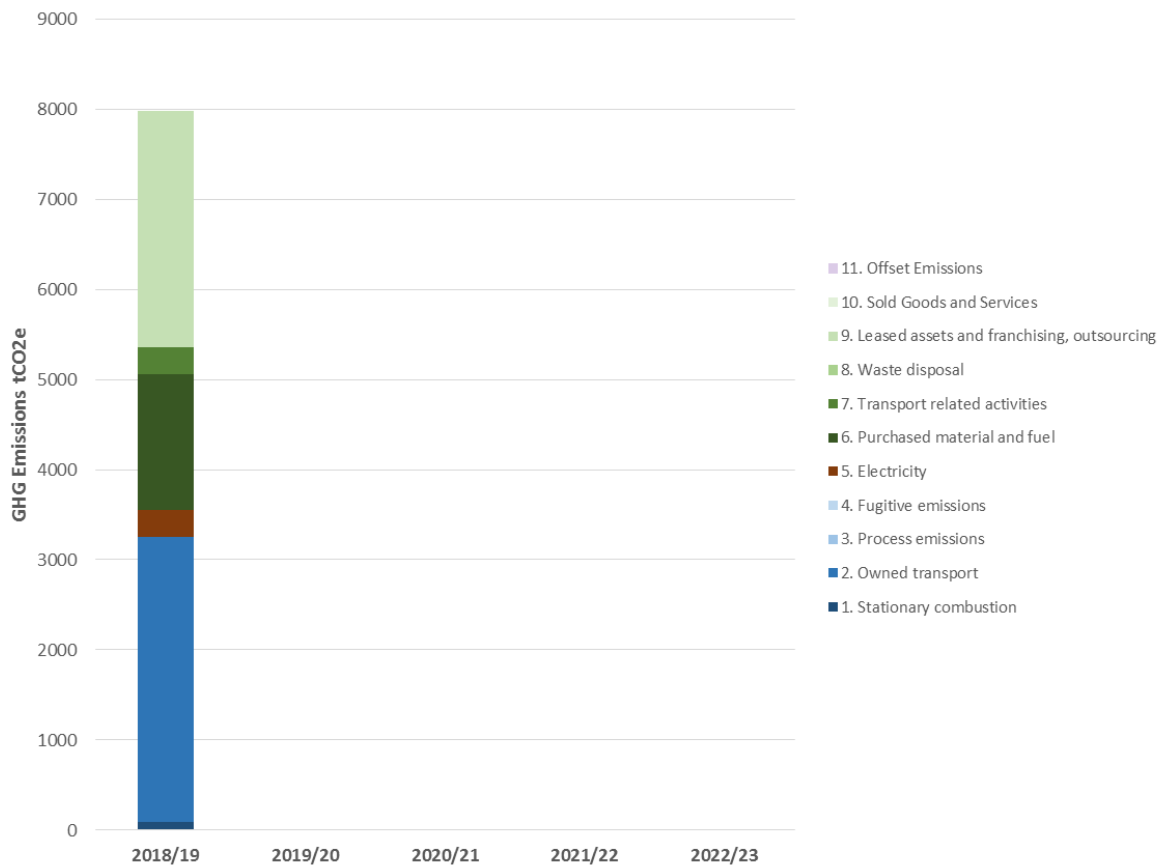
Emissions by scope measured in tCO<sub>2</sub>e are shown in the inventory and graph below.

Total gross emissions in 2018/19 were 8,014 tCO<sub>2</sub>e.

No.	Category	2018/19
<b>SCOPE 1: Direct GHG emissions and removals</b>		<b>3285.2</b>
1.	<i>Stationary combustion</i>	85.9
2.	<i>Owned transport</i>	3199.4
3.	<i>Process emissions</i>	0.0
4.	<i>Fugitive emissions</i>	0.0
<b>SCOPE 2: Energy GHG indirect emissions</b>		<b>290.9</b>
5.	<i>Electricity</i>	290.9
<b>SCOPE 3: Other indirect GHG emissions</b>		<b>4438.1</b>
6.	<i>Purchased material and fuel</i>	1515.1
7.	<i>Transport related activities</i>	305.7
8.	<i>Waste disposal</i>	0.0
9.	<i>Leased assets and franchising, outsourcing</i>	2617.2
10.	<i>Sold Goods and Services</i>	0.0
<b>TOTAL GROSS FOOTPRINT (SCOPES 1, 2 and 3)</b>		<b>8014.2</b>
11.	<i>Offset Emissions</i>	0.0
<b>TOTAL NET FOOTPRINT (SCOPES 1, 2 and 3 and Offsets)</b>		<b>8014.2</b>

## Annual GHG Emissions by Category

(Scope 1 = blue, Scope 2 = red, Scope 3 = green)



### Base Year

The base year is taken as this year, namely 2018/19. Subsequent years will report progress against the base year.

### Targets

South Hams District Council is in the process of considering an appropriate target for GHG reduction, including potentially to achieve net zero emissions by 2030.

### Intensity Measurement

Emissions have been quoted in absolute terms only.

### External Assurance Standard

The inventory has been compiled by the Centre for Energy and the Environment at the University of Exeter.

### Carbon Offsets

No carbon credits have been purchased.

## Detailed Inventory

### Scope 1

Scope 1 includes four emission categories. The assumptions made for each of these were as follows:

1. **Stationary Combustion:** Emissions associated with combustion of fuels in stationary equipment (typically boilers in buildings). Consumption data provided for three buildings. Note, the period was not an exact year and does not align with the footprint reporting year so steps should be taken next year to gather better data.
2. **Owned Transport:** Emissions associated with mobile equipment, typically transport equipment e.g. Localities vehicles, waste collection vehicles, maintenance vans, LA owned cars etc. Emissions were calculated from two sources. Firstly, fuel bought on forecourts data available on volume of fuel. This is split 66:34 between South Hams and West Devon. Secondly, fuel consumption from Waste and Cleansing vehicles is from fuel stored in bunkers at the depots. This was calculated based on mileage of the fleet. For future years FCC will take over this service and will capture the amount of fuel used. Fuel use from mobile machinery was calculated based on estimates of fuel use for tools, lawnmowers and tractors.
3. **Process Emissions:** Waste collection is part of the Council's obligations – those emissions are included within transport based emissions (2. Owned Transport). Waste processing is a function of upper tier authorities and so are out of scope for second tier authorities. There are no other process emissions.
4. **Fugitive Emissions:** Emissions associated with refrigerant leaks from cooling equipment. The council state that this is minimal, and so has been taken as zero in the footprint.

The results are shown in the Table below.

No.	Category	2018/19
<b>SCOPE 1: Direct GHG emissions and removals</b>		<b>3285.2</b>
<b>1. Stationary combustion</b>		<b>85.9</b>
1	Follaton House	73.0
1	Harbour Workshop	0.2
1	Acorn Centre	12.7
<b>2. Owned transport</b>		<b>3199.4</b>
2	Fuel in own vehicles from forecourts	2612.6
2	Fuel in own vehicles from fuel bunker (e.g. Refuse Collection Vehicles)	559.2
2	Mobile Machinery	27.6
<b>3. Process emissions</b>		<b>0.0</b>
3	Not applicable	0.0
<b>4. Fugitive emissions</b>		<b>0.0</b>
4	Not applicable	0.0

### Scope 2

Scope 2 includes one emission category. The assumptions made were as follows:

5. **Electricity:** Emissions associated with purchased electricity. This includes all owned buildings including leased out buildings as these are on an Operating Lease. Calculations undertaken based on metered electricity consumption. In some cases the years' worth of data



did not align with the period of the footprint, and in other cases the data was not for exactly one year, and in these cases the consumption data was pro-rated to estimate consumption for a year.

The results are shown in the Table below.

No.	Category	2018/19
<b>SCOPE 2: Energy GHG indirect emissions</b>		<b>290.9</b>
<b>5. Electricity</b>		<b>290.9</b>
5	Follaton House	91.4
5	Bourke Road Willis Way	3.5
5	Emissions from 79 metered sites from Swalec billing report	186.8
5	Unmetered Supplies	9.2

### Scope 3

Scope 3 includes five emission categories. The assumptions made for each of these were as follows:

6. Purchased material and fuel: Embedded emissions of all purchased materials and fuels. Materials emissions were taken to be emissions associated with the purchase of goods. These were established by identifying the "top 10" contracts from the council's procurement records and allocating these to a sector (within goods or services). Emissions were calculated using a conversion factor from ex E of Environmental Reporting Guidelines. Well to Tank (WTT) emissions from fuels and processes were calculated from all the other sections in the inventory with the exception of sections 3, 4, 8, 9 and 10.
7. Transport related activities: Emissions from grey fleet, business travel and commuting: Grey fleet: Based on mileage at 45p/mile. Business travel (road/rail/air): Based on spend on train/plane/taxi. Commuting: Based on provided distances from employee to office, assumed number of journeys (260 for FT), split of FT to PT, and assume average car unknown fuel. Councillor mileage: Based on supplied annual mileage and assume unknown car size and fuel.
8. Waste disposal: Emissions associated with disposal of the Council's own waste e.g. from its offices (as opposed to waste produced by constituents). No data was available, though from past projects it is expected that this would be a very small number in the context of the overall footprint.
9. Leased assets and franchising, outsourcing: This covers all emissions from outsourced services. Emissions from energy use at the leisure centres (based on metered fuel consumption data) was calculated in the same manner as for categories 1 and 5. Emissions from procured services were calculated in the same manner as for goods in category 6. As the contract for the leisure centres was already included in the procurement spend, only the balance of emissions from procured services were added.
10. Sold goods and services: The council state that no additional sold goods or services have been identified.

The results are shown in the Table below.

No.	Category	2018/19
<b>SCOPE 3: Other indirect GHG emissions</b>		<b>4438.1</b>
<b>6. Purchased material and fuel</b>		<b>1515.1</b>
6	Well to Tank Emissions fuels	916.2
6	Procured Goods	598.9
<b>7. Transport related activities</b>		<b>305.7</b>
7	Commuting	243.0
7	Councillor mileage	8.7
7	Car travel/parking/ferry/toll expenses	52.0
7	Air Travel	1.0
7	Rail Fares	1.1
7	Taxi Fares	0.0
<b>8. Waste disposal</b>		<b>0.0</b>
8	Not applicable	0.0
<b>9. Leased assets and franchising, outsourcing</b>		<b>2617.2</b>
9	Dartmouth Leisure Centre	30.8
9	Dartmouth Indoor Pool	145.3
9	Ivybridge Leisure Centre	250.2
9	Quayside Leisure Centre	343.1
9	Totnes Leisure Centre	238.5
9	Procured services ex. leisure centre energy use	1609.3
<b>10. Sold Goods and Services</b>		<b>0.0</b>
10	Not applicable	0.0

### Net Footprint

As well as the headline gross footprint, the net footprint can be reported as a secondary output. This can include reductions in GHG emissions associated with the generation of renewable energy, and the purchase of carbon offsets. Neither of these were present for the period considered.

Report to: **COUNCIL**  
Date: **19 December 2019**  
Title: **Sustainable Procurement Policy and Procedure**  
Portfolio Area: **Council – Cllr Pearce**

Wards Affected: **all**

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

Date next steps can be taken: Immediately following this meeting

Author: **Rosanna Wilson** Role: **Corporate Procurement Officer**

Contact: **Telephone/email: 07403995515  
rosanna.wilson@teignbridge.gov.uk**

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## **RECOMMENDATION**

**That the Climate Change and Biodiversity Working Group RECOMMEND that Council:**

- 1. approve the Sustainable Procurement Policy (as attached at Appendix A);**
- 2. agree for the 6 policies sitting under the 'Responsible Procurement Strategy' to be replaced with the Sustainable Procurement Policy; and**
- 3. agree that a review into the approved Sustainable Procurement Policy be undertaken in six months' time.**

### **1. Executive summary**

- 1.1 The Sustainable Procurement Policy and Procedure (SPP) (2019) (as attached at Appendix A) has been produced to advise Officers how they can consider sustainability throughout the Procurement lifecycle;

## 1.2 **What did South Hams DC have in place prior to the SPP?**

- 1.2.1 Prior to the creation of the SPP, there were 6 policies sitting under The Responsible Procurement Strategy. One of these policies included "The Sustainability in Commissioning Policy". The 5 other policies were: Social Value, Ethics, Equality & Diversity, Health & Safety and Safeguarding;
- 1.2.2 Aspects were taken from each policy and incorporated into the SPP under the appropriate 4 elements: Environmental Sustainability, Equality & Diversity, Social Value and Ethics. Sustainable Procurement takes into account all of these aspects as this is the Council's Corporate Social Responsibility;
- 1.2.3 The SPP takes officers through the Procurement cycle containing 5 stages: identifying the need, defining the need, tender/quote, contract award and finally contract management. It advises the officer how to consider sustainable procurement at each stage whilst considering a 10% weighting for environmental sustainability as a minimum;
- 1.2.4 A "Timber Pledge" has also been added to the SPP under section 4. This is a pledge that TDC will not procure timber and wood derived products at the expense of the future of the world's forests;
- 1.2.5 The SPP ends with ideas about how Officers can be more sustainable outside of Procurement in keeping with the 4 elements of Environmental Sustainability, Social Value, Equality & Diversity and Ethics.

## **2. Background**

- 2.1 The SPP (2019) will advise Officers how to consider and incorporate sustainable procurement throughout the procurement cycle;
- 2.2 The SPP takes into account Social Value aspects as well as Environmental aspects;
- 2.3 The draft SPP fits with both the National Procurement Strategy and the Climate Change and Biodiversity Emergency declaration;
- 2.4 The draft SPP will affect officers as they will need to adhere to this Policy when procuring. It will affect suppliers as they will need to take into account our sustainable procurement assessments when submitting a bid;

- 2.5 At its meeting on 5 December 2019, the Climate Change and Biodiversity Working Group considered the draft Policy and has recommended to Council that it be approved.

### 3. Outcomes/outputs

- 3.1 In the event of the Council approving the draft SPP, it is intended that the document is published before the start of the new calendar year.
- 3.2 Success will be evaluated as an increase in local spend and an increased awareness of environmental sustainability that can be measured (e.g. through the amount of local spend during the financial year and the amount of Sustainable Procurement that the Council has taken into account within its tenders). It is intended that the success will be seen during the 2021/22 Financial Year;

### 4. Options available and consideration of risk

- 4.1 The main alternatives would be to either keep the 6 policies as they are and do nothing or to introduce a mandatory weighting for sustainable procurement within the approved SPP;
- 4.2 If the Council did nothing, then the awareness of sustainable procurement will not be raised and the local spend and environmental factors will remain the same;
- 4.3 If the Council set a mandatory weighting, then it could mean an increase in costs. Moreover, it may not be relevant to certain procurement exercises.

### 5. Proposed Way Forward

- 5.1 It is recommended that the draft SPP be adopted and that its effectiveness be evaluated in six months' time.

### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Council's Contract Procedure Rules are contained within its Constitution and these will be updated in the event of the SPP being adopted.
Financial implications to include reference to value for money		There are no financial implications directly associated with this report.

Risk		The risk implications are outlined at Section 4 of the report.
Supporting Corporate Strategy		Council – delivering efficient and effective services.
Climate Change - Carbon / Biodiversity Impact		Environmental Sustainability is a key element of the draft Policy.
Comprehensive Impact Assessment Implications		
Equality and Diversity		Equality and Diversity is a key element of the draft Policy
Safeguarding		Safeguarding is a key element of the draft Policy.
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		N/A

**Supporting Information**

**Appendices:**

A – Draft Sustainable Procurement Policy

**Background Papers:**

Council Constitution



West Devon  
Borough  
Council

## Sustainable Procurement Policy & Procedure



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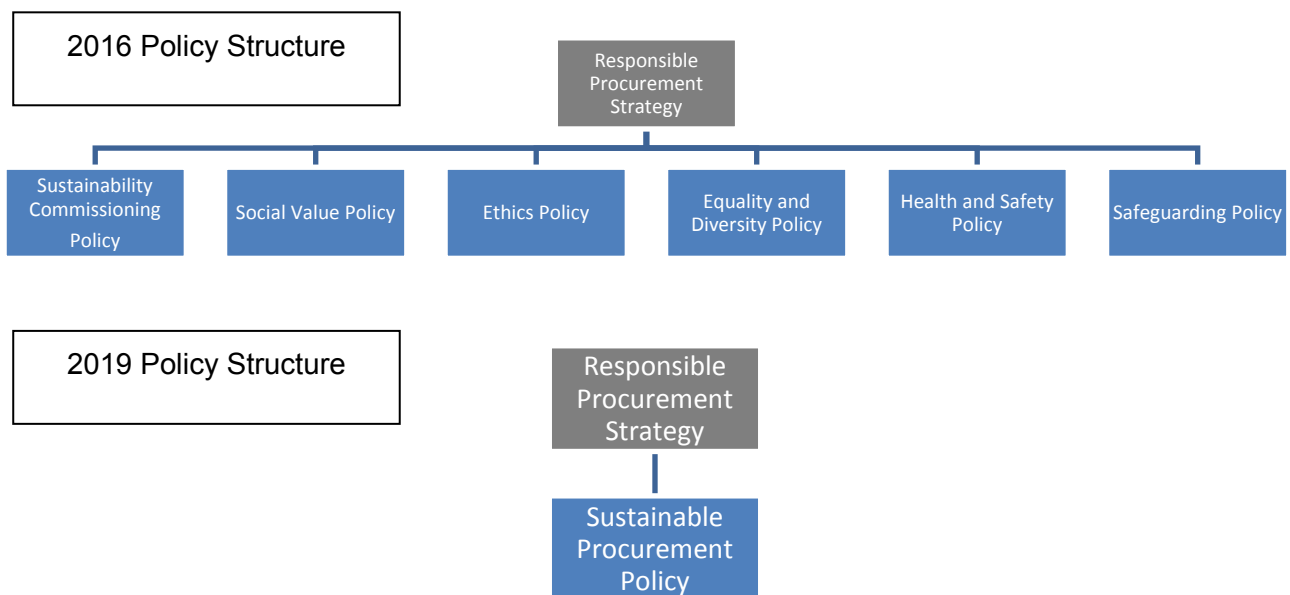


# 2 Introduction

## 2.1 Introduction

South Hams District Council and West Devon Borough Council spend approximately £24 million per year on goods, works and services contracts. We recognise the impact that our contracts may have on the environment and that we can influence sustainable practices and policy in our area. This policy and procedure explains how we will aim to incorporate sustainable procurement into our tendering procedures and contracts.

### 2.1 What changes have been made?



## 2.2 How to follow this document

The Sustainable Procurement Policy is broken down into 4 elements:

- Environmental Sustainability
- Equality and Diversity
- Social Value
- Ethics

This policy takes you on a journey through the procurement cycle and separates each element at every stage. Moreover, there are ideas provided towards the end of this document as to how you can incorporate sustainable procurement practices in your day-to-day life, along with a checklist for your Tender/Request for Quotation (RfQ).

## **2.3 What is Sustainable Procurement?**

Sustainable Procurement is a process whereby organisations meet their needs for goods, services and works in a way that achieves value for money on a Whole Life Cost (WLC) basis. Moreover, sustainable procurement not only focuses on benefits to the organisation; but also to society and the economy, whilst minimising damage to the environment. It encompasses environmental sustainability, social value, ethics and equality.

## **2.4 Who should be aware of this policy and procedure?**

### **Employees**

This policy and procedure can be read by officers within South Hams District Council and West Devon Borough Council seeking to understand how to include sustainable procurement considerations in their tender/RfQ.

### **Suppliers**

This policy and procedure can be read by suppliers seeking to understand how we will demonstrate our commitment to delivering sustainability throughout the procurement journey.

### **Residents, Councillors and other interested parties**

To be aware of the direction the council is taking and give feedback

## **2.5 Our priorities**

Our priorities in relation to sustainable procurement are illustrated in fig. 1 on page 5.

Thinking about sustainability in these terms can help suppliers understand what we might be looking for in the delivery of our contracts and council officers to understand how to build in these considerations when tendering.

Fig. 1

## Environmental Sustainability

- to protect and enhance the environment
- to improve the health and wellbeing of our residents and visitors
- to promote sustainable transport and development
- to minimise the environmental risks linked with work carried out by our contractors
- to minimise our carbon footprint
- to minimise our impact on climate change
- to make sure that employees and suppliers comply with the relevant legislation
- to improve our suppliers' environmental performance
- to pass sustainability obligations down the supply chain

## Equality and Diversity

- to pass equality and diversity obligations down the supply chain
- to support our local suppliers in applying for contract opportunities
- to award contracts to a diverse mix of suppliers
- to design services that best meet the needs of service users
- to tackle inequality of access to our services
- to support SME's

### Sustainable Procurement Priorities

## Ethics

- to eliminate slavery and child labour from the supply chain
- to ensure that people working in the supply chain are treated humanely and have safe and hygienic working conditions
- to ensure suppliers pay the National Minimum Wage (16-24 years old) National Living Wage (25 years+)
- to ensure that people within the supply chain are not required to work excessive hours and have regular employment
- to ensure we have products that are ethically produced
- to pass safeguarding obligations down the supply chain
- to protect the health, safety and welfare of our employees and suppliers.
- to minimise health and safety risks linked to work carried out by our suppliers.
- to ensure that our employees and suppliers comply with the relevant legislation
- to improve suppliers' health and safety and performance
- to reduce instances of reportable illnesses or accidents and long term absences of employees and suppliers related to our contracts
- to pass health and safety obligations down the supply chain

## Social Value

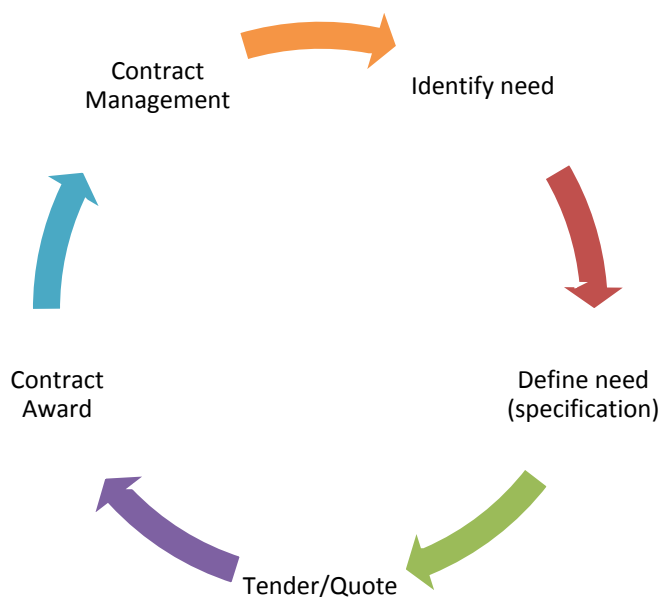
- to boost the local economy
- to encourage innovation
- to encourage training and apprenticeships
- to encourage equality and diversity
- to encourage fair trade
- to promote the procurement process to local suppliers
- to increase local spend
- to reduce carbon emissions through the supply chain
- to encourage biodiversity
- to support SME's

## 3 Sustainability in the tender process

### 3.1 The Procurement Cycle

We must consider sustainable procurement at all of the stages of the procurement cycle as shown in fig 2:

Fig. 2



### 3.2 Identify Need

#### What is identifying the need?

This could be goods, services or works. The main questions to ask are:

- “Do we really need this?”
- “What alternatives are available?” e.g. we need a new ferry to cross a river – do we buy a ferry or look at alternative modes to cross a river i.e. a bridge.

#### ***How we aim to meet our sustainable procurement expectations at this stage:***

- **Environmental Sustainability**
  - Do we need this?
  - Agree sustainability outcomes that are linked with our ten year strategy.
  - Are there opportunities for collaboration with other councils for this need in order to gain greater economies of scale from bulk buying?

- **Equality and Diversity**
  - Work with suppliers to understand how we can improve the tender process making it easier for sole suppliers/SME's/local suppliers to bid.
- **Social Value**
  - What local suppliers are available?
  - What apprenticeships/training opportunities are available?
- **Ethics**
  - Consider if there are any safeguarding risks we need to mitigate.
  - Consider if there are any Health & Safety risks we need to mitigate.

### 3.3 Define Need (specification)

#### What is a specification?

We know what we need, however, now we need to explain how to get there – i.e. write a specification.

#### *How we aim to meet our sustainable procurement expectations at this stage:*

- **Environmental Sustainability**
  - Minimum environmental standards.
  - Ways to reduce our carbon footprint through the supply chain e.g. spend locally?
  - Carbon off-setting.
  - Energy efficient alternatives.
  - Adherence to The Timber Pledge (Page 12).
- **Equality and Diversity**
  - Ensure the specification is easy to understand for all suppliers.
- **Social Value**
  - Is there an opportunity to collaborate with other councils?
  - If we are getting an external company to draw up your specification, is there an opportunity to hire a local company, an SME, an apprentice?
  - Take a look at the National Themes Outcomes and Measures (TOMs) framework saved here [G:\GLOBAL\Procurement\Social Value Themes Outcomes and Measures \(TOMs\)](G:\GLOBAL\Procurement\Social Value Themes Outcomes and Measures (TOMs)) for ideas about what you can measure in terms of social value.
- **Ethics**
  - Our standard selection questionnaire contains certain mandatory questions that need to be passed e.g. adherence to National Living Wage and National Minimum Wage.
  - How can health and safety risks be mitigated when writing up the specification?
  - Can there be measureable health and safety requirements?
  - Include safeguarding requirements where appropriate.

### 3.4 Tender/Quote Stage

#### **What is a tender document/request for quotation (RfQ) document?**

Once you have your specification drawn up it's time to add this to your tender/RfQ documents. This is where you can award certain criteria according to the specification. Aspects of the project that are more important to you will be given higher weightings.

The tender documents will include:

- A pre-qualification of suppliers – this is via a selection questionnaire that contains mandatory (PASS/FAIL) questions that suppliers will need to answer. Questions include but are not limited to:
  - Financial stability
  - Health and safety
  - Modern Slavery
  - Insurance
- The specification
- Award questions
- A pricing schedule
- Certificates

#### **The award criteria**

Fig. 3

Evaluation Criteria Breakdown	Means of Evaluation	
	Sub Criteria	Main Criteria
Criteria: Quality		%
Sub-Criteria	%	
Sub-Criteria	%	
Criteria: Price		%
Sub-Criteria	%	
Sub-Criteria	%	

Fig 3 above is taken from our standard tender template. There are 2 options as to how to award a contract with sustainable procurement built into the tender.

- Option 1: include a sub-criteria under the umbrella of “quality” with a weighting that contributes to the total criteria of quality.

Option 1 Example	Means of Evaluation	
	Sub Criteria	Main Criteria
Criteria: Quality		30%
Please provide a method statement of your approach to the project including how you will meet the timescales.	20%	
Please give an overview of your apprenticeship scheme and how you will use this scheme to approach the project.	10%	
Criteria: Price		70%

- Option 2: have sustainable procurement as its own umbrella criteria. This way you can use more elements as subcategories.

Option 2 Example	Means of Evaluation	
	Sub Criteria	Main Criteria
Criteria: Quality		20%
Please provide a method statement of your approach to the project including how you will meet the timescales.	20%	
Criteria: Price		60%
Criteria: Sustainable Procurement		20%
Please provide an innovative solution for providing energy efficient homes.	10%	
Please give an overview of your apprenticeship scheme and how you will use this scheme to approach the project.	10%	

Here you can see that under option 1 we are able to measure social value. In option 2 we are able to measure social value and environmental sustainability.

***How we aim to meet our sustainable procurement expectations at this stage:***

- **Environmental Sustainability**
  - Consider a weighting of at least 10% for environmental sustainability.
  - Seek innovative method statements from suppliers surrounding their approach to tackle sustainability issues.
  - Include environmental sustainability sub-criteria falling under the umbrella quality criteria.
- **Equality and Diversity**
  - Ensure that tenders/RfQs are advertised on Contracts Finder <https://www.gov.uk/contracts-finder> (over £10k) and The Official Journal of the European Union (OJEU) (over £181k – goods/services £4.5m – works) <https://ted.europa.eu/TED/browse/browseByMap.do>
  - Adherence to the EU Treaty Principles:
    - equal treatment
    - transparency
    - mutual recognition
    - proportionality
- **Social Value**
  - Include evaluation criteria that do not only favour larger suppliers.
  - Ensure all suppliers are supported throughout the tender/RfQ stage by answering clarifications promptly and supporting them with any technical issues where you can.
  - Consider a weighting of at least 10% for Social Value.
  - Ensure that the language and format we use is accessible for suppliers.
  - Ensure that the tender/RfQ stage is not overly onerous for the suppliers.
  - Include social value sub-criteria falling under the umbrella quality criteria.
- **Ethics**
  - Seeking method statements from suppliers about their approach to health & safety and safeguarding.
  - Asking about their ethical sourcing practices.
  - Checking that suppliers meet the health & safety, modern slavery, national minimum wage and national living wage requirements within the mandatory selection questionnaire.



### 3.5 Contract Award

#### *What is the contract award stage?*

Once you have released your advertised tender/RfQ to the market, received the applications and have evaluated all applicants; it is time to award the contract. The contract should be awarded to the Most Economically Advantageous Tender (MEAT), looking at the Whole Life Cost (WLC) e.g. energy used for a product, whether there will be an increase in services throughout the life of the contract, disposal costs, repair and maintenance costs etc. As well as analysing the 4 sustainable procurement elements

- **Environmental Sustainability**
- **Equality and Diversity**
- **Social Value**
- **Ethics**

It is important to ensure you contact all suppliers to state whether they have been successful or unsuccessful and give a 10 calendar day (15 calendar days for OJEU) standstill period to allow time for those unsuccessful suppliers to request feedback before any contracts are signed.

### 3.6 Contract Management

#### *What is the contract management stage?*

After the contract is awarded – the work doesn't stop. We need to ensure the deliverables are met and under budget. This could be via an official Service Level Agreement (SLA) and via regular Supplier Relationship Meetings (SRM's) e.g. quarterly or bi-annually.

#### *How we aim to meet our sustainable procurement expectations at this stage:*

When chairing Supplier Relationship Meetings (SRMs) it's important to keep in mind the 4 main areas of sustainable procurement for your agenda. You could have an agenda item dedicated to sustainable procurement with the 4 below elements as subheadings.

- **Environmental Sustainability**
- **Equality and Diversity**
- **Social Value**
- **Ethics**

Throughout the lifetime of a contract there could be new environmental innovative technologies, new apprenticeship schemes, new legislation introduced etc. so it's important to keep up to date.

If you used sustainable procurement measures in your SLA, it's also worth reviewing how the supplier is performing against these measures.

## 4 The Timber Pledge

### 4.1 Timber and Wood Derived Products

As a consumer of timber and wood derived products, South Hams District Council and West Devon Borough Council have a responsibility to ensure that the procurement of these products is not at the expense of the future of the world's forests, but positively supports responsible forest management. To achieve this aim South Hams District Council and West Devon Borough Council will only purchase timber and wood derived products that are either:

- from independently verifiable legal and sustainable or FLEGT (Forest Law Enforcement, Governance and Trade) licensed or equivalent sources, or
- recycled timber or wood derived products

We will not knowingly source forest products from:

- Forests or forest product suppliers that do not comply with all relevant national and international legislation relating to the trade in forest products.
- High Conservation Value Forests where these are recognised nationally or regionally, unless these forests are progressing towards credible forest certification in a time bound, stepwise and transparent manner.
- Protected areas, parks or similar areas where harvesting operations are not complimentary to responsible forest management
- Forests which are currently being converted to other land uses, or forests that have been converted since 1994.
- Forests which are in areas of armed conflict or civil unrest where there is a direct relationship between the forest products trade and the funding of such conflicts.



# 5 Outside the Procurement Cycle

## 5.1 Sustainable Procurement Day to Day

Sustainable procurement practices don't have to stop after you have tendered/quoted, awarded a contract and managed the contract. It can be used around the offices and outside of work.

Below are some ideas of how sustainable procurement can be boosted day to day:

### Environmental Sustainability

- Are computer monitors and printers left on or on stand-by?
- Is the heating on when windows are open?
- In summer – are buildings being over-cooled?
- Is water being wasted?
- Can you reduce your single use plastic use?
- Can you cycle to work instead of drive?
- Can you hold a skype call instead of travelling to an external meeting?
- Recycle whenever possible
- Have you ordered the right quantity? (reduce waste)
- Can you participate in carbon offsetting? e.g. plant a tree

### Social Value

- Can your department participate in career talks to schools?
- Can you accommodate a work experience pupil from a secondary school?
- Can your department participate in voluntary work? E.g. community challenge days.

### Equality and Diversity

- Can you help participate in "meet the buyer" events?
- Report unlawful discrimination, harassment and victimisation

### Ethics

- Can you use more Fairtrade products?

## 6 Checklist

<i>Identify Need</i>	
Have you ensured you have the correct quantity specified whether it's the number of products for goods or number of heads for services?	
Have you analysed what sustainable procurement elements are important to you for your specification?	
Have you consulted any other local authorities to see if there are opportunities for a collaborative procurement	
<i>Define Need (specification)</i>	
Have you included the measurable sustainable procurement elements in your specification?	
If social value is one of the elements being used – ensure you have referred to the TOMS framework	
Ensure the specification is in an understandable manner to all suppliers	
<i>Tender/Quote</i>	
Ensure you have distributed your weightings in order to award the contract that will best meet the project requirements.	
Ensure that whatever is in your award criteria is specified in the specification.	
Ensure that all mandatory questions in the selection questionnaire are included	
Ensure that the tender documents are easily accessible by suppliers and help suppliers with any technical issues	
Ensure that clarifications are answered in a timely manner and answered to all suppliers	
<i>Contract Award</i>	
Ensure you have contacted all suppliers to state whether they are successful or unsuccessful	
Ensure you have included a 10 day standstill period (15 for OJEU) after all suppliers have been notified of the decision	

<i>Contract Management</i>	
Ensure there are sufficient resources to manage the contract	
Ensure there are ways to measure the suppliers' commitment to sustainable procurement along with their overall performance of the contract	
Conduct supplier relationship meetings. Think about whether you want these quarterly, annually or bi-annually and book the first meeting in the diary soon after the contract award.	

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
 HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 7 NOVEMBER 2019**

<b>Members in attendance</b> * Denotes attendance			
*	Cllr L Austen (Vice-Chairman)	*	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr B Spencer
*	Cllr T R Holway (Chairman)	*	Cllr B Taylor
*	Cllr J McKay		

<b>Members also in attendance:</b>
Cllrs H D Bastone, J D Hawkins, N A Hopwood, D W May and J A Pearce

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers and Visitors in attendance</b>
All Items		Chief Executive; Section 151 Officer; Finance HOP Lead; Internal Audit Manager; Case Management Manager; Senior Specialist – Democratic Services; Senior Specialist (ICT Information Security); and Grant Thornton Audit Manager.

**A.19/19 MINUTES**

The minutes of the meeting of the Committee held on 25 July 2019 were confirmed as a correct record and signed by the Chairman.

**A.20/19 URGENT BUSINESS**

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

**A.21/19 DECLARATIONS OF INTEREST**

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

**A.22/19 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The Committee considered a paper from Grant Thornton that provided a progress update on delivering their responsibilities as the Council’s External Auditors.

In discussion, the following points were raised:

- (a) The Grant Thornton Audit Manager informed that it was his intention for their External Audit Plan for 2019/20 to be presented to the next Committee meeting that was scheduled to be held on 6 February 2020;
- (b) With regard to the independent Redmond Review (that had been tasked with examining local authority financial reporting and auditing), the Section 151 Officer confirmed that she would be preparing a response as part of the consultation exercise.

It was then:

**RESOLVED**

That the contents of the Grant Thornton Audit Progress Report and Sector Update be acknowledged.

**A.23/19 GRANT THORNTON ANNUAL AUDIT LETTER**

Members considered the Grant Thornton Annual Audit Letter that summarised the key findings arising from their work that was carried out at the Council for the year ended 31 March 2019.

In the ensuing discussion, particular reference was made to:-

- (a) the valuation of land and buildings. A Member sought clarity over the comments in the Letter that the valuation of land and buildings was considered to be a 'significant risk'. In support of this finding, the Grant Thornton Audit Manager advised that the Council currently reviewed its valuations over a five-year rolling period. As a result, there was potentially 20% of the Council's estate that would not have been re-valued in any five year period;
- (b) the pension fund. The Section 151 Officer informed Members that the outcome of the Triennial Revaluation of the Pension Fund was to be presented to the next Committee meeting on 6 February 2020.

It was then:

**RESOLVED**

That the contents of the Annual Audit Letter for 2018/19 be noted.

**A.24/19 TREASURY MANAGEMENT MID-YEAR REVIEW**

A report was considered that presented a mid-year review of the Council's Treasury Management Strategy.



In debate, the following points were raised:-

- (a) A number of Members commended the performance whereby the Council had outperformed the industry benchmark by 0.26%;
- (b) In reply to a question, the Section 151 Officer advised that the Council was currently assessing the impact of the 1% increase on the Public Works Loan Board (PWLB) Interest Rate on all of the business cases that would involve external borrowing.

Having been informed that it was the role of the Audit Committee to review the arrangements in place for Risk Management (such that the Audit Committee would review a Risk Register that underpinned a Business Case only after it had been approved by the Executive or Council), a Member proceeded to put on record that he fundamentally disagreed with this viewpoint.

Whilst the PWLB Interest Rate increase was likely to impinge upon the number of capital projects that could be delivered within the Council's overall borrowing limit of £75 million (in terms of financial viability), the Section 151 Officer was content that there was no current need to commission external advisors to provide any further advice on this limit.

The Committee also noted that there may now be other sources of finance that could be accessed at a lower Interest Rate than the PWLB;

It was then:

### **RESOLVED**

That the contents of the report be endorsed.

A.25/19

### **STRATEGIC RISK AND OPPORTUNITY MONITORING – REGULAR UPDATE**

A report was considered that presented the six monthly update on the Council's Risk and Opportunity Management Strategy.

In discussion, some Members expressed their surprise that the Risk regarding the financial position of West Devon Borough Council did not appear on the Risk Register. In noting that it was proposed to conduct a detailed review into the Register, the Committee requested that this specific Risk be reinstated as part of this exercise.

It was then:

**RESOLVED**

1. That the Strategic Risk and Opportunity Register be reviewed and, as part of this exercise, the 'Budget Position of West Devon Borough Council' be added to the Register; and
2. That the proposal to review the Risk Register using a 'PESTLE' (Political, Economic, Sociological, Technological, Legal and Environmental) analysis approach be approved, with the outcome of this review being presented back to the Committee at its meeting on 26 March 2020.

A.26/19

**SUNDRY DEBT**

Members considered a report that provided an update of the position regarding outstanding Sundry Debt and Housing Benefit Overpayments collections up to 30 September 2019.

In discussion, reference was made to:-

- (a) Section 106 Deposits. In reply to some specific requests, it was agreed that officers would meet with any interested Members outside of the meeting to discuss Section 106 Deposits in more detail;
- (b) Debtor Days. In future update reports, the Committee requested that greater information relating to Debtor Days be included;
- (c) the uncollected target for outstanding Sundry Debt. The Committee congratulated officers for the ongoing progress that was being made on collection levels and felt it may now be timely to revisit the current target of £700,000;
- (d) the reasons for Housing Benefit Overpayments being made. When questioned, officers advised that the overriding reason for Overpayments being made was due to changes in personal circumstances before the Council had been informed.

It was then:

**RESOLVED**

That the contents of the report be endorsed.

## A.27/19 UPDATE ON PROGRESS ON THE 2019/20 INTERNAL AUDIT PLAN

A report was considered that informed the Committee of the principal activities and findings of the Council's Internal Audit team for 2019/20 to 4 October 2019 by:

- showing the progress made by Internal Audit against the 2019/20 annual Internal Audit Plan (as approved by the Committee in March 2019); and
- highlighting any revisions to the 2019/20 Internal Audit Plan.

In discussion, reference was made to:-

- (a) staff sickness absence levels. The Committee welcomed the fact that absence levels had now reduced amongst the Team;
- (b) additions to the Plan. By way of an update, the Internal Audit Manager advised of the following additions to the Plan:
  - Parking Permits – added at the request of the Leader of the Council; and
  - Purchasing Cards – added at the request of the Section 151 Officer.
- (c) the Greater Dartmoor Local Enterprise Action Fund (LEAF) and South Devon Coastal Action Group (LAG). It was confirmed that officer time to audit these grants could be reclaimed;
- (d) the Use of Social Media Audit. When questioned, officers clarified that the Audit did include both Members and officers and the conclusion was that the policies remained fit for purpose;
- (e) the Cyber Security Audit. At the request of the Committee, the Senior Specialist (ICT Information Security) was in attendance to provide an update on the measures that the Council had in place. Due to the nature of the update, it was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED** that:

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

Once the Committee was satisfied that it had no further questions or issues to raise, it was then **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED** that:

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

It was then:

**RESOLVED**

That the progress made against the 2019/20 Internal Audit Plan (and any key issues arising) be approved.

**A.28/19 INTERNAL AUDIT CHARTER AND STRATEGY 2019/20**

A report was considered that sought to review and approve the Internal Audit Charter and Strategy 2019/20.

With no questions or debate ensuing, it was then:

**RESOLVED**

That the Internal Audit Charter and Strategy 2019/20 be approved.

**A.29/19 PROPOSED COMMITTEE WORKPLAN FOR THE 2019/20 FINANCIAL YEAR**

In considering its Annual Workplan, the Committee was reminded of the potential significance of the 'Outcome of the Triennial Revaluation of Pension Fund' that was scheduled to be considered at the next meeting on 6 February 2020. Depending on the outcome of the Revaluation, if there were potential significant budget implications, then it could be necessary to bring forward the date of the meeting because the Executive was due to make its final recommendations on the 2020/21 Budget before the Committee was next due to meet.

(Meeting commenced at 10.00 am and finished at 11.50 am)

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Chairman

**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY PANEL  
HELD AT FOLLATON HOUSE, TOTNES ON  
THURSDAY, 21 NOVEMBER 2019**

<b>Panel Members in attendance:</b>			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr L Austen	*	Cllr H Reeve
*	Cllr J P Birch (Chairman)	*	Cllr J Rose
*	Cllr M Chown	*	Cllr P C Smerdon (Vice Chairman)
*	Cllr S Jackson	*	Cllr B Spencer
*	Cllr J McKay	*	Cllr J Sweett
*	Cllr D M O'Callaghan	*	Cllr D Thomas
*	Cllr J T Pennington		

<b>Other Members also in attendance:</b>
Cllrs V Abbott, K J Baldry, H D Bastone, J Brazil, J D Hawkins, T R Holway, N A Hopwood, D W May, J A Pearce and R Rowe

Item No	Minute Ref No below refers	Officers in attendance and participating
All		Deputy Chief Executive; and Senior Specialist – Democratic Services
8 and 9	O&S.48/19 and O&S.49/19	Community Safety Partnership Representatives
10	O&S.50/19	Director of Place and Enterprise and Senior Specialist (Car Parks)
11	O&S.51/19	Commissioning Manager
12	O&S.52/19	Deputy Monitoring Officer
13	O&S.53/19	Case Management Manager
14	O&S.54/19	Director of Place and Enterprise
15	O&S.55/19	Director of Governance and Assurance

**O&S.44/19 MINUTES**

The minutes of the meeting of the Overview and Scrutiny Panel held on 17 October 2019 were confirmed as a correct record and signed by the Chairman.

**O&S.45/19 DECLARATIONS OF INTEREST**

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

Cllr J Sweett declared a Personal Interest in agenda item 15: 'Update from the Climate Change and Biodiversity Working Group' (Minute O&S.55/19 below refers) by virtue of being a solidarity hunger striker and remained in the room and took part in the debate on this agenda item.

**O&S.46/19 PUBLIC FORUM**

In accordance with the Public Forum Procedure Rules, the Chairman informed that one question had been received for consideration during this agenda item.

**1. Question from Mr Robert Vint**

*'What scrutiny has there been by this Committee of the development of the Climate Action Plan for the South Hams since the 25<sup>th</sup> July? Is this Committee happy with progress, with any proposed draft indicators and targets and with the level of public engagement with the emerging plan so far?'*

In reply, the Chairman of the Panel provided the following response:

*'In answer to the question, I can report that the Overview and Scrutiny Panel has on its agenda today a report from the Climate Change and Biodiversity Working Group and, no doubt, Members of the Panel will question the Leader of the Council on progress, draft indicators, targets and the level of public engagement in respect of the emerging Plan. Such responses will be reported in the minutes of this meeting.'*

*Members have been informed that the draft Action Plan will be considered by the Climate Change and Biodiversity Working Group at its next meeting on 5 December 2019 and no doubt this will be circulated to all Members of the Council in advance of the said meeting.'*

**O&S.47/19 EXECUTIVE FORWARD PLAN**

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

Whilst no formal requests had been made in advance, the Chairman exercised his discretion to enable for a brief discussion on the 'Formation of a Wholly Owned Company' agenda item.

**(a) Formation of a Wholly Owned Company**

In reply to a question, the Leader of Council advised that the principal activity of any proposal to form a Wholly Owned Company would be to build genuinely affordable housing for local people. Since the Climate Change and Biodiversity agenda was to be a golden thread throughout all of the work of the Council, the Leader also confirmed that it would be inevitable that it would be an important consideration in the event of a Company being formed.

## O&S.48/19 **COMMUNITY SAFETY PARTNERSHIP – ANNUAL REPORT**

Consideration was given to a report that provided Members with the opportunity to scrutinise the work of the Community Safety Partnership (CSP) as defined by Sections 19 and 20 of the Police and Justice Act 2006 and the Crime and Disorder (Overview & Scrutiny) Regulations 2009.

In his introduction, the Council's appointed CSP Member representative emphasised the importance of all Members contacting the lead officer if they were aware of any potential CSP related issues.

In the ensuing debate, reference was made to:-

- (a) Exploitation Prevention training sessions. Members were informed that the latest round of Exploitation Prevention training sessions were currently being held and there was one being held at Follaton House, Totnes on Wednesday, 27 November 2019. If any Members were interested in attending this session, they were encouraged to let officers know;
- (b) the dedication of lead officers. A number of Members paid tribute to the hard work and dedication of lead officers in maximising the effectiveness and success of the CSP;
- (c) a proposal for a future CSP workshop. A motion was **PROPOSED** and **SECONDED** as follows:

'That the Panel welcome the contents of the annual report and, in order to identify issues to be raised, agrees to convene an all Member Workshop in January 2020.'

When put to the meeting, this proposal was declared **CARRIED**.

It was then:

### **RESOLVED**

That the Panel welcome the contents of the annual report and, in order to identify issues to be raised, agrees to convene an all Member Workshop in January 2020.

## O&S.49/19 **SAFEGUARDING UPDATE**

The Panel considered a report that sought to provide Members with the opportunity to annually scrutinise and review Safeguarding.

In his introduction, the lead Executive Member advised that a proposal was to be presented to the next Council meeting on 19 December 2019 that would seek to approve a dementia friendly policy.

In light of the earlier decision to convene an all Member Workshop (Minute O&S.48/19 above refers), it was deemed appropriate for Safeguarding to also be considered at this session. As a result, it was felt that the proposal to recommend a revised Safeguarding Policy should be deferred to the next Panel meeting on the afternoon of Thursday, 23 January 2020 (i.e. after the Workshop had been held). This proposal was subsequently supported by the Panel.

It was then:

### **RESOLVED**

That the Panel defer consideration of the formal Update until the next meeting on the afternoon of Thursday, 23 January 2020 to enable for Safeguarding to be considered at the all Member Workshop that is to be convened on the Community Safety Partnership (Minute O&S.48/19 above refers).

### **O&S.50/19 ELECTRIC CAR CHARGING POINTS – UPDATE**

The Panel considered a report that provided an update in respect of the strategy for the installation of Electric Charging Points in Council Car Parks.

During the ensuing discussion, the following points were raised-

- (a) In response to some specific requests relating to charging point provision and location in Ivybridge, it was agreed that officers would discuss in more detail with an interested local Ward Member outside of this meeting;
- (b) With regard to the timescales of the DELETTI (Devon Low carbon Energy and Transport Technology Innovator) project, a number of Members expressed their disappointment that the project installations were not due to be completed in the South Hams until 2022. In response, officers advised that the Council was only one of a number of project partners and it was agreed that the programme would be circulated to all Members. That being said, officers would also like to see the South Hams installations advanced sooner and they gave a commitment to lobby the project leads in an attempt to achieve this objective. This emphasis was considered by Members to be particularly important when considered that the Council had declared a Climate Change and Biodiversity Emergency;
- (c) Members were informed that, if they disagreed with any of the proposed car parks that had been identified for installation of the initial Electric Car Charging Points, then they needed to let officers know within the next two weeks;



- (d) Officers highlighted that there were a number of sources of external grant funding that could be accessed to install Charging Points. As a result, Members were actively encouraged to advise their town and parish councils (who owned their own car parks) to submit bids to obtain grant funding;
- (e) The Panel was reminded that, as part of the current Budget Consultation Survey for 2020/21, Members were being asked for their views on any increases in car parking charges being set aside to install additional Charging Points in Council owned car parks. It was confirmed that the views of Members in this respect would be included in the 2020/21 draft budget setting reports. As an extension to the Survey, some Members felt that it would be useful for the costs associated with procuring and installing Charging Points in all Council owned Car Parks to be presented to the Panel at its meeting on 23 April 2020;
- (f) Such were the challenges being faced, that Members cited examples whereby customers were trading in their electric cars because they could not be adequately charged;
- (g) Some Members made the point that they did not wish to see any loss of car parking income to the Council as a result of this initiative.

It was then:

### **RESOLVED**

1. That the update report, in respect of the Strategy for the installation of Electric Charging Points in Council Car Parks, be welcomed, with the exception of the concerns raised over the project installation date of 2022; and
2. That a further update report be presented to the Panel meeting on 23 April 2020 that focuses on:
  - The lobbying to be undertaken on bringing the completion date forward; and
  - The costs associated with procuring and installing Charging Points in all Council owned Car Parks.

## **O&S.51/19 CUSTOMER SATISFACTION SURVEY**

The Panel considered a report that provided an update on the progress that detailed the scores achieved by the Council as part of a recent Institute of Customer Service Customer Satisfaction Benchmark Survey.

In discussion, reference was made to:-

- (a) the improved Survey results. The Panel paid tribute to the improved Survey results and noted that these had been achieved without any additional resources being allocated. Moreover, it was confirmed that the proposed Customer Service Improvement Manager post would be funded through the existing Staffing Establishment budget;
- (b) IT Procurement and Improvement. Some Members echoed the comments in the presented agenda report that the Council's work processing software was not as slick as it could be. These Members hoped that this would be rectified during the new IT Procurement project which would then directly lead to further improvements in Customer Satisfaction levels;
- (c) increased access to services online. In reiterating the comments in the presented agenda report whereby there was a need to build on the progress that had been made, some Members emphasised the importance of promoting increased access to Council services online and ensuring that residents were kept regularly informed.

It was then:

### **RESOLVED**

1. That the results from the recent Customer Satisfaction Survey be noted; and
2. That the Executive be **RECOMMENDED** to approve the actions contained within Section 5 of the presented agenda report that are headed as follows:
  - Customer Service Improvement Manager;
  - Complaint Handling Review;
  - Staff Meetings, Performance Monitoring and Training;
  - IT Procurement and Improvement;
  - Continued Surveying; and
  - Progress Reporting.

### **O&S.52/19 GUIDANCE OF INFORMATION COMMISSIONER'S OFFICE PROCEDURE**

Consideration was given to a report that recommended a procedure to inform Members and the public of decisions made by the Information Commissioner's Office (ICO) in relation to requests for information.

During the debate, some Members questioned why the recommendation was for local Ward Members to only be notified if an ICO request related to a planning matter. These Members felt that other matters (e.g. an Environmental Health matter) may also be of interest (and relevance) to local Ward Members.

In response, officers advised that the guidance was drafted to take into account the potential sensitivities around matters such as Housing and Benefits and it was recognised that it would not be appropriate for these to be shared with local Ward Members. As a way forward, it was agreed that the Deputy Monitoring Officer would consider the appropriateness of disclosing a matter to local Ward Members on a case by case basis.

It was then:

### **RECOMMENDED**

That Council be **RECOMMENDED** that the following procedure be adopted to inform Members and the public of decisions made by the Information Commissioner's Office in relation to requests for information:

1. That the Council takes the necessary steps to publish on a quarterly basis details relating to the number of requests handled by the Council and the decisions taken in relation to those requests in accordance with the Section 45 Code of Practice;
2. That the Council reviews its Publication Scheme in the light of requests for information it receives annually;
3. When the Council is advised by the ICO that a request has been referred to it, the Leader and relevant lead Executive Member be notified and, if the matter relates to a planning issue, the local Ward Members are also notified. For non-planning issues, the Deputy Monitoring Officer will determine on a case by case basis whether it could be disclosed to local Ward Members;
4. That all Members be notified with a copy of the Decision Notice when it is received, in addition to it being published on the Council website and the matter will be reported to the Overview and Scrutiny Panel; and
5. That, when an ICO decision recommends that further action is taken by the Council, the Freedom Of Information Officer will ensure that the relevant officer takes the action on behalf of the Council or seeks the agreement of the Monitoring Officer if they wish to challenge the Decision.

## O&S.53/19 **OMBUDSMAN'S ANNUAL REVIEW LETTER 2019**

Members considered a report that presented the Local Government & Social Care Ombudsman's (LGO) Annual Review Letter 2019 regarding Ombudsman complaints that had been received against the Council for the period 1 April 2018 to 31 March 2019.

In discussion, the importance of lessons being learned from the findings of the Ombudsman was recognised.

It was then:

### **RESOLVED**

That the Panel has reviewed the Ombudsman's Annual Letter for 2019.

## **O&S.54/19 HOUSING REPORT**

Consideration was given to a report that presented a series of proposals that would help the Council to shape its emerging Housing Strategy.

In discussion, the following points were raised:-

- (a) Officers emphasised the importance of Member engagement in the development of the emerging Housing Strategy;
- (b) The view was expressed that there was little detail about caravan dwellers in the presented agenda report. The Panel acknowledged that there were a number of challenges around caravan dwellers and it would be essential for these to be incorporated into the emerging Strategy. In addition, it was requested that these challenges be included as part of the Gypsies and Travellers Member Session on 30 January 2020;
- (c) The Panel retained the belief that the national definition of 'affordable rent and purchase' was still too high for the South Hams. As a result, the Panel wished to note with concern:
  - the rise in recorded local Housing Need;
  - that levels of fuel poverty in the South Hams are currently above the national average;
  - the average house prices in the South Hams are currently 13 times the average salary; and
  - that rental levels are often higher than Local Housing Allowance Rates.
- (d) The need for the Council to be more imaginative in how it applied its planning policies was recognised;
- (e) A Member cited the extent of the recent development in Ivybridge and felt that the issues in that town differed significantly to those in areas such as Salcombe and Dartmouth. As a result, Members felt that the Strategy should not be generic and would need to reflect these differing issues across the district;

- (f) Whilst acknowledging that there may be barriers following the recent Public Works Loan Board interest rate increase, the Panel was still interested in the concept whereby the Council could potentially act as a lender to Developers who were struggling to obtain finance to build local housing.

It was then:

### **RESOLVED**

That the Panel note with concern:

1. the rise in recorded local Housing Need;
2. that levels of fuel poverty in the South Hams are currently above the national average;
3. the average house prices in the South Hams are currently 13 times the average salary; and
4. that rental levels are often higher than Local Housing Allowance Rates.

and, in order to address these concerns, the Panel supports the proposals to engage positively and help shape the emerging Housing Strategy and the principle of an interventionalist approach in the market.

### **O&S.55/19 UPDATE FROM THE CLIMATE CHANGE AND BIODIVERSITY WORKING GROUP**

Members considered an update from the Working Group and, in the subsequent discussion, reference was made to:-

- (a) the emerging draft Action Plan containing over 160 actions. In terms of process, the Panel was reminded that all Members had been invited to attend the Working Group meeting on 5 December 2019. The draft Action Plan was to be first considered at this meeting before then being recommended for approval to the Council meeting on 19 December 2019;
- (b) the carbon footprint of the Council. Officers confirmed that, once the carbon footprint baseline data of the Council had been established, then it would be possible to set a series of Key Performance Indicators within the Action Plan;
- (c) the Working Group. Since being established in July 2019, a Member expressed his disappointment that the Working Group had only met twice to date and had still not been given sight of the draft Action Plan.

The Member proceeded to question the merit of the Working Group and regretted the lack of Member involvement following the Council decision on 25 July 2019 to declare a Climate Change and Biodiversity Emergency. In reply, the Leader stated that the six-month time frame that the Council had set to develop an Action Plan had been incredibly challenging and all Members would receive a first draft version as far in advance as possible of the Working Group meeting on 5 December 2019;

- (d) the 'Call for Evidence' Themed Hearings. Some Members could not see any justification as to why they could not attend (as observers) any of the 'Call for Evidence' Themed Hearings. In reply, the lead officer advised that he had made the request to the Devon Climate Emergency Response Group, but that this had been rejected. Despite the Panel being reminded that all of the Hearings would be webcast, Members wished for the lead officer to contact the Response Group to ask that it reconsiders its decision in this regard;
- (e) the Citizens Assembly proposal. Some Members expressed their disappointment at the lack of information that had been forthcoming from Devon County Council on its Citizens Assembly proposal.

It was then:

### **RESOLVED**

1. That the Panel requests that the lead officer makes representations to the Devon Climate Emergency Response Group calling for South Hams District Council Members to be able to attend the 'Call for Evidence' Themed Hearing at Follaton House on Wednesday, 27 November 2019;
2. That the Panel expresses its concerns over the lack of information that had been received from Devon County Council in relation to its Citizens Assembly proposal; and
3. That the Climate Change and Biodiversity Working Group be **RECOMMENDED** that the draft Climate Change Action Plan should attempt to address the dangers that Climate Change poses including, but not limited to, extreme weather events such as flood and drought. In cases where elements are outside its remit, the Council should aim to communicate with (and work alongside) those who are responsible for those elements.

## O&S.56/19 **TASK AND FINISH GROUP UPDATES**

### **(a) Leisure Review**

During his update, the Group Chairman advised that:

- the Group had conducted a very useful site tour of the four Leisure Centres in the South Hams. During the tour, the Group had met with Leisure Centre staff and managers and a further meeting with senior Fusion representatives was to be held on Thursday, 12 December 2019; and
- the Group was still on target to present its concluding report to the next Panel meeting on 23 January 2020.

### **(b) Locality Service**

The Group Chairman provided an update to the Panel and informed that:

- the inaugural meeting had been held at which the Group had approved the Terms of Reference for the Review;
- some Group Members had already shadowed Locality Engagement and Mobile Locality Officers;
- the next Group meeting (during which Members were to interview the three Locality Engagement Officers) was to be held on Thursday, 28 November 2019;
- all Members were encouraged to complete the Member Survey on the Locality Service;
- the Group was still on target to present its concluding report to the next Panel meeting on 23 January 2020.

## **O&S.57/19 ANNUAL PANEL WORK PROGRAMME**

During consideration of the latest version of the Panel's Annual Work Programme, the following additions, amendments and deletions were made:

- (a) The Panel acknowledged that it had earlier decided to defer consideration of the formal Safeguarding Update until its next meeting on the afternoon of Thursday, 23 January 2020 (Minute O&S.49/19 above refers);
- (b) Members also noted that a further update report on Electric Charging Points would be presented to the Panel meeting on 23 April 2020 (Minute O&S.50/19 above refers) that would focus on:
  - The lobbying to be undertaken on bringing the completion date forward; and
  - The costs associated with procuring and installing Charging Points in all Council owned Car Parks.

(Meeting started at 10.00 am and concluded at 1.25 pm)

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Chairman

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