

# South Hams Executive



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| <b>Title:</b>  | <b>Agenda</b>   |
| <b>Date:</b>   | <b>Thursday, 6th February, 2020</b>   |
| <b>Time:</b>   | <b>9.30 am</b>  |
| <b>Venue:</b>  | <b>Council Chamber - Follaton House</b>   |
| <b>Full Members:</b>   | <p style="text-align: center;"><b>Chairman</b> Cllr Pearce<br/> <b>Vice Chairman</b> Cllr Bastone</p> <p><i>Members:</i> Cllr Hopwood Cllr Hawkins<br/> Cllr Baldry Cllr May</p>  |
| <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>                                  | Democratic.Services@swdevon.gov.uk  |

|  |                  |
|--|------------------|
| <b>1. Minutes</b>  | <b>1 - 10</b>    |
| to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 19 December 2019;  |                  |
| <b>2. Urgent Business</b>  |                  |
| brought forward at the discretion of the Chairman;   |                  |
| <b>3. Division of Agenda</b>   |                  |
| to consider whether the discussion of any item of business is likely to lead to the disclosure of 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. Public Question Time</b>   | <b>11 - 12</b>   |
| a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;  |                  |
| <b>6. Draft Executive Forward Plan</b>   | <b>13 - 18</b>   |
| <b>7. Reports of Other Bodies</b>  | <b>19 - 32</b>   |
| a) Joint Development Management Committee and Overview & Scrutiny Panel – 23 January 2020; and<br>b) Overview & Scrutiny Panel – 23 January 2020   |                  |
| <b>8. Quarter 3 Revenue Budget Monitoring 2019/2020</b>  | <b>33 - 46</b>   |
| <b>9. Capital Programme Monitoring</b>   | <b>47 - 74</b>   |
| <b>10. Revenue Budget Proposals for 2020/21</b>  | <b>75 - 112</b>  |
| <b>11. Capital Budget Proposals for 2020/21</b>  | <b>113 - 128</b> |
| <b>12. Write Off Report</b>  | <b>129 - 136</b> |
| <b>13. Purchase of a Commercial Investment Property</b>  | <b>137 - 150</b> |

**14. Housing Company 151 - 166**

**15. Electric Charging Points Collaboration Agreement 167 - 172**

**16. Exclusion of Public and Press**

- to consider the following resolution to exclude the public and press:-

“That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business in order to avoid the likely disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”;

**17. Future IT Platform Contract Award 173 - 202**

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**MINUTES OF A MEETING OF  
THE EXECUTIVE  
HELD AT FOLLATON HOUSE ON THURSDAY 19 DECEMBER 2019**

|                                 |                                  |   |                            |
|---------------------------------|----------------------------------|---|----------------------------|
| <b>Members in attendance:</b>   |                                  |   |                            |
| * Denotes attendance            |                                  |   |                            |
| ∅ Denotes apologies for absence |                                  |   |                            |
| *                               | Cllr K J Baldry                  | * | Cllr N A Hopwood           |
| *                               | Cllr H D Bastone (Vice Chairman) | * | Cllr D W May               |
| *                               | Cllr J D Hawkins                 | * | Cllr J A Pearce (Chairman) |

|   |
|---|
| <b>Also in attendance</b>   |
| Cllrs Abbott, Birch, Rowe, Chown, Spencer, Taylor, Kemp, Long, Holway, Pennington, Smerdon, Foss and Brazil |

|   |                   |   |
|---|-------------------|---|
| <b>Officers in attendance and participating</b> |                   |   |
| All items                                       |                   | Deputy Chief Executive, s151 Officer, Director of Place and Enterprise and Specialist Democratic Services |
| Item 11 & 12                                    | E.63/19 & E.64/19 | Commissioning Manager   |

**E.55/19      MINUTES**

The minutes of the Executive meeting held on 31 October 2019 were confirmed as a true and correct record and signed off by the Chairman.

**E.56/19      DECLARATIONS OF INTEREST**

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

**E.57/19      PUBLIC QUESTION TIME**

It was noted that the following public questions had been received in accordance with the Executive Procedure Rules, for consideration at this meeting. The responses are set out in bold, and were circulated at the meeting.

From Ella Dangerfield:

I have a question relating to the recent publication of the Climate and Biodiversity Action Plan:

Residential housing is the main source of carbon emissions over which this Council has direct control. Local Fuel Poverty levels are high and increasing. So why has this Council chosen not to improve the construction standards in its Joint Local Plan to address this?

**The Joint Local Plan has recently been adopted and contains a range of policies that will support the climate change agenda. The Council already supports improving existing housing stock through a range of initiatives including the Energy Company Obligation and through the use of its Better Care Fund. The energy efficiency of new dwellings is controlled primarily through the Building regulations that are set nationally. It is hoped that there will be changes to the Regulations and the Council will, with its partners, look to lobby Government for changes that will support energy efficiency within new developments.**

Supplementary question:

Councils are encouraged to set sustainable construction standards higher than NPPF ones and are entitled to improve sections of Local Plans annually if appropriate. Until 2015 the national target was zero-carbon housing by 2016. Why has a zero-carbon target not been discussed with the other partners to the JLP?

**The Council is keen to secure improved construction standards to support its declaration of a Climate Change and Biodiversity Emergency. In view of this the Council will be discussing available options with its JLP partners as part of its adopted action plan.**

From Guy Chapman:

The Council has now published its draft Climate Action Plan but it was written in secret and councillors were only allowed to see it a week ago. Which parts of the report were so sensitive that this level of secrecy was felt to be necessary?

**The Climate Action Plan was not written in secret and has now been published in full as part of the report to Council on 19 December 2019. The Action Plan is a live document and will develop over time and, subject to the recommendations in the above report being adopted, be subject to wider consultation.**

From David Cutting:

This Committee is today reviewing its Executive Forward Plan. As the Council has declared a Climate Emergency why does this Forward Plan not include relevant reviews of the Joint Local Plan and the 5 Year Corporate Strategy?

**There is a report going to full Council setting out recommendations with regard to the Climate Change and Biodiversity Emergency. There is no recommendation to review the Corporate Strategy or the Joint Local Plan. The Corporate Strategy is a guiding document that sets the direction of the Council and Climate Change and Biodiversity considerations will naturally be applied as evidenced by the updated reporting template.**

**The Joint Local Plan can only be reviewed with the agreement of all three Councils. Currently they have all committed to reviewing and updating the Joint Local Plan within 5 years of adoption. The report to Council today does include a recommendation that a Strategy be presented back to full Council for approval on 21 May 2020.**

Supplementary question:

As this Council describes the Climate Change and Biodiversity agenda as 'a golden thread throughout all of its work' why is there no proposal to mention it in the Corporate Strategy and why has there been no discussion with Plymouth and West Devon Councils about reviewing housing construction standards?

**It is recognised that Climate Change and Biodiversity is a cross cutting issue and will form part of future decision making; this can be achieved without being explicitly mentioned in the Corporate Strategy. This does not in any way exclude its inclusion within any subsequent review of the Strategy.**

**The Council is keen to secure improved construction standards to support its declaration of a Climate Change and Biodiversity Emergency. In view of this the Council will be discussing available options with its JLP partners as part of its adopted action plan.**

From Robert Vint:

I understand that the Overview & Scrutiny Committee of this Council was unable to scrutinise the drafting of the Climate Action Plan because it was drawn up in secret. How have local stakeholders and this Council's members, Committees and Working Groups contributed to the drafting of the Plan?

**The Council set up a politically balanced Member working group to work with officers to draft the Action Plan. The Working Group report direct to Council and after a meeting on 5<sup>th</sup> December, to which all Members were invited, the Group unanimously agreed the Recommendations that are contained within the report that goes to Council on 19 December 2019. The Action Plan will, subject to approval, be open to wider consultation going forward.**

Supplementary question:

What happened to the emerging draft Climate Action Plan and who was involved in reviewing it and determining its contents between the 26th July and the 5th December?

**The content of the Action plan was developed by officers in advance of being taken to the Climate Change and Biodiversity Working Group on 5th December when it was unanimously approved. The Plan, which is a living document that will evolve over time, will be subject to public consultation and comment in the early part of 2020.**

From Christopher Snow:

In July this Council agreed to carry out an “assessment of the viability of a 2030 target” for the South Hams to become carbon-neutral - a target adopted by many neighbouring councils. There is no viability assessment in the draft Climate Action Plan so why was this target rejected?

**The Report to Council on 19 December 2019 contains two aims - 2030 for the Councils own operational carbon footprint and 2050 for the wider District – these are based on an initial assessment of their relative viability. Further work is needed with regard to both as detailed within the report and will be subject to an annual review.**

From Barbara Phillips

I would like to ask the Executive committee what plans it has for working with businesses in the Retail, agricultural, manufacturing and tourism sectors within South Hams in order to educate, encourage and thereby facilitate reduction in Carbon emissions? Will they make use of local environmental experts?

**Encouraging behaviour change within business and the wider community will be key to securing a reduction in carbon emissions and is included within various actions in the Action Plan. This also forms a major part of the emerging Devon Carbon Plan which will be able exert greater influence in these areas by virtue of its wide ranging membership. The Council will work with local partners and experts where it is deemed beneficial.**

From Peter Scott

In July this Council agreed to consider the setting up of a Citizen’s Assembly to help draft its Climate Action Plan. Why was no Citizen’s Assembly set up and why is there no explanation in the Climate Action Plan as to why this option was rejected?

**The setting up of a Citizens’ Assembly was discussed by the Climate Change and Biodiversity Member Working Group and it was determined that it was not the most appropriate course of action at the time. The Devon Climate Emergency Response Group, through the Net-zero Task Force, are developing proposals for a Citizens’ Assembly to inform the content of the Devon Carbon Plan.**

**E.58/19 EXECUTIVE FORWARD PLAN**

Members were presented with an interim Executive Forward Plan setting out items on the agenda for Executive meetings for the next four months and noted its content. The Deputy Chief Executive confirmed that a full version of the Executive Forward Plan would be published in early January 2020.

**E.59/19 REVENUE BUDGET MONITORING 2019/20 Q2**

Members were presented with a report that enabled them to monitor income and expenditure variations against the approved budget for 2019/20, and provided a forecast for the year end position.

The Lead Member for Support Services introduced the report and there being no questions, it was then **RESOLVED** to:

1. Endorse the forecast income and expenditure variations for the 2019/20 financial year and the overall projected underspend of £37,000 (0.4% of the total budget £8.833 million) and
2. **RECOMMEND** to Council to transfer £40,000 from the Dartmouth Lower Ferry Earmarked Reserve in order to complete the work required to bring the existing fleet up to the required Maritime and Coastguard Agency (MCA) standards.

**E.60/19 CAPITAL PROGRAMME MONITORING 2019/20 Q2**

The Executive was presented with a report that advised Members of the progress on individual schemes within the approved capital programme, including an assessment of the financial position. The monitoring of the capital programme at month 6 had not highlighted any significant areas of overspend to report to Members.

The Lead Member for Support Services introduced the report. The s151 Officer and Director for Place and Enterprise responded to questions of clarity.

During discussion, it was confirmed that a report would be presented to a later meeting of the Executive setting out whether the Pay on Entry initiative had been successful in terms of financial implications. A local Ward Member for Salcombe raised concerns over the issue of Salcombe being without toilet provision whilst the Whitestrand project was under construction. A number of Members gave their views, and the Director of Place and Enterprise concluded that the problem represented financial challenge versus service provision. Finally, one Member raised that affordable housing provision had not been spent, and by way of response, Members were advised that the Council was currently developing a Housing Strategy for which those funds would be needed.

It was then **RESOLVED** that:

1. The content of the report be noted;

That Council be **RECOMMENDED**:

2. That £110,000 of the remaining capital programme contingency budget of £183,399 is approved to be allocated to the Whitestrand, Salcombe capital project set out in exempt Appendix B;
3. That the capital budget of £140,000 be retrospectively approved to be funded from the Dartmouth Ferry reserve; and
4. That the capital budgets for developing beach huts in Salcombe and Beesands are withdrawn.

#### E.61/19 **DRAFT REVENUE BUDGET PROPOSALS FOR 2020/21**

Members were presented with a report that set out the latest budget position for the Revenue Budget for 2020/21 and formally sought the views of the Overview and Scrutiny Panel on the presented budget proposals.

The Leader introduced the report, and set out the key points for consideration, and advised that the proposals would be passed to the Overview and Scrutiny Panel for consideration, before being presented back to Executive at the next meeting on 6 February, 2020.

The s151 Officer responded to questions of clarity.

It was then **RESOLVED** that:

- (i) the forecast budget gap for 2020/21 of £33,320 and the position for future years (a projected £0.530 million budget gap in 2021/22) be noted;
- (ii) the current options identified and timescales for closing the budget gap in 2020/21 and in future years, to achieve long term financial sustainability be noted; and
- (iii) the views of the joint meeting of the Overview and Scrutiny Panel and Development Management Committee on the Revenue Budget Proposals set out within this report for 2020/21 be requested.

#### E.62/19 **CAPITAL BUDGET PROPOSALS 2020/21**

Members were presented with a report that set out the Capital Programme proposals for 2020/21 and formally sought the views of the Overview and Scrutiny Panel to the proposals.

The Leader introduced the report.

It was then:

**RESOLVED**

- 1) That the following be noted
  - a) The Capital Programme Proposals for 2020/21, which total £2,480,000 (Appendix A)
  - b) The content of the Capital Programme Proposals for 2020/21, which total £1,250,000 (Exempt Appendix B)
  - c) The proposed financing of the 2020/21 Capital Programme of £3,730,000 from the funding sources set out in Section 4.
  
- 2) That the views of the joint meeting of the Overview and Scrutiny Panel and Development Management Committee on the Capital Programme proposals for 2020/21 of £3,730,000 set out in this report and the proposals for the financing of the Capital Programme be requested.

**E.63/19 PARTNERSHIP FUNDING**

Members were presented with a report that provided feedback from each of the partners that the Council currently funded. Members were asked to consider the merits of each partner submission and decide which partners they would like to enter into a three year funding agreement with.

The Lead Members for Communities and Wellbeing introduced the report.

Members had a detailed discussion on this item, and non-Executive Members were included in the debate. Whilst acknowledging that these were to be subject of discussion during the draft 2020/21 Revenue Budget Setting process, the following recommendations reflect the decision of the Executive in respect of the partner submissions that were submitted. The total amount of funding allocated was £89, 647. This amount was £7,000 less than the amount currently committed for partnership funding. Additional funds were recommended to support the Ivybridge Ring and Ride, and the SH CVS funding was recommended for withdrawal on the basis of a lack of clear financial information within their submission.

It was then:

**RESOLVED** that:

1. the feedback given by each partner as shown in presented Appendix A was considered based on
  - a. local need
  - b. alignment to the Council's Corporate Strategy
  - c. statutory duty; and

2. the following partners be awarded funding for the next three years of the following amounts per annum, subject to endorsement through the 2020/21 Revenue Budget setting process:
  - a) South Devon Area of Outstanding Natural Beauty Partnership - £20,700
  - b) South Hams Citizens Advice - £51,867
  - c) South Hams Community Volunteer Service - £0
  - d) Ivybridge Ring and Ride - £5,710
  - e) Totnes & Dartmouth Ring & Ride (Newton Abbot Community Transport Group) - £7,370
  - f) South West Youth Games - £0
  - g) South Hams Museums Group - £4,000

#### E.64/19 **CUSTOMER SATISFACTION ACTION PLAN PROGRESS**

Members were presented with a report that detailed progress made since September 2019 on improving customer satisfaction.

The Lead Member for Customer First introduced the report. Members wished for thanks to be recorded to all Members of staff for their efforts to improve customer satisfaction.

It was then:

#### **RESOLVED** that:

1. the progress made to date in improving customer satisfaction in particular the increased Customer Satisfaction scores be noted
2. the following next steps be supported:
  - i. Appoint a Customer Service Improvement Manager
  - ii. Review complaint handling
  - iii. Continue customer focussed staff meetings, performance monitoring and training
  - iv. Replace customer handling software
  - v. Achieve an uplift in customer satisfaction by 5.7 points in the next Institute of Customer Service benchmarking survey
  - vi. Continue progress reporting

#### E.65/19 **PUBLIC TOILET PROJECT UPDATE**

Members were presented with a report that set out the latest position, following the continued work on the public toilet project.

The Lead Member for Communities introduced the report and was thanked by other Members for his work on the project.

One Member wanted to record thanks to Salcombe Town Council for their financial support to Millbay public toilets to keep them open, particularly as the toilets were not within Salcombe. It was also noted that the terminology within the report gave the impression that the position with the toilets at Millbay had resulted in a cost pressure to the Council. A Member felt that this was not strictly the case, as the Millbay toilets had not been included in the original project. Officers agreed to clarify the position in future reports.

It was then:

**RESOLVED** that:

the updates to the public toilet project detailed in the body of the report be approved, but may be summarised as follows:

**Totnes – Civic Hall, Coronation Road and Steamer Quay**

That, should an offer be received for the Town Council to continue to pay lost Pay on Entry (PoE) income to the District Council for the financial year 2020/21, it should be accepted, pending the Town Council's consideration of a long-term solution.

**Salcombe and East Portlemouth** – that the facilities at Whitestrand, Batson Creek, North Sands, South Sands, Mill Bay and Ferry Steps remain open and lost PoE income is reimbursed to the Council by the Salcombe Partnership.

At Mill Bay, it is now proposed the facility remains open with a contribution from the partnership for the required renovation works.

**Newton Ferrers**

That the facility reopen for next season, to allow the Parish Council to explore options to reduce running costs, and with a financial contribution from the Parish Council of £1,500 towards running costs for next financial year.

**Holbeton**

That the facility re-opens with the Parish Council funding energy and water charges and arranging the cleaning of the toilets, pending taking on the public toilet building as an asset transfer

**Thurlestone**

That the District Council will continue to clean the facilities, and pay for this for the duration of the next financial year. In return, the Parish Council will take the building as an asset transfer and immediately apply for Business Rate Relief, which will be applicable as it will be the only building the Parish will own on which business rates apply. This will help to ease the financial onus for the Parish Council.

E.66/19      **REPORTS OF OTHER BODIES**

In relation to Recommendation O&S.51/19, it was noted that the decision had been taken under Agenda Item 12. Customer Satisfaction Action Plan Progress (Minute E.64/19 above refers).

***(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.50/19 (3) AND E.54/19 (2), WHICH WERE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 19 DECEMBER 2019, WILL BECOME EFFECTIVE FROM 5.00PM ON THURSDAY 2 JANUARY, 2020 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).***

(Meeting commenced at 9.30 am and concluded at 11.00 am)

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Chairman

## **PUBLIC QUESTIONS AT EXECUTIVE MEETINGS**

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

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

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

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

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## **SOUTH HAMS DISTRICT COUNCIL: EXECUTIVE LEADER'S FORWARD PLAN**

This is the Leader of Council's provisional forward plan for the four months starting January 2020. It provides an indicative date for matters to be considered by the Executive. Where possible, the Executive will keep to the dates shown in the plan. However, it may be necessary for some items to be rescheduled and other items added.

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

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

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

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

*Leader of the Council – Cllr Judy Pearce*

*Deputy Leader – Cllr Hilary Bastone*

*lead Executive Member for Health and Wellbeing – Cllr Jonathan Hawkins*

*lead Executive Member for Communities and Enterprise – Cllr David May*

*lead Executive Member for Environment – Cllr Keith Baldry*

*lead Executive Member for Customer Service Delivery – Cllr Nicky Hopwood*

Further information on the workings of the Executive, including latest information on agenda items, can be obtained by contacting Democratic Services on 01803 861185 or by e-mail to [democratic.services@southhams.gov.uk](mailto:democratic.services@southhams.gov.uk)

**All items listed in this Forward Plan will be discussed in public at the relevant meeting, unless otherwise indicated with \***

**KEY DECISIONS TO BE TAKEN BY THE EXECUTIVE**

| <b>Portfolio Area</b>  | <b>Report Title and Summary</b> | <b>Lead Officer/<br/>Member</b> | <b>Documents to be<br/>considered in making<br/>decision</b> | <b>Date of<br/>Decision</b> | <b>Consultees and<br/>means of<br/>Consultation</b> |
|------------------------|---------------------------------|---------------------------------|--|-----------------------------|---|
|                        |                                 |                                 |  |                             |   |
| <b>OTHER DECISIONS</b> |                                 |                                 |  |                             |   |

|         |  |                                   |                                     |                 |  |
|---------|--|-----------------------------------|-------------------------------------|-----------------|--|
| Council | <b>Title:</b> Revenue Budget Monitoring Quarter 3<br><b>Purpose of report:</b> A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2019/20, and to provide a forecast of the year end position   | Pauline Henstock/<br>Cllr Bastone | Report of Head of Finance           | 6 February 2020 |  |
| Council | <b>Title:</b> Capital Budget Monitoring Quarter 3<br><b>Purpose of report:</b> The report advises Members of the progress on individual schemes within the approved capital programme for 2019/20, including an assessment of their financial position   | Pauline Henstock/<br>Cllr Bastone | Report of Head of Finance           | 6 February 2020 |  |
| Council | <b>Title:</b> Write Off Report for Quarter 3<br><b>Purpose of report:</b> The Council is responsible for the collection of: Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates. The report informs members of the debt written off for these revenue streams. | Lisa Buckle/<br>Cllr Bastone      | Report of Strategic Lead of Finance | 6 February 2020 |  |
| Council | <b>Title:</b> Revenue Budget Proposals 2020/21<br><b>Purpose:</b> To present Budget proposals for 2020/21  | Lisa Buckle/Cllr Pearce           | Report of Strategic Lead of Finance | 6 February 2020 |  |
| Council | <b>Title:</b> Capital Programme Proposals 2020/21<br><b>Purpose:</b> To present Capital Programme proposals for 2020/21  | Lisa Buckle/<br>Cllr Pearce       | Report of Strategic Lead of Finance | 6 February 2020 |  |

|                               |   |                                  |   |                 |   |
|-------------------------------|---|----------------------------------|---|-----------------|---|
| Leader – Strategic Assets     | <b>Title:</b> Formation of a wholly owned company<br><b>Purpose of Report:</b> To consider the formation of a wholly owned company to facilitate commercial activity                                      | Chris Brook/<br>Cllr Pearce      | Report of Director of Place & Enterprise              | 6 February 2020 |   |
| Council                       | <b>Title:</b> Pre Application Planning Process<br><b>Purpose:</b> To consider and approve the updated pre application process   | Pat Whymer/<br>Cllr Bastone      | Report of the Head of Development Management Practice | 6 February 2020 |   |
| Customer Service and Delivery | <b>Title:</b> Future IT Procurement Contract Award<br><b>Purpose:</b> To consider the recommendation to award a contract for the provision of future IT Case Management and Document Management platforms | Mike Ward/<br>Cllr Hopwood       | Report of Head of IT                                  | 6 February 2020 | Service Leads IT Joint Working Group        |
| Council                       | <b>Title:</b> Commercial Investment – Acquisition Report<br><b>Purpose:</b> To update Members on a recent decision related to the Commercial Investment Strategy  | Chris Brook/<br>Cllr Pearce      | Report of Director for Place and Enterprise           | 6 February 2020 |   |
| Communities                   | <b>Title:</b> Electric Charging Points Collaboration Agreement<br><b>Purpose of report:</b> To recommend plan for installation of electric vehicle charging points  | Emma Widdicombe/<br>Cllr Pearce  | Report of Senior Specialist                           | 6 February 2020 |   |
| Page 15                       | <b>Title:</b> Commercial investment opportunity<br><b>Purpose of report:</b> To outline to Members an investment opportunity  | Chris Brook /<br>Cllr May        | Report of Director for Place and Enterprise           | 19 March 2020   |   |
| Environment                   | <b>Title:</b> Grounds maintenance service<br><b>Purpose of report:</b> To consider recommendations from the review of service performance   | Steve Mullineaux/<br>Cllr Baldry | Report of Director of Customer Service and Delivery   | 19 March 2020   |   |
| Homes                         | <b>Title:</b> Empty Homes Premium<br><b>Purpose of report:</b> To consider an increase to the Council Tax premium on properties that have been empty for over two years                                   | Lisa Buckle/<br>Cllr Pearce      | Report of the s151 Officer                            | 19 March 2020   | Consultation with various Heads of Practice |
| Homes                         | <b>Title:</b> Release of S106 funds for Affordable Housing Projects<br><b>Purpose of report:</b>  | Cassandra Harrison/<br>Cllr May  |   | 19 March 2020   |   |
| Health & Wellbeing            | <b>Title:</b> Wellbeing Strategy<br><b>Purpose:</b> To recommend to Members the adoption of key wellbeing priorities and associated outcomes  | Ian Luscombe/<br>Cllr Hawkins    | Report of Head of Environmental Health                | 14 May 2020     |   |

|       |  |                                       |   |                 |  |
|-------|--|---------------------------------------|---|-----------------|--|
| Homes | <b>Title:</b> Draft Housing Strategy<br><b>Purpose:</b> To recommend to Council the adoption of the Draft Housing Strategy                 | Chris Brook/<br>Cllr Pearce           | Report of Director of Place and Enterprise                | 18 June 2020    |  |
| Homes | <b>Title:</b> Homeless Strategy year 4 Action Plan<br><b>Purpose:</b> To provide to Members an update on the Homeless Strategy Action Plan | Isabel Blake/<br>Cllr Hawkins         | Report of Head of Housing, Revenues and Benefits Practice | 18 June 2020    |  |
|       | <b>Title:</b> Town Strategies Progress Report<br><b>Purpose:</b> To provide Members with an update on town strategies                      | Tom Jones /<br>Cllr May/ Cllr Bastone | Report of Head of Place Making Practice                   | 22 October 2020 |  |
| Homes | <b>Title:</b> Council Tax Reduction<br><b>Purpose of report:</b> To seek approval for revised Council Tax Reduction scheme                 | Issy Blake/Cllr Hawkins               | Report of the Head of Housing, Revenues and Benefits      | 3 December 2020 |  |

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**MINUTES OF THE JOINT MEETING OF THE  
OVERVIEW & SCRUTINY PANEL AND THE DEVELOPMENT MANAGEMENT  
COMMITTEE HELD AT FOLLATON HOUSE, TOTNES ON  
THURSDAY, 23 JANUARY 2020**

| <b>Panel Members in attendance:</b> |                           |                               |                                  |
|-------------------------------------|---------------------------|-------------------------------|----------------------------------|
| * Denotes attendance                |                           | ∅ Denotes apology for absence |                                  |
| *                                   | Cllr V Abbott             | *                             | Cllr J McKay                     |
| *                                   | Cllr L Austen             | *                             | Cllr O'Callaghan                 |
| *                                   | Cllr J P Birch (Chairman) | *                             | Cllr G Pannell                   |
| *                                   | Cllr J Brazil             | *                             | Cllr J T Pennington              |
| ∅                                   | Cllr D Brown              | *                             | Cllr K Pringle                   |
| *                                   | Cllr M Chown              | *                             | Cllr H Reeve                     |
| *                                   | Cllr R J Foss             | *                             | Cllr J Rose                      |
| *                                   | Cllr J M Hodgson          | *                             | Cllr R Rowe                      |
| *                                   | Cllr T R Holway           | *                             | Cllr P C Smerdon (Vice Chairman) |
| *                                   | Cllr S Jackson            | *                             | Cllr B Spencer                   |
| ∅                                   | Cllr K Kemp               | *                             | Cllr B Taylor                    |
| *                                   | Cllr M Long               | *                             | Cllr D Thomas                    |

| <b>Other Members also in attendance:</b>                     |
|--|
| Cllrs K Baldry, H Bastone, J Hawkins, N Hopwood and J Pearce |

| <b>Item No</b> | <b>Minute Ref No<br/>below refers</b> | <b>Officers in attendance and participating</b>   |
|----------------|---------------------------------------|---|
| All            |                                       | Senior Leadership Team, Head of Practice – Development Management and Senior Specialist – Democratic Services |

**OSDM.1/19 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 and these were recorded as follows:-

Cllr P C Smerdon declared a Personal Interest in Items 5: 'Public Forum' and 7: 'Revenue Budget Proposals for 2020/21' (Minutes OSDM.2/19 and OSDM.3/19 below refer) specifically in relation to the funding recommendations to the South Hams Community and Voluntary Service (CVS) by virtue of being a trustee of the South Hams CVS. Since there was to be no debate during the Public Forum agenda item, Cllr Smerdon proceeded to remain in the meeting during consideration of this matter. With regard to the 'Revenue Budget Proposals for 2020/21', Cllr Smerdon made a statement on the CVS funding proposal and then proceeded to leave the meeting room during consideration of this aspect of the agenda item.

**OSDM.2/19 PUBLIC FORUM**

In accordance with the Public Forum Procedure Rules, the Chairman informed that one question had been received for consideration during the agenda item.

**1. Question from Penny Elghady**

*'Every district in Devon funds their local CVS (Community and Voluntary Services), helping to support their priorities in building resilient, safe and connected communities with the well-being of residents at their heart. The support of the District Council to South Hams CVS over many years has been invaluable, also in reinforcing the trust in the sector and the CVS with other funders and partners. The total withdrawal of the grant to South Hams CVS, proposed in the budget, would therefore put the CVS at significant risk of closure and the safe future of the voluntary sector in South Hams at risk. What thoughts have the Council given to how support will be provided to the voluntary and community sector in the South Hams without the core services of South Hams CVS?'*

In reply, the Chairman of the Panel advised that this matter was to be considered at this meeting in conjunction with the Revenue Budget Proposals for 2020-21 agenda item (Minute OSDM.3/19 below refers). It was his intention at the appropriate time to recommend an alternative proposal whereby the £10,000 grant to the CVS should be reinstated. In the event of this proposal being approved at this meeting, then the Chairman informed that this recommendation would be considered by the Executive at its next meeting on 6 February 2020 before being presented to the Council meeting on 13 February 2020. Finally, the Chairman advised that there was further provision for public questions to be submitted to the Executive.

Ms Elghady welcomed the response given and asked a supplementary question regarding what measures the CVS could undertake in order to improve its working relations with the Council. In response, the Chairman was of the view that this was likely to become apparent during the debate at this meeting.

**OSDM.3/19 REVENUE BUDGET PROPOSALS FOR 2020-21**

Members considered a report that asked for their views on the content of the draft Revenue Budget Proposals report for 2020-21.

In discussion, particular reference was made to:-

- (a) a Community Transport scheme being developed in Kingsbridge. Whilst there had been no requests made for funding for 2020-21, if such a scheme was developed in Kingsbridge, then representatives would be encouraged to submit a request to the Council that would be considered during the 2021-22 draft budget setting process;

- (b) Employment Estates Income of £25,000. A Member sought confirmation that this income was for the Ermington Business Units. In reply, officers confirmed that this was the case;
- (c) the budget pressure derived from Housing Benefit Overpayment recoveries. When questioned, the Section 151 Officer confirmed that, as a consequence of the Universal Credit scheme and the Department of Work and Pensions Real Time Information Referrals, there were now fewer Overpayments being generated in real time and this had created a budget pressure. However, the Section 151 Officer also confirmed that this budget pressure would have no detrimental impact on claimants and was purely due to less Overpayments being generated;
- (d) the Marine Infrastructure Reserve. Officers confirmed that the delay in the Batson project would result in the allocated £68,000 being retained within the Marine Infrastructure Reserve;
- (e) an alternative set of Revenue Budget recommendations were **PROPOSED** and **SECONDED** as follows:-

- 1. That a fund of £400,000 be set up for Emergency Climate Change projects in order to give effect to the Action Plan being produced by the Council. It is proposed that part of the fund be open to bids from Community Groups with proposals for Climate Change projects. The mechanism for providing such funds to be established as well as the extent of the expenditure by the Council and that awarded to Community Groups;*
- 2. That car parking charges for all car parks be frozen (cost £80,000);*
- 3. That the budget gap of £51,543 be closed.*

*(NB. the total additional expenditure of the above points 1, 2 and 3 is £531,543).*

*This additional expenditure to be funded from:*

- 1. The anticipated income from planning fees being increased by £75,000;*
- 2. The anticipated income for car parking fees being increased by £50,000;*
- 3. That an additional sum of £406,543 be used from the New Homes Bonus fund,*

*(NB. the total of the above to support the additional expenditure is £531,543).*

*In respect of Partnership Funding, the £10,000 being sought by the South Hams Community and Voluntary Service (CVS) be reinstated. (There is already £7,000 to cover this expenditure in the budget and it is proposed that the remaining balance of £3,000 be taken from the remainder of the unallocated New Homes Bonus; and*

*As to the remainder of the unallocated New Homes Bonus (totalling £289,616), it is proposed that this funding be earmarked as a contribution towards a reduction in the funding gap for 2021/22.*

The meeting proceeded to consider each aspect of the alternative budget proposals as follows:

**Emergency Climate Change Projects Fund** – there was widespread support expressed for this proposal which it was felt reflected the seriousness of the Climate Change agenda and the fact that the Council had declared a Climate Change and Biodiversity Emergency.

Whilst it was recognised that the mechanism to allocate monies from the Fund was still to be developed, it was noted that the Climate Change and Biodiversity Working Group would have a key role to play in this process.

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

**Freezing Car Parking Charges** – the proposer of the motion advised that the main purpose of a freeze would be to support the viability of town centres in the South Hams.

During the debate, it became apparent that there were contrasting views over this proposal with supporting views including:

- a wish to revisit the proposal to introduce car parking charges at Follaton House;
- charges being less in a number of other local authority areas; and
- the public transport links in the South Hams being so poor that car usage was a necessity.

In contrast, other Members expressed their opposition to the proposals and stated that:

- there was no proven direct linkages between car parking charges and town centre viability. Some Members were of the view that the key factors that were harming the viability of town centres were the significant increase in online shopping activity; high rents; and business rates;
- the proposed 4% increase not being a significant amount and, when considering that a commitment had been made by the Leader for this to be the only increase during the four year Council administration, this would constitute a below inflationary increase; and

- by encouraging increased car usage, a freeze in charges would contradict the Council's Climate Change Emergency Declaration.

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

**Closing the Budget Gap of £51,543** – the meeting recognised the need to set a balanced budget and, when put to the vote, this proposal was declared **CARRIED**.

**Additional Income from Planning Fees** – the proposer made reference to the trend over the last two years whereby planning income had been over and above the forecasted target. As a result, the proposer felt that there was scope to increase the anticipated income from planning fees by £75,000.

During the subsequent debate, reference was made to a Briefing Paper that had been produced by the Head of Development Management Practice that had cast some doubt on the ability for the Council to achieve an additional income of £75,000. In particular, the Paper had set out that, since the Council now had an adopted Joint Local Plan, it was able to set income projections with more certainty and it was deemed unlikely that the Council would be able to deliver on such a revised target.

Notwithstanding this advice, the proposal, when put to the vote, was declared **CARRIED**.

**Additional Income from Car Parking Charges** – with no debate ensuing, the proposal, when put to the vote, was declared **CARRIED**.

**Additional Monies from the New Homes Bonus Fund** – with no debate ensuing, the proposal, when put to the vote, was declared **CARRIED**.

**Reinstating the CVS Funding Proposal** – in discussion, Executive Members advised that their original recommendation to reduce the grant funding to the CVS had been generated through a lack of information and clarity that had been provided by the organisation. Whilst there was a lack of clarity over the services that were provided by the CVS and how they used the grant funding provided by the Council, reference was made to a meeting that was to take place on Thursday, 30 January 2020 with Council representatives and the CVS when it was hoped that this matter would be overcome.

A number of Members paid tribute to the work that was undertaken by the CVS and it was hoped that a closer partnership working relationship could now be developed between the organisation and the Council.

Some Members also made the point that the CVS should be asking that other partner agencies (e.g. LiveWest and Fusion Lifestyle) make a funding contribution for the services that it delivered on its behalf.

The proposal, when put to the vote, was declared **CARRIED**.

**Using the Unallocated New Homes Bonus Funding towards reducing the Budget Gap** – with no debate ensuing, the proposal, when put to the vote, was declared **CARRIED**.

- (f) the proposed inclusion of an Economy Officer post. Whilst there was general support for inclusion of this additional post, the meeting requested that, as part of the agenda papers presented to the Executive at its meeting on 6 February 2020, a draft Job Description and the associated outcomes and targets for the role also be included.

It was then:

### **RECOMMENDED**

That the Executive **RECOMMEND** to Council that the joint meeting supports:-

1. the increase in Council Tax for 2020/21 of £5 (Band D of £170.42 for 2020/21 – an increase of 10 pence per week or £5 per year – equating to a 3.02% increase);
2. the financial pressures amounting to £1,578,640 (as shown in Appendix A of the presented agenda report);
3. the net contributions to/from Earmarked Reserves amounting to £63,243 (as shown in Appendix D of the presented agenda report);
4. the proposed savings of £959,477 for 2020/21 (as shown in Appendix A of the presented agenda report);
5. the proposed funding levels (as set out in section 2.38 of the presented agenda report), subject to the reinstatement of the £10,000 funding to the South Hams CVS;
6. the proposed use of £509,543 of New Homes Bonus funding to balance the 2020/21 Revenue Budget (as shown in Section 2.25 of the presented agenda report);
7. the use of £400,000 of New Homes Bonus funding to set up an Emergency Climate Change projects Earmarked Reserve; and

8. the inclusion of an Economy Officer post (shared with West Devon Borough Council within the staffing establishment as set out in Section 1.7 of the presented agenda report), subject to the Executive being in receipt of a draft Job Description and the associated outcomes and targets for the role.

#### OSDM.4/19 **CAPITAL BUDGET PROPOSALS FOR 2020/21**

Members considered a report that set out the Capital Bids to the 2020/21 Capital Programme and outlined a suggested way that these Bids could be funded.

It was then:

#### **RECOMMENDED**

That the Joint Meeting **RECOMMEND** that the Executive **RECOMMEND** to Council that:-

1. the content of the Capital Programme Proposals for 2020/21 that totals £2,480,000 (as set out in Appendix A of the presented agenda report) be supported;
2. the content of the Capital Programme Proposals for 2020/21 that totals £1,250,000 (as set out in exempt Appendix B of the presented agenda report) be supported; and
3. the proposed financing of the 2020/21 Capital Programme of £3,730,000 from the funding sources (as set out in Section 4 of the presented agenda report) be supported.

(Meeting started at 10.00 am and concluded at 12.10 pm)

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Chairman

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**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY PANEL  
HELD AT FOLLATON HOUSE, TOTNES ON  
THURSDAY, 23 JANUARY 2020**

| <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 K J Baldry, H D Bastone, J Brazil, J D Hawkins, J M Hodgson, N A Hopwood, M Long, J A Pearce and B Taylor |

| <b>Item No</b> | <b>Minute Ref No<br/>below refers</b> | <b>Officers in attendance and participating</b>                     |
|----------------|---------------------------------------|---|
| All            |                                       | Deputy Chief Executive; and Senior Specialist – Democratic Services |
| 8              | O&S.62/19                             | Head of Practice – Development Management                           |
| 9              | O&S.63/19                             | Specialist – Community Safety, Safeguarding and Partnerships        |
| 10             | O&S.64/19                             | Head of Strategy and Projects                                       |
| 12             | O&S.66/19                             | Head of Practice – Environmental Health                             |
| 13(a)          | O&S.67/19(a)                          | Assets Specialist   |

**O&S.58/19 MINUTES**

The minutes of the meeting of the Overview and Scrutiny Panel held on 21 November 2019 were confirmed as a correct record and signed by the Chairman.

**O&S.59/19 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 there were none made.

**O&S.60/19 PUBLIC FORUM**

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

**O&S.61/19 EXECUTIVE FORWARD PLAN**

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

By way of an update, officers advised that the following agenda items had since been added to the Forward Plan:

- Electric Charging Points; and
- Hemerdon Mine.

**O&S.62/19 PRE-APPLICATION PROCESS**

Consideration was given to a report that presented the draft pre-application process. The report highlighted that the draft had been subject to a consultation exercise and 20 representations had been made. As a consequence of these representations, there were two main areas of the process that were being recommended to be changed. These were:

1. The interaction with Members and local town and parish councils; and
2. The publication of both pre-application submissions and the Councils response.

In the ensuing debate, reference was made to:-

(a) suggested further revisions to the process. The Panel requested that the following revisions also be made:

1. replacement of the word 'we' with the term 'the Council';
2. move the definitions from the end to the beginning of the Policy; and
3. expand upon reference to 'disclosures' in the Policy;

(b) the importance of applicants engaging with their local neighbours from the offset. Whilst acknowledging that early engagement was very important, the Panel did also recognise that the Council could not force applicants to hold public meetings and/or engage with their local neighbours;

(c) the involvement of local Ward Members. Officers committed to take every possible step to ensure that local Ward Members were able to attend pre-application meetings. In addition, the Panel also made the point that Members needed to be on the front foot and contact officers if they were particularly interested in a matter as soon as the weekly pre-application list was produced.

It was then:

### **RECOMMENDED**

That the Panel **RECOMMEND** that the Executive **RECOMMEND** to Council that the draft Pre-Application process (as outlined in Appendix 1 of the presented agenda report) be approved, subject to inclusion of the following revisions:

1. replacement of the word 'we' with the term 'the Council';
2. move the definitions from the end to the beginning of the Policy; and
3. expand upon reference to 'disclosures' in the Policy.

### O&S.63/19 **SAFEGUARDING POLICY**

The Panel considered a report that sought to provide Members with the opportunity to annually scrutinise and review Safeguarding practices and procedures.

In discussion, the Panel reinforced its wish to receive the outcome of the DBS viability study at a future meeting.

It was then:

### **RESOLVED**

1. That the Panel continue to formally review safeguarding on an annual basis;
2. That the Executive be **RECOMMENDED** to adopt the revised Safeguarding Policy (as outlined at Appendix A of the presented agenda report); and
3. That the Executive be **RECOMMENDED** to instruct officers to undertake a viability study regarding the merits of DBS checks for all Members, with the outcome of this study being reported back to a future Overview and Scrutiny Panel meeting.

### O&S.64/19 **PEER CHALLENGE PROGRESS UPDATE**

The Panel considered a report that provided an overview of the progress that had been made to date against the approved Peer Challenge Action Plan.

During the ensuing discussion, the following points were raised-

- (a) The Panel welcomed the increased onus on Member Workshops and Briefing Sessions, but did also emphasise the importance of Members attending these events;
- (b) A commitment was given by officers that the organisational work programme would be produced before the end of March 2020. Due to its nature, officers also made the point that the programme would continually evolve;
- (c) Having acknowledged that the Terms of Reference for the Accommodation Strategy Working Group included the ability for update reports to be presented to the Panel, Members requested that the next update be considered at the Panel meeting on 27 February 2020;
- (d) By way of an update on the Chief Executive Recruitment and Selection process, the Leader advised that there would be an opportunity for all Members to meet the prospective candidates sometime during the two day interview stage that were to take place during 16 and 17 March 2020;
- (e) In respect of improving engagement and communication between the Council and town and parish councils, the Leader reaffirmed her offer that she was willing to attend any town and parish council meeting if there was a wish for her to do so.

It was then:

### **RESOLVED**

That the progress to date on the delivery of the Peer Challenge Action Plan be noted and the proposal to bring forward the LGA interim review to ensure a solid baseline for the new Chief Executive be supported.

## **O&S.65/19 MEMBER 2019 INDUCTION REVIEW**

A report was considered that presented the Panel with the findings of the short survey into the 2019 Member Induction Programme.

In discussion, Members were generally very positive in their feedback on the Programme but some future improvements were suggested that included:

- A reduction in the number of PowerPoint based training sessions;
- Sending out training material in advance of a session to enable Members to consider any questions and/or issues in advance;
- A bespoke session being arranged on the town and parish councils expectations of their local Ward Member(s);
- A greater focus on the Council's accounts and budget responsibilities;

- Reference to how the Council should respond to correspondence that had been circulated to all Members.

It was then:

**RESOLVED**

1. That the contents of the review into the 2019 Member Induction Programme be noted and the conclusions (as outlined at Section 3.1 of the presented agenda report) be taken into account in the design of future Programmes; and
2. That the Annual Work Programme be updated to include consideration of the draft 2023 Member Induction Programme.

**O&S.66/19 FOOD SAFETY PLAN PROGRESS UPDATE**

Consideration was given to a report that outlined progress made with the Food Safety Service Plan 2019/20.

In discussion, the importance of the Council developing a good working relationship with the NHS was recognised.

It was then:

**RESOLVED**

That the Panel welcome the progress made with the Food Safety Service Plan for 2019/20.

**O&S.67/19 TASK AND FINISH GROUP UPDATES**

**(a) Leisure Review – Concluding Report**

During his introduction on the concluding report, the Group Chairman highlighted that the Review had delivered on its objectives. In thanking the Members of the Group for their hard work and contributions, the Chairman was also of the view that both the Council and Fusion Lifestyle had learned a great deal from the Review. As a result, the Chairman was confident that the working relationship between the Council and Fusion Lifestyle would now be much improved.

During the consequent debate, reference was made to:-

- o confirmation that a copy of the concluding report would be sent to Fusion Lifestyle representatives before they presented to the next Panel meeting on 27 February 2020;

- the cleanliness findings. Some Members felt that cleanliness was a basic requirement and were therefore disappointed at the findings in this respect;
- a request for Fusion representatives to provide an update on their Climate Change policy at the Panel meeting on 27 February 2020;
- there was still an apparent lack of outreach services being delivered in the rural parishes of the South Hams;
- a wish to reinstate the Task and Finish Group in six months' time to monitor progress.

It was then:

### **RESOLVED**

That the Panel note the contents of the Review and the recommendations arising from the Task and Finish Group and request that the Group be reinstated in six months' time in order to monitor progress.

### **(b) Locality Service**

The Group Chairman advised that it was now intended that the concluding report would be presented to the next Panel meeting on 27 February 2020.

## **O&S.68/19 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) Members acknowledged that they had earlier requested an update from the Accommodation Strategy Member Working Group at the next Panel meeting on 27 February 2020 (Minute O&S.64/19 above refers);
- (b) It was agreed that the Leisure Review Task and Finish Group would be reconvened to monitor progress before it reported back to the Panel meeting on 16 July 2020 (Minute O&S.67/19(a) above refers).

(Meeting started at 1.30 pm and concluded at 3.15 pm)

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Chairman

Report to: **Executive**

Date: **06 February 2020**

Title: **Quarter 3 Revenue Budget Monitoring  
2019/2020**

Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **All**

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

Date next steps can be taken: **N/A**

Author: **Alex Walker** Role: **Finance Business Partner**  
**Pauline Henstock** **Head of Finance Practice  
and Deputy S.151 Officer**

Contact: **01803 861345 [alexandra.walker@swdevon.gov.uk](mailto:alexandra.walker@swdevon.gov.uk)**  
**01803 861377 [pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk)**

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## **Recommendations:**

That the Executive resolves to:-

- i) Endorse the forecast income and expenditure variations for the 2019/20 financial year and the overall projected underspend of £27,000 (0.3% of the total Budget £8.833 million).
- ii) Recommend to Council to transfer £30,000 of the additional planning income into the Planning Policy & Major Developments Earmarked Reserve at the end of the 2019/20 financial year.

## **1. Executive summary**

- 1.1 This report enables Members to monitor income and expenditure variations against the approved budget for 2019/20, and provides a forecast for the year end position.
- 1.2 The gross service expenditure budget for 2019/20 was set at £43 million (£8.833 million net). ***Actual net revenue expenditure is forecast to be under budget by £27,000 when compared against the total budget set for 2019/20.***

## 2. Background

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

## 3. Outcomes/outputs

3.1 **Budget overview** - Table 1 below provides an analysis of the projected variances against budget.

**TABLE 1: 2019/20 BUDGET FORECAST**

|  | 2019/20<br>Budget<br>expenditure<br>/(income) | Budget<br>variations |       | £000         | Note |
|--|---|----------------------|-------|--------------|------|
|  |   | %                    | £000  |              |      |
|  | £000  |                      |       | £000         |      |
| <b>APPROVED BUDGET</b>                                       |   |                      |       | <b>8,833</b> |      |
| <b>Reductions in<br/>expenditure/additional<br/>income</b>   |   |                      |       |              |      |
| <b>Customer First</b>  |   |                      |       |              |      |
| Planning income  | (898)   | (11.1%)              | (100) |              | A    |
| <b>Commercial Services</b>                                   |   |                      |       |              |      |
| Car Parking income   | (3,078)                                       | (1.6%)               | (50)  |              | B    |
| Dartmouth Ferry income                                       | (807)   | (5.0%)               | (40)  |              | C    |
| <b>Strategy &amp; Commissioning</b>                          |   |                      |       |              |      |
| Devon Building Control<br>Partnership contribution           | 58  | (17.2%)              | (10)  |              | D    |
| <b>Financing and Investment</b>                              |   |                      |       |              |      |
| Investment income  | (183)   | (27.3%)              | (50)  |              | E    |
| <b>Other Comprehensive<br/>Income &amp; Expenditure</b>      |   |                      |       |              |      |
| Business Rates Pooling gain                                  | (100)   | (150.0%)             | (150) |              | F    |
| <b>Sub total of variations</b>                               |   |                      |       | <b>(400)</b> |      |
| <b>Increases in<br/>expenditure/reductions in<br/>income</b> |   |                      |       |              |      |
| <b>Customer First</b>  |   |                      |       |              |      |
| Housing Benefit overpayment<br>recoveries                    | (245)   | 40.8%                | 100   |              | G    |
| <b>Commercial Services</b>                                   |   |                      |       |              |      |
| Salcombe Harbour management<br>recharge                      | -   | -                    | 18    |              | H    |
| Dartmouth Lower Ferry fleet<br>refurbishment – Hauley 6      | -   | -                    | 40    |              | I    |

|   |       |        |      |              |   |
|---|-------|--------|------|--------------|---|
| Haulage and processing of waste and recyclable materials (net position) | (520) | 36.5%  | 190  |              | J |
| Fly tip collections   | 20    | 100.0% | 20   |              | K |
| <b>Strategy &amp; Commissioning</b>                                     |       |        |      |              |   |
| Corporate Management – payment collection expenses                      | 49    | 30.6%  | 15   |              | L |
| <b>Sub total of variations</b>  |       |        |      | <b>383</b>   |   |
| <b>Transfers to/(from) Earmarked Reserves</b>                           |       |        |      |              |   |
| Dartmouth Ferry Reserve (approved by Council 19 December 2019)          | N/A   |        | (40) | <b>(40)</b>  |   |
| Planning Policy & Major Developments Earmarked Reserve                  | N/A   |        | 30   | <b>30</b>    |   |
| <b>PROJECTED OUTTURN</b>  |       |        |      | <b>8,806</b> |   |
| <b>PROJECTED UNDERSPEND</b>   |       |        |      | <b>(27)</b>  |   |

### Notes

- A. **Planning income** – income from planning applications is anticipated to be above target by £100,000 (11.1%) on an income budget of £898,000. However, this is a volatile area which can be very difficult to forecast given the impact of large applications so there is every likelihood that the income could fluctuate during the final quarter of the year. £30,000 of this income is requested to be set aside in the Planning Policy & Major Developments Earmarked Reserve to support the ongoing future costs of the Urban Fringe Delivery Team.
- B. **Car Parking income** – income levels have been better than anticipated, resulting in a projection of additional income of £50,000 (1.6%). This includes town/peripheral and rural permits.
- C. **Dartmouth Ferry income** – income from the Dartmouth Ferry is projected to be above target by £40,000 (5.0%) on an income budget of £807,000.
- D. **Devon Building Control Partnership** – following a recent update from the Devon Building Control Partnership, a reduction in the cost of non-chargeable activities of £10,000 is expected, primarily due to savings from staff changes.
- E. **Investment income** – investment income is anticipated to be above target by £50,000 (27.3%). Additional income is expected due to the recent investment with the CCLA.

- F. **Business Rates Pooling gain** – following a recent meeting of the Devon Business Rates Pool Technical Group, South Hams District Council’s share of the 2019/20 pooling gain is forecast to be at least £250,000 against a budget of £100,000, resulting in a surplus of £150,000.
- G. **Housing Benefit recovery of overpayments** – The income from the recovery of overpayments is anticipated to be below target by approximately £100,000 (40.8%). The annual target of £245,000 will become harder for the Council to achieve due to the fact there is an expectation that recovery will reduce year on year as collection becomes more difficult. We also expect to see fewer overpayments being created due to the introduction of DWP Real Time Information referrals.
- H. **Salcombe Harbour management recharge** – The involvement of Salcombe Harbour staff in ensuring the continuing compliance of the Dartmouth Lower Ferry with the legislation set out in the Maritime and Coastguard Agency (MCA) has been estimated at £18,000 in 2019/20 (£21,100 per annum from 2020/21).
- I. **Dartmouth Lower Ferry fleet refurbishment** – In April 2018 Members were presented with a report (E.86/17) that sought Council approval for a spend of £100,000 (subject to their out of water surveys) from the Dartmouth Lower Ferry Earmarked Reserve in order to bring the existing fleet up to the required Maritime and Coastal Agency (MCA) standards. This included work to ensure that, subject to regular inspection and maintenance on the tugs, they would continue to be seaworthy and compliant.

To date, the work to bring the fleet up to the required MCA standards has been completed on Hauley 4 and Hauley 5, at a total cost of £115,600. In September 2019, Hauley 4 passed her running trial and was permitted to go into service with a recommendation that the deck is fully renewed at the next opportunity. Hauley 5 is due for her MCA inspection in mid-December, followed by the running trial.

Hauley 6 is currently on standby as the relief vessel until Hauley 5 is signed off. It is anticipated (subject to the out of water survey) that the cost to bring Hauley 6 up to the required MCA standards will be approximately £40,000. At the Executive meeting of 19 December 2019 it was recommended to transfer £40,000 from the Dartmouth Lower Ferry Earmarked Reserve to support the work required. This was approved by Council on 19 December 2019.

- J. **Haulage and processing of waste and recyclable materials (net position)** – earlier this year a net budget pressure of £130,000 was reported, due to contamination and the suppressed market continuing to affect income for recyclable materials. This also took into account a reduction in haulage costs due to the new reprocessor being closer to the South Hams, combined with an increase in costs for processing recycling.

As reported at a recent Waste Partnership Board meeting, the changes in the global recycling market are currently one of the biggest challenges in the business. There have been increasing restrictions on contamination and moisture content on fibre materials (paper and card) throughout global markets, with fibre prices around 2/3 lower than 12 to 15 months ago. Demand for metals is also currently low and there has been a 25% reduction in price over the last 12 months.

In light of the further market downturn, our revised predictions show a further cost pressure of £60,000. This includes a loss of around £26,000 from recycling credits, as when materials are rejected due to contamination, they do not attract recycling credits. The total predicted net budget pressure for haulage and reprocessing of recyclable materials for 2019/20 is therefore £190,000. To put this into context, the overall net cost of the Council's waste, recycling and street cleansing service is £4.2 million.

These predictions are based on the current market rates and therefore may change positively or negatively by the end of the financial year. Members will be kept informed of any significant changes.

Whilst the Council will continue to be affected by the market in future years, once the Devon Aligned Service starts in September 2020, this cost will be halved by sharing the market risk with the waste contractor. A cost pressure of £95,000 has been built into the Medium Term Financial Strategy to reflect this for 2020-21.

- K. **Fly Tip Collections** - The budget of £20,000 for large or hazardous fly tip collections is predicted to be overspent by £20,000. This continues the trend of previous years. Large or hazardous fly tips sit outside of the FCC contract and this is a Council cost. Household and small fly tips are included within the FCC contract and are part of the contract cost.
- L. **Payment collection expenses** – In line with 2018/19, the budget for bank processing fees and internet/card processing fees is anticipated to be exceeded by £15,000 in 2019/20.

#### **Savings/Additional Income identified in the 2019/20 Budget**

- 3.2 This monitoring report includes an update on the position regarding the savings and additional income that were identified in the 2019/20 budget setting process, set out in Appendix B.

#### **4. Review of Earmarked Reserves**

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

## 5. Prudential Indicators

5.1 The prudential code indicators were approved in the Capital, Investment and Treasury Management Strategy report to the Council on 21 March 2019. The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Executive together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

## 6. Income and Reserves

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

| <b>Service</b>           | <b>Actual<br/>Income<br/>2018/19<br/>£'000</b> | <b>Income<br/>Budget<br/>2019/20<br/>£'000</b> | <b>Projected<br/>Income<br/>2019/20<br/>£'000</b> | <b>Deficit/<br/>(Surplus)<br/>£'000</b> | <b>Deficit/<br/>(Surplus)<br/>%</b> |
|--------------------------|--|--|---|---|-------------------------------------|
| Car Parks                | 3,196  | 3,078  | 3,128   | (50)                                    | (1.6%)                              |
| Dartmouth<br>Ferry       | 867  | 807  | 847   | (40)                                    | (5.0%)                              |
| Employment<br>Estates    | 819  | 827  | 827   | -                                       | -                                   |
| Licensing                | 196  | 201  | 201   | -                                       | -                                   |
| Planning<br>Applications | 1,173  | 898  | 998   | (100)                                   | (11.1%)                             |
| Land<br>Charges          | 171  | 170  | 170   | -                                       | -                                   |
| Recycling                | 552  | 520  | 330   | 190                                     | 36.5%                               |
| <b>TOTAL</b>             | <b>6,974</b>                                   | <b>6,501</b>                                   | <b>6,501</b>                                      | <b>0</b>                                |                                     |

## 7. Management Actions

7.1 The table below sets out the relevant management actions for the revenue expenditure and income variations shown above. It is best practice for the Council to state whether there are any corrective actions that need to be taken for the variances identified in 2019/20.

|  | <b>Budget variations overspend/ (underspend) £000</b> | <b>Management Action</b>  |
|--|---|---|
| <b>Reductions in expenditure/additional income</b>       |   |   |
| Planning income  | (100)   | This will be kept under review during 2019/20. It is recommended that £30,000 of the additional income in 2019/20 be put into an earmarked reserve at the end of the financial year, to support the ongoing future costs of the Urban Fringe Delivery Team. |
| Car parking income                                       | (50)  | It has been proposed as part of the Budget Update 2020/21 report to increase parking charges by 4%.   |
| Dartmouth Ferry income                                   | (40)  | Additional income of £20,000 has been built into the 2020/21 budget   |
| Devon Building Control Partnership                       | (10)  | This will be kept under review during 2019/20.  |
| Investment income  | (50)  | Additional income of £20,000 has been built into the 2020/21 budget.  |
| Business Rates Pool income                               | (150)   | Additional income of £100,000 has been built into the 2020/21 budget.   |
| Housing Benefit recovery of overpayments                 | 100   | A cost pressure of £100,000 has been built into the 2020/21 budget.   |
| Salcombe Harbour management recharge                     | 18  | A cost pressure of £21,100 has been built into the 2020/21 budget.  |
| Dartmouth Lower Ferry fleet refurbishment                | 40  | This is a one off cost pressure. To be funded from an earmarked reserve (approved by Council 19/12/19).   |
| Haulage and processing of waste and recyclable materials | 190   | A cost pressure of £95,000 has been built into the 2020/21 budget to reflect this. This will be mitigated in future years by sharing the market risk with the waste contractor after September 2020.  |
| Fly tip collections                                      | 20  | A cost pressure of £20,000 has been built into the 2020/21 budget.  |
| Payment collection expenses                              | 15  | A cost pressure of £25,000 has been built into the 2020/21 budget.  |

## 8. Options available and consideration of risk

8.1 At this early stage it is important to note that these forecasts can change over the course of the year. Managers can seek out opportunities to reduce any overspends, whilst considering the risk of any adverse impact on the customer experience.

## 9. Proposed Way Forward

9.1 Revenue budget monitoring will continue on a regular basis and further reports will be brought to the Executive each quarter.

## 10. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance   | Y                         | The Statutory Powers that apply to this report are the Local Government Act 1972 Section 151 and the Local Government Act 2003 Section 28.   |
| Financial implications to include reference to value for money | Y                         | The report identifies an overall <b>underspend of £27,000</b> which is 0.3% of the overall budget set for 2019/20 of £8.833million, mainly due to the Business Rates Pool income.  |
| Risk   | Y                         | <p>1) <b>Budget variances</b> – continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</p> <p>2) <b>Resource Planning</b> – the Executive takes into account any significant issues when developing the Council’s Medium Term Financial Strategy. These are identified in the Management Actions section of the report (Section 7).</p> |
| Supporting Corporate Strategy                                  |                           | The budget monitoring process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.   |

|   |  |   |
|---|--|---|
| Climate Change – Carbon / Biodiversity Impact       |  | None directly arising from this report. |
| <i>Comprehensive Impact Assessment Implications</i> |  |   |
| Equality and Diversity                              |  | None directly arising from this report. |
| Safeguarding  |  | None directly arising from this report. |
| Community Safety, Crime and Disorder                |  | None directly arising from this report. |
| Health, Safety and Wellbeing                        |  | None directly arising from this report. |
| Other implications                                  |  | None directly arising from this report. |

### **Supporting Information**

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

**Appendix B – Savings/Additional income schedule**

**Background Papers:**

Finance Community of Practice budget monitoring working papers.  
Budget Update Report 2020/21 – Executive 31 October 2019.

### **Approval and clearance of report**

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

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| RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)             |             |                                  |                                    |                               |                                    | APPENDIX A   |
|---|-------------|----------------------------------|------------------------------------|-------------------------------|------------------------------------|--|
|   | Cost Centre | Opening balance 01.04.2019 £000s | Additions to Reserve 2019/20 £000s | Predicted Spend 2019/20 £000s | Projected balance 31.03.2020 £000s | Comments   |
| <b>EARMARKED RESERVES</b>   |             |                                  |                                    |                               |                                    |  |
| <b>Specific Reserves - General Fund</b>                               |             |                                  |                                    |                               |                                    |  |
| Capital Programme   | S0820       | (84)                             | (453)                              | 453                           | (84)                               | Transfer to R & M Reserve £80k, 17/18 Capital Programme £30k, Kingsbridge Quay Master Plan Stage 2a, 18/19 Capital Programme £204k, 19/20 Capital Programme £140k  |
| Revenue Grants  | S0821       | (578)                            | 0                                  | 58                            | (520)                              | This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes   |
| Affordable Housing  | S0822       | (988)                            | 0                                  | 910                           | (78)                               | Funding of Capital Programme Commitments   |
| Renovation Grant Reserve  | S0823       | (7)                              | 0                                  | 0                             | (7)                                | Comprises proceeds from repayments   |
| New Homes Bonus   | S0804       | (1,155)                          | 0                                  | 919                           | (236)                              | Commitments as per 19/20 budget report approved at Council on 21/2/19 (£500k to fund the Revenue Base Budget in 19/20)   |
| Community Parks and Open Spaces                                       | S0826       | (107)                            | (17)                               | 95                            | (29)                               | South Devon Tennis Courts, Follaton Arboretum  |
| Repairs & Maintenance   | S0827       | (45)                             | (148)                              | 71                            | (122)                              | Coronation Road toilets (O&S 38/18), Bigbury toilets replacement hand dryers £11k and improvements to mobile phone signal at Follaton House  |
| Marine Infrastructure   | S0828       | (210)                            | (58)                               | 0                             | (268)                              | Of the £268,000 projected balance, there is a future commitment of £200,000 for Baston Harbour Workshops as per 19/20 Capital Programme (E.70/18).   |
| Land and Development  | S0829       | (94)                             | (121)                              | 85                            | (130)                              | Commitments include the balance of the land transfer to Dartmouth Town Council £12k, feasibility studies £14k, and £50k earmarked for Council Owned Asset Investment and Development E.08/18.  |
| Dartmouth Ferry Repairs & Renewals                                    | S0830       | (455)                            | (87)                               | 214                           | (328)                              | Fleet refurbishment £74k (includes £40k recommended in this report) engineering works at Dartmouth Lower Ferry Workshops (health & safety urgent works) £120k.   |
| Homelessness Prevention   | S0851       | (112)                            | 0                                  | 0                             | (112)                              |  |
| Economic Initiatives  | S0831       | (27)                             | 0                                  | 21                            | (6)                                | RDP Local Action £16.4k South West LEP £5k   |
| Vehicles & Plant Renewals   | S0832       | (1,264)                          | (550)                              | 617                           | (1,197)                            | Fleet Replacement Programme  |
| Pay & Display Equipment Renewals                                      | S0833       | (123)                            | (21)                               | 0                             | (144)                              |  |
| On-Street Parking   | S0834       | (44)                             | 0                                  | 0                             | (44)                               |  |
| Strategic Change Reserve (T18)  | S0849       | 0                                | (60)                               | 60                            | 0                                  | T18 Pension Strain   |
| ICT Development   | S0836       | (126)                            | (50)                               | 58                            | (118)                              | Replacement Member laptops £16k, Netcall Liberty software upgrade £13k, Devon WAN upgrade £10k   |
| Sustainable Waste Management  | S0837       | (29)                             | (25)                               | 54                            | 0                                  |  |
| District Elections  | S0838       | (78)                             | (10)                               | 0                             | (88)                               |  |
| Beach Safety  | S0839       | (14)                             | 0                                  | 0                             | (14)                               |  |
| Planning Policy & Major Developments                                  | S0840       | (125)                            | (80)                               | 17                            | (188)                              | Commitment relates to Enforcement officers E.39/19.  |
| Section 106 Deposits  | S0842       | (38)                             | 0                                  | 0                             | (38)                               | Comprises deposits with no repayment conditions - created as a result of IFRS  |
| Members Sustainable Community Locality                                | S0846       | (6)                              | 0                                  | 0                             | (6)                                |  |
| Innovation Fund (Invest to Earn)                                      | S0850       | (17)                             | 0                                  | 15                            | (2)                                | Commitment relates to the development of Admiral Court, Dartmouth (Executive 16/6/16)  |
| Community Housing Fund  | S0854       | (1,285)                          | 0                                  | 300                           | (985)                              | This reserve holds the remaining balance of the Community Housing Fund grant received in 2016/17 of just under £1.9m (Government grant). This is partly earmarked for consultancy costs for future and existing schemes.   |
| Support Services Trading  | S0856       | (43)                             | 0                                  | 0                             | (43)                               |  |
| Leisure Services  | S0858       | (57)                             | 0                                  | 57                            | 0                                  | Prudential borrowing costs   |
| Environmental Health Initiatives                                      | S0857       | (20)                             | 0                                  | 11                            | (9)                                | Commitment for a temporary student post  |
| Economic Regeneration Initiatives (Business Rates pilot gain 2018/19) | S0858       | (379)                            | 0                                  | 100                           | (279)                              | This reserve was created to hold the 2018/19 Business Rates Pilot gain. The commitments includes amounts earmarked for Council Owned Asset Investment and Development E.08/18, and for Commercial Development opportunities E.62/18.   |
| Section 106 Monitoring  | S0929       | (124)                            | 0                                  | 14                            | (110)                              |  |
| Joint Local Plan  | S0860       | (31)                             | 0                                  | 0                             | (31)                               | New reserve for Joint Local Plan Funding   |
| S106 Technical Support  | S0862       | (20)                             | 0                                  | 0                             | (20)                               |  |
| <b>Sub Total excluding the Business Rates Reserve</b>                 |             | <b>(7,685)</b>                   | <b>(1,680)</b>                     | <b>4,129</b>                  | <b>(5,236)</b>                     |  |
| Business Rates Retention  | S0824       | (5,114)                          | 0                                  | 0                             | (5,114)                            | This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income e.g. due to appeals. An amount of £3.5m has been ringfenced for Employment for the creation of local jobs (Council February 2018). It was agreed by Council to fund the acquisition of 10 acres of employment land at Sherford from this reserve. On 31 October 2019 the Executive recommended to Council to use up to £200k to fund the cost of extending the lease of the starter units at Langage from 21 years to 125 years, funded from this reserve. |
| <b>TOTAL EARMARKED RESERVES</b>                                       |             | <b>(12,799)</b>                  | <b>(1,680)</b>                     | <b>4,129</b>                  | <b>(10,350)</b>                    |  |
| <b>TOTAL UNEARMARKED RESERVES (General Fund Balance)</b>              |             | <b>(1,898)</b>                   |                                    | <b>(27)</b>                   | <b>(1,925)</b>                     | Projected underspend of £27,000 for 2019/20  |
| <b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>    |             | <b>(14,697)</b>                  | <b>(1,680)</b>                     | <b>4,102</b>                  | <b>(12,275)</b>                    |  |

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Summary of Savings and Additional Income from the 2019/20 Budget Setting Process

APPENDIX B

The table below summarises the savings and additional income that were included in the 2019-20 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

|    | Savings and Additional Income for the 2019-20 Budget                | Income/Savings Target for 2019/20 (£) | Latest Projection for 2019/20 (£) | Narrative   |
|----|---|---------------------------------------|-----------------------------------|---|
| 1  | Income from fees and charges  |                                       |                                   |   |
|    | Boat storage charges  | 3,000                                 | 3,000                             | On target to achieve this income.   |
|    | Planning fees   | 9,000                                 | 9,000                             | On target to achieve this income.   |
| 2  | Savings from the reprocurement of contracts (e.g. Leisure)          | 22,000                                | 22,000                            | On target to achieve this saving.   |
| 3  | Reprocurement of Waste Collection, Recycling and Cleansing Contract | 658,351                               | 658,351                           | On target to achieve this saving. Note - The employer's pension costs of £290,000, the depot annualised costs of £22,200 and the increase to the Vehicle Earmarked Reserve of £60,000 are deducted from this figure to show the total net annual saving (£286,151) as per the report to Council on 6th December 2018. |
| 4  | Planning fee income   | 40,000                                | 140,000                           | It is currently projected that planning fee income will exceed the budget by around £100k in 2019/20.   |
| 5  | Dartmouth Lower Ferry   | 25,000                                | 25,000                            | Following a review of terms of conditions of staff following an external business review in 2015, the savings are expected to be achieved in 2019/20.   |
| 6  | Public Conveniences   | 118,275                               | 118,275                           | Please refer to the separate public conveniences update report on the Executive agenda for 19.12.2019   |
| 7  | Communities Together Fund   | 7,000                                 | 7,000                             |   |
| 8  | Partnership Funding Reduction                                       | 22,300                                | 22,300                            | On target to achieve this saving.   |
| 9  | Website & E-Bulletin Advertising                                    | 3,500                                 | 1,800                             | Likely to achieve around £1,800, roughly half the budgeted amount.  |
| 10 | Corporate Consultancy Income  | 20,000                                | 20,000                            | The Council is currently processing Disabled Facilities Grants on behalf of Torridge DC which will contribute to this income target in 2019/20.   |
| 11 | Energy Certification for Eco Schemes                                | 10,000                                | 10,000                            | On target to achieve this income.   |
| 12 | Food and Health & Safety Advice                                     | 3,000                                 | 3,000                             |   |
| 13 | Investment income from increase in investment with CCLA             | 60,000                                | 110,000                           | It is currently projected that investment income will exceed the budget by around £50k in 2019/20.  |
| 14 | Senior Leadership Team - Interim Arrangement                        | 34,000                                | 34,000                            | On target to achieve this saving.   |
| 15 | ICT Contracts   | 10,300                                | 10,300                            |   |
| 16 | Follaton House Cleaning Contract Review                             | 5,000                                 | 5,000                             |   |
| 17 | Vehicle Trackers  | 2,900                                 | 2,900                             |   |
| 18 | Planning Applications digital downloading                           | 3,500                                 | 3,500                             |   |
| 19 | Council Tax E-Billing   | 2,100                                 | 2,100                             |   |
| 20 | Council Tax Reduction Scheme, grant reduction to Towns and Parishes | 8,000                                 | 8,000                             | All Town and Parish Councils were notified of their 2019/20 grant levels as part of their 2019/20 precept setting process.  |
|    | <b>TOTAL</b>  | <b>£1,067,226</b>                     | <b>£1,215,526</b>                 |   |

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## **NOT FOR PUBLICATION**

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

Report to: **Executive**

Date: **6 February 2020**

Title: **Capital Programme Monitoring –  
Cllr Bastone**

Portfolio Area: **Support Services**

Wards Affected: **ALL**

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

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

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### **Recommendations:**

1. That the Executive notes the content of the Monitoring Report.
2. That the Executive recommends to Council that £88,000 of revenue income, predominantly in respect of a restrictive covenant, is approved to be allocated to the Capital Programme Reserve as set out in Appendix B to this report.
3. That the Executive recommends to Council to increase the budget for Whitestrand, Salcombe as set out in exempt Appendix B to this report.

## **1. Executive summary**

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

1.2 The monitoring of the capital programme at month 9 (end of December 19) has not highlighted any significant areas of overspend to report to Members. All of the capital projects are within the existing capital budgets approved by Members (Appendix A).

1.3 The remaining balance of the capital programme contingency budget is £73,399.

## **2. Background**

2.1 The capital programme for 2019/20 was approved by Council on 21 February 2019 (54/18 and E.72/18 refer). This report provides an update on the Capital Programme and also on those schemes that remain outstanding from previous programmes.

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

## **3. Outcomes/outputs**

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

### **Capital Programme 2018/2019 and prior years**

#### **3.2 Langage Business Park**

As part of the s106 agreement for the Langage Energy Park, the energy park operator, along with the owner of the land surrounding the park, jointly agreed a payment of £1,200,000 to SHDC towards the provision of 30,000ft<sup>2</sup> of industrial-use starter units. The Council is in receipt of this sum and is continuing discussion with the land owner (LEPL) to agree the timing, form and location of these starter units. The s106 also provides for LEPL to procure land and lease this to the Council on a peppercorn rent for the starter unit development, either on land surrounding the Energy Park or elsewhere within the

South Hams. The s106 agreement was prepared a number of years ago and many of the linked planning conditions are now being reviewed as the developer believes these should be discharged.

At the meeting of the Council on 28<sup>th</sup> November, 2019 Members approved the use of up to £200,000 to fund (from the Business Rate Retention reserve) the cost of extending the lease of the starter units from 21 years to 125 years (minutes C45/19 and E.54/19 refer).

### 3.3 Affordable Housing Update

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

#### Affordable Housing Proposals 2013/14

| <b>Scheme</b>                 | <b>Budget</b> | <b>Narrative</b>  |
|-------------------------------|---------------|---|
| Community Led Housing         | £100,000      | There is a balance of £50,000 remaining. An application has been received from Stoke Gabriel CLT for £25,000 which is currently being assessed. |
| Rural Affordable Housing      | £400,000      | There is a remaining balance of £78,654.  |
| Existing Stock/Sustainability | £100,000      | Available to reduce empty homes and make best use of the existing housing stock. £5,000 has been spent to date.                                 |

#### Affordable Housing Proposals 2014/15 – 2017/18

|  | <b>Narrative</b>   | <b>Budget for Scheme</b> |
|--|--|--------------------------|
| <b>BUDGET</b><br>(4 years at £230,000 per annum)   | An annual budget of £230,000 per annum was being made in the Capital Programme for Affordable Housing. This annual budget has now ceased due to the current uncommitted balance. | <b>£920,000</b>          |
| Expenditure against the Affordable Housing Budget: |  |                          |
| 6 Affordable Homes, Kingsbridge                    | This contribution has been made to Kingsbridge Feoffees to help with construction  | £150,000                 |

|                                      |  |                 |
|--------------------------------------|--|-----------------|
|                                      | costs of these affordable homes.                 |                 |
| Harberton Community Led Trust        | The contribution has now been made to the Trust. | £104,500        |
| <b>Remaining Uncommitted Balance</b> |  | <b>£665,500</b> |

There is currently an uncommitted balance on the Affordable Housing Budget. The developing Housing Strategy will identify the best approach to utilise this funding.

There are a number of potential schemes that the Council is seeking to bring forward in the future. Where these are new initiatives, the Affordable Housing Team will be able to present these to the relevant Committees for approval. However, the schemes that could be implemented in a short timescale, subject to funding are:

**Rural Housing Schemes:** The Council can continue to provide small top up funding to our Registered Provider partners to increase the supply of affordable housing within the District. There are also likely to be other projects in the early planning process that may need to also utilise this finance. The Council is starting to build its own community housing schemes and confidence for housing providers is starting to improve with the adoption of the Joint Local Plan and 'Made' neighbourhood plans which may require top up funding for projects to progress.

**Downsizing Initiative:** This initiative has been approved by Members and allows the Council to make payments to tenants in our current housing stock, to downsize to a smaller property. This then enables the larger property that they were moving from to be let to someone in housing need, thus reducing the Council's housing register. This scheme will be promoted again with the help of our Registered Provider partners to ensure that their tenants are aware of this. There have been a number of areas discussed which could be targeted and discussions have taken place with our main stock holder LiveWest about how we can raise awareness of this scheme in line with some of their other projects.

The schemes below are new initiatives that could also utilise some of the uncommitted balance, subject to Member approval.

Do It Yourself Shared Ownership (DIYSO): This new initiative would require Member approval with regard to the scheme itself and the funding allocated and in turn the households the Council could help. This would need to be run as a pilot scheme in the first instance and officers would need to ensure that the risks to the Council could be overcome. The basic idea of the scheme will be based on the original DIYSO which the Government introduced in the 1990's. This scheme allowed people to purchase a property from the open market with a grant from the government of 25%, no rent is payable on the 25%, just the mortgage that the owner has for their 75% stake. When the property is sold the owner would market the property at the full valuation and the owner would be responsible for the up or down turn in the 75% that they owned and the Government would have the same return on the 25%. A section 106 would not be relevant but the details of the equity will be registered to ensure the Council recoups the 25% stake.

Regeneration/Best use of stock – The Council will continue to work with our partners to improve the stock that currently exists in the South Hams. There are instances where the Council may be seeking to achieve an outcome which may be over and above what is required. Ultimately this could cost over and above what a Housing Association needs to achieve in terms of making the property suitable for occupation. Very early discussions are taking place regarding this.

### 3.4 Leisure Investment

The leisure contract with Fusion Lifestyle commenced on 1<sup>st</sup> December 2016. Works have now been completed on centres at Dartmouth, Kingsbridge and Totnes, with retention payments due in 2019/20.

Ivybridge – there has been a small delay on completing the floor tiles. The new swimming pool is complete and full of water. Staff training is taking place and the opening of the pool will be confirmed very shortly. New Centre memberships are now available.

Payments are made to Fusion monthly in respect of each leisure centre in accordance with the capital drawdown schedule which forms part of the contract.

The drawdown schedule reflects the current payment profile and timing of works. See table below:

Capital budget approved for Leisure Investment

| 2016/17  | 2017/18  | 2018/19    | 2019/20  | <b>Total</b>      |
|----------|----------|------------|----------|-------------------|
| £242,896 | £480,142 | £5,443,503 | £170,459 | <b>£6,337,000</b> |

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

### 3.5 Market Square, Totnes

SHDC have been working with Totnes Town Council to identify the priority elements, specifications and programming. In order to control quality and minimise disruption there is a need to delay the procurement programme by 12 months.

### 3.6 Cemetery Expansion, Ivybridge

A budget of £30,000 was approved for this project as part of the 2018/19 capital budget. A contribution of £35,000 is included within a s106 agreement related to a housing development in Ivybridge to put towards the cemetery expansion project and match fund our £30,000. It is unlikely that the trigger for payment of the s106 will come forward before 2020/21.

### 3.7 Pay on Entry (Public Conveniences)

Pay on Entry equipment has been installed in public conveniences in Hope Cove, Ivybridge, Kingsbridge – Fore Street and Quay and Dittisham.

There has been no installation of pay on entry equipment in Totnes and Salcombe. An agreement has been reached with Totnes Town Council and the Salcombe Partnership to pay the lost pay-on-entry income to the District Council.

An amount of £66,913 has been spent against a budget of £130,000.

## **Capital Programme 2019/20**

### 3.8 Play Parks (owned by SHDC) – replacement of play equipment

New/enhanced attractive, imaginative and low maintenance play areas have now been completed at seven play areas across the South Hams owned by SHDC:

- Woodburn Close, Ivybridge
- Lower Brook Park, Ivybridge
- Barn Close, Ivybridge
- Weatherdon Drive, Ivybridge
- Duncombe Park, Kingsbridge
- Montagu Road, Kingsbridge
- Cann Wood View, Woolwell

Works to Courtenay Park, Salcombe (for which a contract has been awarded) are to be undertaken in early 2020.

This marked the first phase of an improvement scheme of SHDC owned play areas agreed by the SHDC Public Spaces Working Group. Further consultations will be undertaken with communities in early 2020 for the next phase of improvements.

2019/20 is year 2 of a three year programme as shown below:

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

| 2017/18  | 2018/19 | 2019/20  | 2020/21  | <b>Total</b>    |
|----------|---------|----------|----------|-----------------|
| £190,000 | Nil     | £190,000 | £140,000 | <b>£520,000</b> |

Expenditure to date is £141,452 with further commitments of £238,548 against the play parks capital budget.

### 3.9 Coastal Assets

#### Approved budget and capital expenditure for Coastal Assets

|                                      | 15/16<br>£000's | 16/17<br>£000's | 17/18<br>£000's | 18/19<br>£000's | 19/20<br>£000's | Total<br>£000's |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Budget                               | 300             | 300             | 300             | 300             | 300             | 1,500           |
| Expenditure<br>(financed<br>by SHDC) | 64              | 161             | 80              | 507             | 225             | 1,037           |
| Balance<br>remaining<br>in 2019/20   |                 |                 |                 |                 |                 | 463             |

2019/20 is the final year of a 5 year programme of planned Coastal Assets repairs.

A re-survey of all coastal assets is currently underway with delivery due by the end of the financial year. This will then allow a further five year maintenance plan to be developed and a further budget provision will be considered in the 2020/21 Capital Budget report also on this Executive agenda.

### 3.10 Vehicle Fleet Replacement

As per the final accounts for 2018/19 the balance brought forward on the Vehicle and Plant Renewals Reserve is £1,263,918. The contribution into the Reserve in 2019/20 is £550,000 giving a total budget of £1,813,918.

Expenditure to date is £613,502 however other vehicles have been procured and ordered in line with the contractor's bid submission, to deliver the Devon Aligned Service from September 2020, as there is a significant lead time on vehicle purchases.

A climate change action plan was presented to Members at the Council meeting on 19<sup>th</sup> December, 2019. With regards to future fleet provision further reports will be presented to Members containing a business case.

### 3.11 New Employment Units, Ermington

These units are now complete and in the process of being let.

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

Road surfacing and refurbishment of the existing units have been completed in parallel with the construction of the four new units.

The redesign of the Mill building is being considered and a feasibility report produced by an external consultant. This report needs to be reviewed and a business case brought to Council should any options be deemed worth pursuing.

### 3.13 Car Parks – Resurfacing

Officers have identified a number of car parks across the District which are in need of resurfacing.

### 3.14 Investing in Kingsbridge

The Executive was presented with a report in July 2019 that sought approval of the revised business case for the Kingsbridge Hotel development project, previously approved by the Executive in December 2018 (Minute ref:E.62/18).

It was then:

**RESOLVED** that:

1. The revised business case for the project, as set out in the presented report and Exempt Appendix A, be approved; and
2. Officers undertake a public consultation outside the planning process, the format of which should be discussed with Kingsbridge Town Council and local Ward Members.

The Consultation document has been worked up with input from all key stakeholders including the Town Council and local Members.

It is proposed to review the project with the final business case and the results of the consultation before Members make a final decision on the scheme.

A public consultation went live in January 2020 which can be accessed below:

[www.southhams.gov.uk/ropewalk](http://www.southhams.gov.uk/ropewalk)

### 3.15 Dartmouth Health and Wellbeing Hub Development

At the Executive in July 2019, Members were presented with a report that asked for consideration of the relative merits and approval of a proposal to deliver a key health facility at Dartmouth in line with the Council's Health and Wellbeing theme.

It was then:

**RESOLVED** that:

1. The project to deliver a Health and Wellbeing HUB in Dartmouth and associated business case in exempt Appendix A be approved;
2. The borrowing identified in the business case under the delegation provided by the Commercial Investment Strategy be approved;
3. Authority be delegated to the Head of Assets Practice to enter into leases (and associated legal agreements) associated with the project with a term longer than the delegated limit of 15 years; and
4. The minimal impact that the proposals may have on total parking capacity in Dartmouth be recognised and officers instructed to bring forward proposals for consideration by local members to mitigate that loss.

Currently the Architect is working up the outline scheme during the pre-application process. There is also a requirement for surveys to be undertaken such as trees, ecology etc. A Collaboration agreement with NHS Trust is being finalised and other legal work is also ongoing.

To ensure all the legal processes are complete it is envisaged that the planning application will be submitted early this year.

The Trust carried out a public event in Dartmouth in December with revised plans for the scheme.

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

The budget for 2019/20 is £1.9m including budgets carried forward from 18/19 programme.

Expenditure to the end of December was £989,145 with a further £203,768 committed. There are Statements of Need being progressed which total another £299,650.

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

The Council has a healthy budget as a result of good performance and astute negotiations. With a wider Private Sector Renewal (PSR) Policy which has been recently approved, the Council is able to spend the Better Care Fund on other areas such as home assistance and Energy Company Obligation top-ups. Some of these areas take a while to publicise and be put into action but progress is being made.

The Council is also looking at how the funding could be used to support wider fuel poverty interventions that would also have a positive impact on climate change by supporting lower income households to access Air Source Heat Pumps, Photovoltaic cells etc. in the future.

The new Homes Strategy will focus on some of these interventions on existing housing.

### 3.17 Community Housing Schemes

The Community Housing Strategy was put in place to support the development of homes accessible to those with local connections for whom the cost of market housing (to purchase and rent) is beyond their reach.

A budget of £8.5m was approved at Council on 21<sup>st</sup> March 2019 (minutes E.83/18 and C74/18 refer). The budget is to build out four community housing schemes delivering 55 residential units as set out in the report.

A monthly update is issued by the Community Housing Officer and published in the Members' Bulletin.

### 3.18 Ivybridge Regeneration

At the Executive in July 2019 (Minute ref. E.14/19) Members were presented with a report that presented further information, a business case and justification regarding the regeneration project in Ivybridge, following approval of the principle by the Executive in March 2019 (Minute ref: E.82/18).

It was then:

**RESOLVED** that:

1. The revised business case contained within Exempt Appendix A be approved;
2. Officers be instructed to seek to finalise the land assembly and stakeholder engagement;

3. A maximum spend of £50,000 be approved; and
4. A further report be presented to the Executive upon the conclusion of part 2 of the recommendation.

A public consultation went live in January 2020 which can be accessed below:

[www.southhams.gov.uk/ivybridge](http://www.southhams.gov.uk/ivybridge)

### 3.19 S106 Deposits

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

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

In 2015 a case against Oxford County Council held that a monitoring fee was an administrative function of the Council and could not be sought by the County Council. The Court accepted that there may be occasions where monitoring fees could be sought, for example, on large scale developments where obligations are phased. The Government is currently consulting on the Community Infrastructure Regulations reforming Developer Contributions. This includes an intention to clarify that local planning authorities can seek a sum as part of a section 106 planning obligation for monitoring planning obligations.

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

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

## **5. Proposed Way Forward**

This is considered on a project by project basis.

## 6. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance   |                           | <p>Statutory powers are provided by the S1 Localism Act 2011 general power of competence. The capital programme is implemented in line with the Council's legal requirements, which are examined on a project-by-project basis. To date there are no undue legal concerns.</p> <p>Since there is commercially sensitive information in Appendix A &amp; B, regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> |
| Financial Implications to include reference to Value for Money |                           | <p>The monitoring of the capital programme at month 9 (end of December 19) has not highlighted any significant areas of overspend to report to Members. The majority of capital projects are within the existing capital budgets approved by Members.</p> <p>The remaining balance of the capital programme contingency budget is £73,399.</p> <p>The regular monitoring of the Capital Programme ensures the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>   |

|   |  |  |
|---|--|--|
| Risk  |  | <p>There is a risk that the Capital Programme does not meet the Council's corporate priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal. This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p> |
| Supporting Corporate Strategy                 |  | The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.  |
| Climate Change - Carbon / Biodiversity Impact |  | <p>A climate change action plan was presented to Members at the Council meeting on 19<sup>th</sup> December, 2019.</p> <p>With regards to future fleet provision further reports will be presented to Members containing a business case.</p>  |
| Comprehensive Impact Assessment Implications  |  |  |
| Equality and Diversity                        |  | This matter is assessed as part of each specific project.  |
| Safeguarding                                  |  | This matter is assessed as part of each specific project.  |

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

### **Supporting Information**

#### **Appendices:**

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

EXEMPT - Appendix B – Details of capital projects that are commercially sensitive

Appendix C - Summary of S106 Deposits

#### **Background Papers:**

Capital programme for 2019/20 - Council 21 February 2019

Capital programme for 2019/20 – Executive 7 February 2018

(54/18 and E72/18 refer)

| <b>Process checklist</b>                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed                    | <b>Yes</b>       |
| SLT Rep briefed                             | <b>Yes</b>       |
| Relevant Heads of Practice sign off (draft) | <b>Yes</b>       |
| Data protection issues considered           | <b>Yes</b>       |
| Accessibility checked                       | <b>Yes</b>       |

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| SECTION 106 DEPOSITS as at 31.12.19                           |   |                          |                   |  |  |                                      |
|---|---|--------------------------|-------------------|--|--|--------------------------------------|
| BALANCE SHEET CLASSIFICATION: LONG TERM LIABILITIES - REVENUE |   |                          |                   |  |  |                                      |
| Classif. Code   | SITE  | Date Received            | Current Stage     | Restriction/Committed End Date   | Conditions   | TOTAL S106 DEPOSITS as at 31.12.19 £ |
| <b>REVENUE</b>  |   |                          |                   |  |  |                                      |
| <b>Langage Energy Centre (9/49/1020/98/1)</b>                 |   |                          |                   |  |  |                                      |
| 1007  | - Landscape Fund (PG01)   |                          |                   | 25 years, interest (rate not specified)  | Reduce the landscape and visual impact of power station  | (52,458.77)                          |
| 1008  | - Local Liaison Group (PG02)                                    |                          |                   | 25 years, interest (rate not specified)  | Funding of local activities in the electoral wards of the Council immediately surrounding the Phase 1A and the wards of SHDC and/or PCC  | (6,349.23)                           |
| 1009  | - Public Art (PG03)   |                          |                   | 25 years, interest (rate not specified)  | Public art in or in the vicinity of the Phase 1A Land  | (113,814.03)                         |
| 1010  | - Migrant Workers (PG04)  |                          |                   | No restriction/committed end date  | Provide information and advice relating to migrant workers employed in relation to the development   | (1,520.16)                           |
| 1012  | - Ecology Park (PG06)   |                          |                   | 25 years, interest (rate not specified)  | Laying out and planting of the Ecology Park  | (34,144.21)                          |
| 1013  | - Ecology Park Mtc (PG07)                                       |                          |                   | 25 years, interest (rate not specified)  | Maintenance of the Ecology Park  | (34,144.21)                          |
| 2020  | - Construction of Starter Units (PG08)                          |                          |                   |  | Construction of the Starter Units and procure a site for the Starter Units on either the Energy Park or land within South Hams District  | (1,195,047.08)                       |
| 2021  | - Bus interchange - Deep Lane junction (PG09)                   |                          |                   | 25 years, interest (rate not specified)  | Cost of establishing a bus interchange facility in the vicinity of the Ridgeway/Deep Lane junction   | (28,453.19)                          |
| 2022  | - Enhanced bus services (PG10)                                  |                          |                   | 25 years, interest (rate not specified)  | Securing and supporting enhanced bus services to the Phase 1A Land and the Energy Park   | (227,628.54)                         |
| 2118  | Langage Consultants Fees (MP)                                   |                          |                   |  | Master plan  | (29,957.01)                          |
| 2255  | Land at Blackawton (New Parks Farm), Blackawton (06/2313/09/F)  | 05/09/11                 | PIF               | 25 years, no interest  | Required as a result of the development - spent on Open Space Sport Recreation contribution within or directly relating to the parish of Blackawton or on such other Blackawton Community project as the Council shall see fit | (2,596.00)                           |
| 2384  | Land West of Ermington (21/1425/12/F)                           | 12/02/2013<br>27/10/2017 | Under Development | 5 years, interest at NatWest base rate   | £38900 - OSSR , 48k employment land and £5k retaining wall. £35K restrictive covenant .  | (126,900.00)                         |
| 2411  | Maypool House Youth Hostel (30/2787/10/F) - Dwelling One        | 20/03/12                 | PIF               | No restriction/committed end date  | Affordable Housing contribution (£10,000.00) and Open Space (£4,868.75)  | (32,415.54)                          |
| 2806  | Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two        | 10/02/16                 | PIF               | No restriction/committed end date  | Affordable Housing contribution  | (36,047.38)                          |
| 2806  | Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two        | 10/02/16                 | PIF               | No restriction/committed end date  | OSSR   | (5,386.40)                           |
| 2428  | Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)   | 02/05/13                 | PIF               | No restriction/committed end date  | Affordable Housing contribution  | (97,700.91)                          |
| 2428  | Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)   | 02/05/13                 | PIF               | No restriction/committed end date  | Open Space Sport and Recreation contribution towards open public space   | (12,075.39)                          |
| 2429  | Milizac Close (Underhay) Yealmpton (62/2948/11/O)               | 13/05/13                 | PIF               | 5 years, interest at BoE base rate +4%   | Sport and Recreation contribution towards improved facilities for formal sport and recreation relating to the development  | (2,464.48)                           |
| 2429  | Milizac Close (Underhay) Yealmpton (62/2948/11/O)               | 13/05/13                 | PIF               | 5 years, interest at BoE base rate +4%   | SAC Contribution   | (1,732.32)                           |
| 2430  | Loughrigg Coronation Rd,Salcombe (41/0652/11/F)                 | 20/08/13                 | PIF               | 10 years, interest rate not specified  | Affordable Housing contribution  | (7,713.56)                           |
| 2430  | Loughrigg Coronation Rd,Salcombe (41/0652/11/F)                 | 20/08/13                 | PIF               | 10 years, interest rate not specified  | Open Space Sport and Recreation contribution   | (11,389.85)                          |
| 2432  | Land Ven Farm Brixton (07/2022/12/F)                            | 13/05/14                 | PIF               | No restriction/committed end date  | Sport & Recreation/Employment  | (39,180.67)                          |
| 2432  | Land Ven Farm Brixton (07/2022/12/F)                            | 13/05/14                 | PIF               | No restriction/committed end date  | Conservation of Tamar Estuaries Complex SPA  | (967.30)                             |
| 2652  | Land Ven Farm Brixton (07/2022/12/F)                            | 12/05/16                 | PIF               | Capital spend, no interest specified   | Open Space Sport and Recreation contribution - Open Space land commuted Sum  | (8,466.00)                           |
| 2691  | Warland Garage (56/2793/11/F & 56/1520/12/F)                    | 04/08/14                 | PIF               | 25 years, no interest specified  | Affordable Housing contribution  | (664.01)                             |
| 2698  | Boat House, Dartmouth Quay, Southtown, Dartmouth (15/2046/13/F) | 17/08/14                 | PIF               | 5 years, no interest specified   | Tree planting and management in Dartmouth  | (1,581.79)                           |
| 2705  | Trennels, Herbert Road, Salcombe (41/0929/13/F)                 | 21/10/14                 | Under Development | 25 years, no interest specified  | Open Space Sport Recreation contribution (£13,650)   | (4,367.50)                           |
| 2705  | Trennels, Herbert Road, Salcombe (41/0929/13/F)                 | 21/10/14                 | Under Development | 25 years, no interest specified  | Affordable Housing contribution (£93,001)  | (88,780.95)                          |
| 2714  | Windward, Stoke Fleming (51/1437/14/F)                          | 30/03/15                 | PIF               | No restriction/committed end date  | Open Space Sport Recreation contribution   | (20,301.35)                          |
| 2715  | Harvey's Field (32/0844/12/F)                                   | 04/03/15                 | PIF               | 10 years, payable at 87.5% to owner and 12.5% payee of contribution, interest at 1% below Barclays base rate | Employment (Rural Growth Network) administered by LEP  | (57,959.27)                          |
| 2715  | Harvey's Field (32/0844/12/F)                                   | 04/03/15                 | PIF               | 10 years, payable at 87.5% to owner and 12.5% payee of contribution, interest at 1% below Barclays base rate | Sports facilities contribution towards the provision of sports facilities required as a result of the development.   | (472.47)                             |
| 2716  | Bonfire Hill, Salcombe (41/1915/13/F)                           | 04/03/15                 | Under Development | 5 years, interest at 1% below Barclays base rate   | Ecology contribution, Open Space and Play contribution, Sports Provision contribution, Open Space and Play maintenance contribution  | (245,715.43)                         |
| 2717  | Old Grist Mill 53/1706/07/F                                     | 12/01/15                 | PIF               | No restriction/committed end date  | Open Space Sport Recreation contribution   | (35,089.08)                          |
| 2718  | Sawmills Field, Dartington 14/1744/13/F                         | 11/12/14                 | PIF               | 7 years, interest at 1% below Barclays base rate or 0% (whichever is higher)                                 | Open Space and Play  | (19,553.69)                          |
| 2718  | Sawmills Field, Dartington 14/1744/13/F                         | 11/12/14                 | PIF               | 7 years, interest at 1% below Barclays base rate or 0% (whichever is higher)                                 | Sports   | (78,825.26)                          |
| 2749  | Alston Gate, Malborough 33_46/1890/11/F                         | 29/03/15                 | Pre Commencement  | 5 years, interest at 1% above Lloyds base rate   | Public Open Space contribution   | (30,000.00)                          |
| 2789  | Marridge Farm, Ugborough (57/0633/07/F)                         | 25/09/15                 | PIF               | No restriction/committed end date  | Open Space Sport Recreation contribution   | (13,650.00)                          |
| 2802  | Riverside, Totnes (03_56/0447/12/O)                             | 07/12/15                 | PIF               | No restriction/committed end date  | Open Space Sport Recreation contribution   | (100,673.60)                         |
| 2802  | Riverside, Totnes (03_56/0447/12/O)                             | 07/12/15                 | PIF               | No restriction/committed end date  | Affordable Housing contribution, Open Space Sport Recreation contribution  | (27,384.45)                          |
| 2808  | Leyford Close, Wembury (58/0176/13/O)                           | 09/02/16                 | PIF               | 5 years, interest at NatWest base rate   | Sports and Recreation contribution and Tamar Estuaries SAC   | (1,215.98)                           |
| 2819  | Churchstow (11/0046/14/F)                                       | 29/04/16                 | PIF               | No restriction/committed end date  | Affordable Housing contribution - deposit deed   | (19,689.00)                          |
| 2820  | Follaton Oak, Totnes (56/2346/10/O)                             | 15/04/16                 | PIF               | 7 years, interest at 1% below Barclays base rate   | Open Space, Sport and Recreation contribution (£60k)   | (13,172.10)                          |
| 2835  | Gara Rock Hotel, East Portlemouth (20/2104/13/F)                | 17/05/16                 | PIF               | No restriction/committed end date  | Affordable Housing contribution  | (311,691.70)                         |
| 2835  | Gara Rock Hotel, East Portlemouth (20/2104/13/F)                | 17/05/16                 | PIF               | No restriction/committed end date  | Open Space Sport Recreation contribution   | (10,970.71)                          |
| 2838  | Treetops, St Dunstons Road, Salcombe (41/3063/13/F)             | 30/06/16                 | PIF               | 5 years, interest at Lloyds base rate  | Affordable Housing   | (13,665.79)                          |
| 2838  | Treetops, St Dunstons Road, Salcombe (41/3063/13/F)             | 30/06/16                 | PIF               | 5 years, interest at Lloyds base rate  | Open Space Sport Recreation contribution   | (7,358.50)                           |

|      |  |                       |                   |   |  |                       |
|------|--|-----------------------|-------------------|---|--|-----------------------|
| 2850 | Sorley Tunnel (11/2425/07/F)                               | 28/07/16              | PIF               | No restriction/committed end date                 | Open Space Sport Recreation contribution   | (12,195.27)           |
| 2860 | Plot 2 Godwell Lane, Ivybridge (27/1758/11/F)              | 07/10/16              | Under Development | No restriction/committed end date                 | Open Space Sport Recreation contribution (OSSR £195 to spend and Affordable housing £1335)                               | (1,530.00)            |
| 2861 | Barn Conversions at Butlas Farm (07/1601/08/F)             | 08/11/16              | PIF               | No restriction/committed end date                 | Open space, sport and recreation contribution within or directly related to the parish of Brixton                        | (16,254.51)           |
| 2862 | Lutton Farm Barns, Ivybridge (12/0953/07/F)                | 08/11/16              | PIF               | No restriction/committed end date                 | Public Open Space contribution   | (8,965.15)            |
| 2863 | Land at SX 8638 5117, Ivatt Road, Dartmouth (15/0587/13/F) | 08/11/16              | PIF               | No restriction/committed end date                 | Open Space, Recreation and/or sports facilities within Dartmouth   | (16,995.10)           |
| 2866 | Tumbly Hill, Kingsbridge (28/1571/06/F)                    | 08/11/16              | Pre Commencement  | 10 years, no interest specified                   | Public Open Space contribution towards the provision of public open space required as a result of the Development        | (3,162.33)            |
| 2868 | Venn Barn, Venn Lane, Stoke Fleming (51/1771/07/F)         | 08/11/16              | PIF               | 25 years, no interest specified                   | Open Space, Sport and Recreation within, or directly related to, the Parish of Dartmouth                                 | (3,534.25)            |
| 2869 | Waddeton Barton Farm (52/1249/10/F)                        |                       | PIF               | Not specified                                     | Open space, sport and recreation on sports and recreation facilities within the District - £6337.50                      | (6,020.64)            |
| 2869 | Waddeton Barton Farm (52/1249/10/F)                        |                       | PIF               | Not specified                                     | AH contribution of £52313.00   | (49,697.35)           |
| 2894 | Land at Ashburton Road (Meadowside), Totnes (14_56/2246/1) | 27/03/17              | Under Development | 5 years, interest at NatWest base rate            | Sports Pitch contribution in the vicinity of the development   | (11,430.86)           |
| 2944 | Land at Moorview, Maridon (34/2184/13/O)                   |                       | PIF               | 10 years, interest at 1% below Barclays base rate | Off-Site Play Area contribution and/or Sport and Recreation contribution   | (170,174.48)          |
| 2945 | Knighton Road, Wembury (58/1352/12/F)                      |                       | Under Development | 5 years, interest at NatWest base rate            | Marine Contribution towards the maintenance of Plymouth Sounds SAC   | (1,158.00)            |
| 2945 | Knighton Road, Wembury (58/1352/12/F)                      |                       | Under Development | 5 years, interest at NatWest base rate            | Footpath Contribution  | (109,600.00)          |
| 2946 | Higher Hatch Farm, Kingsbridge (32/0215/11/F)              |                       | PIF               | 25 years, no interest specified                   | Open Space, Sport and Recreation contribution  | (5,700.00)            |
| 2972 | Home Field, West Alvington (59/2482/14/F)                  | 05/09/17              | Under Development | No restriction/committed end date                 | Play Contribution  | (26,678.00)           |
| 2972 | Home Field, West Alvington (59/2482/14/F)                  | 05/09/17              | Under Development | No restriction/committed end date                 | Sport and Recreation contribution  | (43,527.17)           |
| 2973 | Land off Palm Cross Green, Modbury (35/0059/15/F)          | 23/08/17              | Under Development | No restriction/committed end date                 | Open Space, Sport and Recreation contribution  | (201,530.55)          |
| 2974 | Holywell Stores, Bigbury (05/2557/13/F)                    | 11/06/18              | Under Development | 25 years, no interest specified                   | Affordable Housing contribution  | (65,193.00)           |
| 2974 | Holywell Stores, Bigbury (05/2557/13/F)                    | 11/06/18              | Under Development | 25 years, no interest specified                   | Open Space, Sports and Recreation Contribution   | (9,155.33)            |
| 2993 | Land at Fairfield, South Brent (0354/14)                   | 10/08/17              | PIF               | No restriction/committed end date                 | Off-site Public open Space Contribution  | (0.50)                |
| 2994 | Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)       | 19/07/2017 & 21/09/18 | Under Development | No restriction/committed end date                 | Air Quality + Tamar SAC  | (13,642.87)           |
| 2994 | Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)       | 19/07/17              | Under Development | No restriction/committed end date                 | Filham Park Contribution   | (497,552.45)          |
| 2994 | Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)       | 21/09/18              | Under Development | No restriction/committed end date                 | Off-site Employment land   | (487,349.65)          |
| 3000 | Land at Woodland Road, Ivybridge (27/1859/15/F)            | 31/10/17              | Under Development | 10 Years no interest specified                    | Tamar SAC Contribution   | (2,459.73)            |
| 3000 | Land at Woodland Road, Ivybridge (27/1859/15/F)            | 31/10/17 & 04/12/18   | Under Development | 10 Years no interest specified                    | 1st Instalment OSSR & 2nd Invoiced   | (154,947.89)          |
| 3000 | Land at Woodland Road, Ivybridge (27/1859/15/F)            | 04/12/18              | Under Development | 10 Years no interest specified                    | 1st & 2nd Instalment Open Space and Play   | (84,126.45)           |
| 3001 | Land adjacent to Elwell House, Totnes (56/1214/14/F)       | 12/04/18              | PIF               | 25 years, no interest specified                   | OSSR - £1596 to spend  | (1,669.99)            |
| 3001 | Land adjacent to Elwell House, Totnes (56/1214/14/F)       | 12/04/18              | PIF               | 25 years, no interest specified                   | Affordable Housing contribution £11704 to spend  | (626.01)              |
| 3028 | Stowford Mill, Harford Road, Ivybridge (27/1336/15/F)      | 04/05/18              | Under Development | No restriction/committed end date                 | Ivybridge Mill Group Archives Contributions  | (10,000.00)           |
| 3081 | Webbers Yard Dartington (14/1745/13/O)                     | 02/05/2018 & 19/09/18 | Under Development | No restriction/committed end date                 | 1st & 2nd instalment of Sports Provisions  | (57,101.74)           |
| 3081 | Webbers Yard Dartington (14/1745/13/O)                     | 02/05/2018 & 19/09/18 | Under Development | No restriction/committed end date                 | 1st & 2nd instalment of Open Space and Play Contribution   | (28,078.15)           |
| 3082 | Venn Farm, Brixton (07/1196/15/F)                          | 08/05/18              | Under Development | 10 years  | Brixton Play Provision Contribution  | (46,450.90)           |
| 3082 | Venn Farm, Brixton (07/1196/15/F)                          | 08/05/18              | Under Development | 10 years  | Sports and Recreations Contribution  | (19,363.02)           |
| 3082 | Venn Farm, Brixton (07/1196/15/F)                          | 08/05/18              | Under Development | 10 years  | Open Space Contribution  | (13,182.59)           |
| 3082 | Venn Farm, Brixton (07/1196/15/F)                          | 08/05/18              | Under Development | 10 years  | Tamar SAC  | (662.73)              |
| 3094 | Land Noss Marina Kingswear (2266/17/FUL)                   | 12/06/18              | Under Development | 5 years   | New Interpretation panel Contribution  | (564.17)              |
| 3101 | Land at Pendarves Loddiswell (S106 -32/1722/15/F)          | 31/07/18              | PIF               | 10 Years  | Affordable Housing Contributions   | (13,016.73)           |
| 3116 | Gara Rock Hotel (3586/16/FUL)                              | 07/11/18 & 22/02/19   | Under Development | No restriction/committed end date                 | 1st, 2nd and 3rd instalment of Affordable Housing  | (200,000.00)          |
| 3132 | Former Gas Works, Salcombe (0362/16/FUL)                   | 24/01/19              | PIF               | 25 Years  | Affordable Housing   | (53,611.32)           |
| 3132 | Former Gas Works, Salcombe (0362/16/FUL)                   | 24/01/19              | PIF               | 10 Years  | OSSR - £9,120 towards Courtney Park  | (9,557.38)            |
| 3132 | Former Gas Works, Salcombe (0362/16/FUL)                   | 24/01/19              | PIF               | 10 Years  | OSSR - £14,280 towards The Berry   | (15,752.46)           |
| 3149 | Land East of Allern Lane, Tamerton Foliot (04/1129/15/F)   | 27/02/196 & 14/03/19  | Pre Commencement  | 5 years   | Tamar European Marine Site contribution  | (2,274.99)            |
| 3160 | Brimhay Bungalows, Dartington - 14/0142/15/F               | 19/03/19              | Under Development | None  | OSSR - £44752.50 towards either Gidley Meadows, Dorothy Elmhirst Recreation Field or provide a games area at Meadowbrook | (44,752.50)           |
| 3199 | Land at The Fairway, Newton Ferrers - 1372/16/FUL          |                       |                   |   |  | (19,211.11)           |
| 3224 | Cornwood Road, Ivybridge - 2208/16/FUL                     |                       |                   |   |  | (258,323.35)          |
| 3233 | Great Court Farm - 03/2163/14/O                            |                       |                   |   |  | (153,178.92)          |
|      | <b>Subtotal ccS0500</b>                                    |                       |                   |   |  | <b>(6,161,294.45)</b> |
|      | <b>Sherford</b>  |                       |                   |   |  |                       |
| 2600 | Sherford Review Panel Set up Contribution                  |                       |                   |   |  | (8,690.50)            |
| 2601 | SRP Annual Contribution                                    |                       |                   |   |  | 0.00                  |
| 2602 | Fees - Parish Council                                      |                       |                   |   |  | (10,000.00)           |
| 2603 | Fees - Monitoring  |                       |                   |   |  | (43,026.32)           |
| 2604 | Economy - Economy & Training                               |                       |                   |   |  | (21,078.23)           |
| 2893 | Sherford Delivery Team                                     |                       |                   |   |  | 0.00                  |
|      | <b>Subtotal ccS0501</b>                                    |                       |                   |   |  | <b>(82,795.05)</b>    |
|      | <b>TOTAL S106 DEPOSITS (WITH CONDITIONS)</b>               |                       |                   |   |  | <b>(6,244,089.50)</b> |
| PG28 | Rathvendon, Bigbury (1023)                                 |                       |                   |   | No conditions  | (7,312.50)            |
| PG36 | Sedgewell Sands, Marine Drive                              |                       |                   |   | No conditions  | (7,372.00)            |
| 2726 | St Johns Ambulance, Dartmth 15/1389/12/F                   |                       |                   |   | Affordable Housing - provision, enhancement, management  | (23,000.00)           |
|      | <b>TOTAL S106 DEPOSITS (NO CONDITIONS) ccS0842</b>         |                       |                   |   |  | <b>(37,684.50)</b>    |
|      | <b>Capital Grant Unapplied (Cost centre S0803)</b>         |                       |                   |   |  |                       |
| S106 | Head House, East Alvington                                 |                       |                   |   | Affordable Housing   | (87,124.50)           |
|      | Tesco Site, Kingsbridge                                    |                       |                   |   |  | (30,000.00)           |

|  |  |                    |  |                     |
|--|--|--------------------|--|---------------------|
| <b>TOTAL CAPITAL GRANTS UNAPPLIED</b>  |  |                    |  | <b>(117,124.50)</b> |
|  |  |                    |  |                     |
| <b>Capital Grants Receipts in Advance (Cost Centre S0510)</b>  |  |                    |  |                     |
|  |  |                    |  |                     |
| Penn Torr, Salcombe  |  | Affordable Housing |  | (84,000.00)         |
| <b>TOTAL CAPITAL GRANTS RECEIPTS IN ADVANCE</b>  |  |                    |  | <b>(84,000.00)</b>  |
| Notes:   |  |                    |  |                     |
| 1. The amounts shown above are before any monitoring fee has been deducted, where this is set out in the S106 Agreement.<br>(See Section 3.19 of the covering report which explains this in more detail) |  |                    |  |                     |
| 2. The deposits as at 31st December 2019 reflect income already received by the Council or where a debtor has recently been raised to a third party.   |  |                    |  |                     |

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Report to: **Executive**  
Date: **6<sup>th</sup> February 2020**  
Title: **Revenue Budget Proposals for 2020/21**  
Portfolio Area: **Cllr J Pearce – Budget Setting Process**  
Wards Affected: **All**

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

Date next steps can be taken: 13th February 2020

Author: **Lisa Buckle** Role: **Strategic Finance Lead (S151 Officer)**  
**Pauline Henstock** **Head of Finance Practice (Deputy S151 Officer)**

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## **Recommendations:**

That the Executive resolves to RECOMMEND to Council:-

- i) To increase Council Tax for 2020/21 by £5 (Band D of £170.42 for 2020/21 – an increase of 10 pence per week or £5 per year – equates to a 3.02% increase)
- ii) The financial pressures shown in Appendix A of £1,603,640
- iii) The net contributions to/(from) Earmarked Reserves of (£117,843) as shown in Appendix D
- iv) The savings of £904,877 as shown in Appendix A
- v) Partnership funding levels set out in 2.38, with the addition of £10,000 to the CVS, subject to the CVS demonstrating that they meet the criteria set out in 2.38
- vi) The use of £564,143 of New Homes Bonus funding to fund the 2020/21 Revenue Budget as set out in 2.25 of the report

- vii) The use of £400,000 of New Homes Bonus funding to set up an emergency climate change projects Earmarked Reserve (2.20)
- viii) To transfer the unallocated balance (currently £235,016) of New Homes Bonus into the New Homes Bonus Earmarked Reserve, with its future use to be decided when more details are known about the Spending Review for 2021/22 and following a Government consultation document on a replacement scheme for NHB which will be published in the Spring of 2020
- ix) The inclusion of an Economy post (shared with West Devon Borough Council within the staffing establishment for two years, as 2.37)
- x) To delegate to the S151 Officer, in consultation with the Leader and Executive Member for Finance to agree the final amount of New Homes Bonus funding for the Dartmoor National Park Sustainable Community Fund for 2020/21
- xi) That the Council should set its total net expenditure for 2020/21 as shown in Appendix B as £9,413,672
- xii) That the minimum level of the Unearmarked Revenue Reserve is maintained at £1.5 million.
- xiii) That the level of reserves as set out within this report and the assessment of their adequacy and the robustness of budget estimates are noted. This is a requirement of Part 2 of the Local Government Act 2003.

## **1. Executive summary**

- 1.1 The Council's Medium Term Financial Position (MTFP) is based on a financial forecast over a rolling five year timeframe to 2024/25. The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. Between 2009/10 and 2020/21, the Council's Core Government funding has reduced by £4 million.
- 1.2 South Hams has continued to work in partnership with West Devon Borough Council which has allowed SHDC to achieve annual savings of £3.9 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.3 The report attached sets out proposals for the Council to achieve a balanced budget in 2020/21, as shown in Appendix B. South Hams District Council is currently forecasting a £568,974 budget gap by the following year, 2021/22. The aggregated Budget Gap by 2024/25 is £3.2 million.

- 1.4 The Revenue Budget Proposals for 2020/21 were considered by a Joint meeting of the Overview and Scrutiny Panel and the Development Management Committee on 23<sup>rd</sup> January 2020. At this meeting, an alternative set of Revenue Budget recommendations were proposed and voted on. The full minutes of this meeting are a separate item on this Executive agenda.
- 1.5 This Executive report has been finalised after the Leader has given consideration to the budget proposal from the Joint Scrutiny meeting on 23<sup>rd</sup> January 2020 as per 1.4. The following items from the Joint Scrutiny meeting have been included within the final Executive Budget Proposals being recommended to Council on 13 February 2020:-
- To use £400,000 of New Homes Bonus funding to set up an emergency climate change projects Earmarked Reserve
  - To increase Partnership funding levels set out in 2.38, with the addition of £10,000 to the CVS, subject to the CVS demonstrating that they meet the criteria set out in 2.38
  - To fund the revenue budget gap from New Homes Bonus funding (see 2.25)
  - The inclusion of an Economy post, with the proposal for this to be a two year post and reviewed after two years. This would be a shared post with West Devon Borough Council, with the South Hams share of the cost being £25,000 (see 2.37), to be funded by business rates pooling gains. A Job Description will be circulated to all Members by separate cover, in advance of the Executive meeting.

In addition, the final Budget Proposals have removed the income of £9,600 from the introduction of a premium planning service. This is not being proposed to be introduced, due to the Members' concerns about offering this service.

- 1.6 The table in 2.20 shows the summary of changes to the Budget report for 2020/21, following the Joint Scrutiny meeting of 23<sup>rd</sup> January. It is also being recommended by the Executive, to transfer the unallocated balance (currently £235,016) of New Homes Bonus into the New Homes Bonus Earmarked Reserve, with its future use to be decided when more details are known about the Spending Review for 2021/22 and following a Government consultation document on a replacement scheme for NHB which will be published in the Spring of 2020.
- 1.7 The Executive's Budget Proposals include increasing car parking pay and display fees by 4% from 1<sup>st</sup> April 2020, equating to £80,000 additional income per annum. Car parking charges were last increased in July 2018 by 2% (for the 2018/19 financial year). It is envisaged that this will be the only increase in car parking pay and display fees within this four year period of the Council. The 4% over the four year period (approximately 1% per year) is less than the anticipated inflation over the four years. (Annual Inflation at November 2019 was 1.5% for the Consumer Price Index and 2.2% for the Retail Price Index).

1.8 No changes to the amount budgeted for Planning income for 2020/21 are being proposed by the Executive. (This was a proposal from the Joint Scrutiny Budget meeting). The full minutes of the meeting of the Overview and Scrutiny Panel and the Development Management Committee on 23<sup>rd</sup> January 2020 are a separate item on this Executive agenda.

**2. DETAILS OF THE 2020/21 BUDGET REPORT**

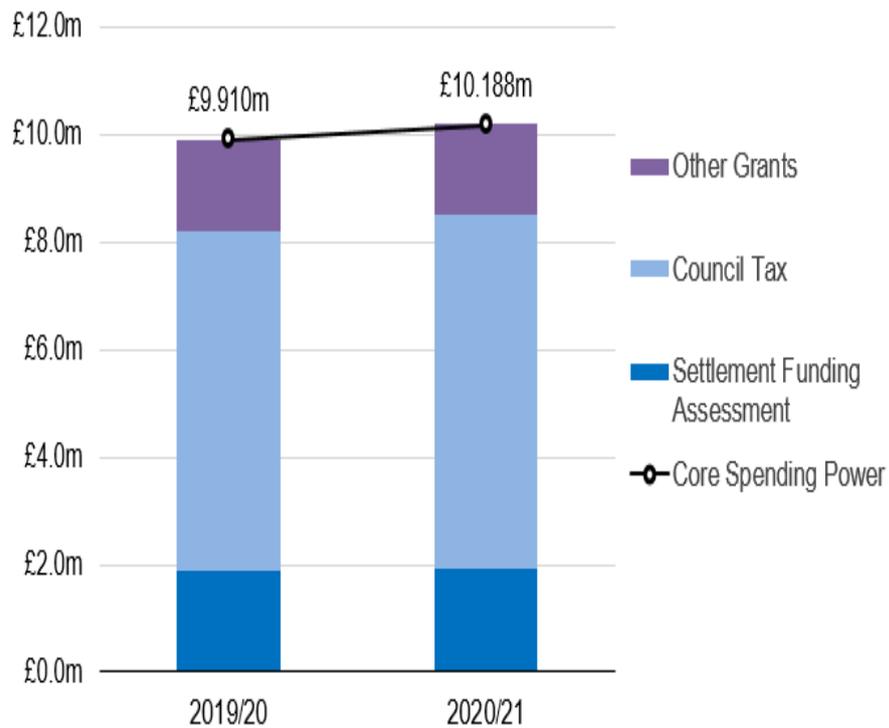
**Draft Local Government Finance Settlement for 2020/21**

2.1 On 20th December 2019, the Government announced the draft Finance Settlement for 2020/21 for consultation. The key points from the Finance Settlement are below.

2.2 There will be a one year Spending Round for 2020-21 and plans for a more substantial Spending Review for 2021-22 onwards. So effectively this is a ‘roll-forward’ settlement for 2020-21 for one year.

2.3 Core Spending Power has increased by 2.8%. This is made up of Income from Council Tax, Business Rates, New Homes Bonus and Rural Services Delivery Grant. The analysis of the 2.8% increase in Spending Power (increased resources available) is made up of:-  
 - an ‘assumed’ increase in council tax of £5  
 - a reduction of New Homes Bonus funding of 2.28%  
 -an increase in income from business rates of 1.63%

**Chart 1 - Core Spending Power**



**Chart 2 – Core Spending Power (£m)**

|  | 2019/20      | 2020/21       | Change       |
|--|--------------|---------------|--------------|
| <b>Core Spending Power</b>                                 | <b>9.910</b> | <b>10.188</b> | <b>2.81%</b> |
| <i>Which consists of:</i>                                  |              |               |              |
| Settlement Funding Assessment<br>(Business Rates Baseline) | 1.897        | 1.928         | 1.63%        |
| Assumed Council Tax  | 6.316        | 6.575         | 4.10%        |
| New Homes Bonus  | 1.227        | 1.199         | (2.28)%      |
| Rural Services Delivery Grant                              | 0.408        | 0.408         | -            |
| Other grants   | 0.062        | 0.078         | 25.8%        |

**Chart 3 – Change in Core Spending Power by class of Authority  
(2019/20 to 2020/21)**

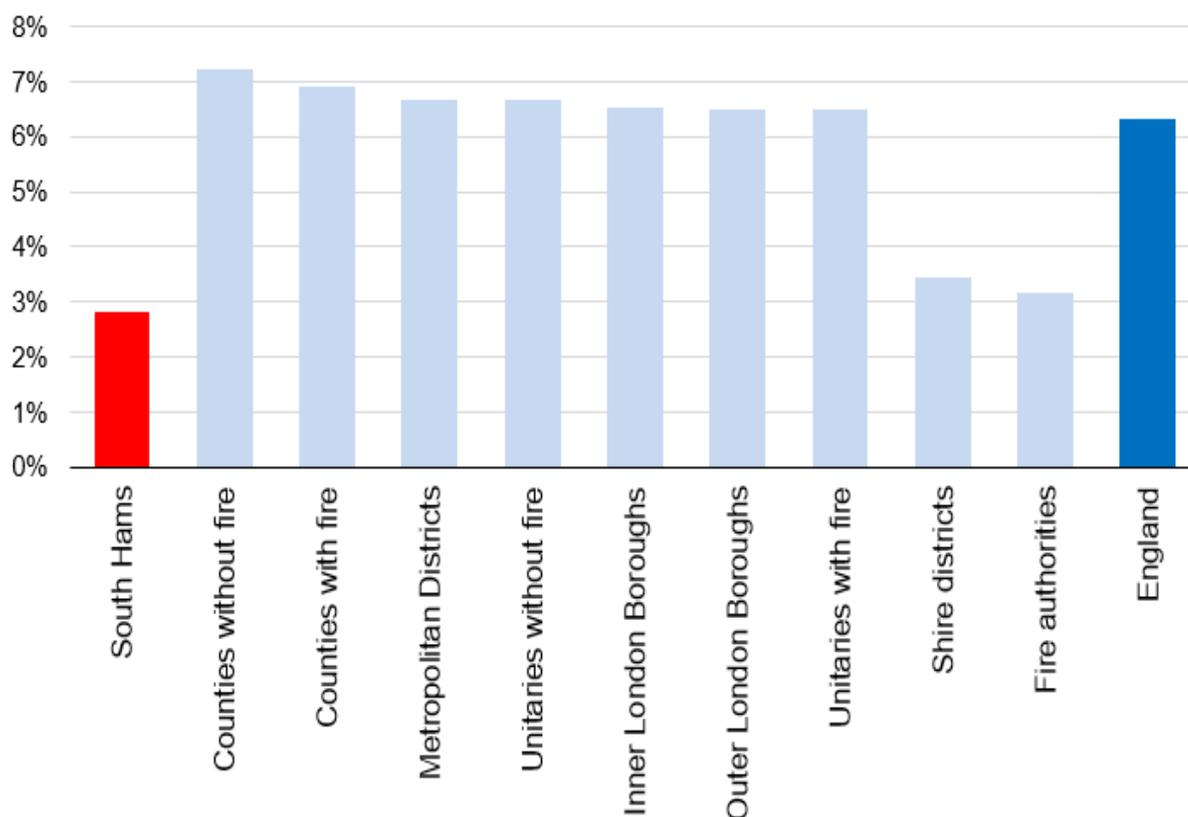


Chart 3 shows how the increase in Core Spending Power for South Hams District Council (2.81%) compares against other classes of Local Authorities. South Hams is lower than the average Shire District, mainly due to a reduction in New Homes Bonus funding.

### **Council Tax**

- 2.4 The Council Tax Referendum limits for District Councils will be the higher of 1.99% or £5, for 2020/21. The Budget report includes modelling an increase in council tax in 2020/21 of £5, equating to a Band D council tax of £170.42 for 2020/21. This is an increase of 10 pence per week or £5 per year and equates to a 3.02% increase.
- 2.5 Council in September 2019 (Council Minute 34/19) has set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable the continued delivery of services. The actual council tax for any given year will be decided by Council in the preceding February. (The council tax for 2020/21, the SHDC share, will be set at the Council meeting on 13th February 2020).
- 2.6 A 1% increase in council tax generates £64,000. It has been assumed that the number of properties within the District will increase by 400 per annum from 2021/22 to 2024/25.
- 2.7 The Government proposes to continue with no referendum principles for Town and Parish Councils in 2020/21. Town and Parish Councils have been informed of this.

#### **Negative Revenue Support Grant**

- 2.8 Negative Revenue Support Grant (RSG) for 2020/21 will be withdrawn and will continue to be funded by the Government. This means the Council wouldn't have to forego some of its business rates income (£400,000) by paying some of it back to Government in the form of 'negative government grant' in 2020/21.
- 2.9 There has been no news on what will happen to negative RSG from 2021/22 onwards and therefore the modelling in this report has assumed negative RSG will remain for 2021/22 onwards in some form (e.g. as part of the business rates baseline reset). It is currently estimated to be £400,000 per annum which would be deducted off the Council's business rates funding and represents negative Government grant (it is effectively the Council's further predicted funding cuts).

#### **Rural Services Delivery Grant**

- 2.10 For 2020/21, the funding amount (£81m nationally) and the methodology for distribution remain unchanged from 2019/20. The Council will continue to lobby on the basis that the £81m should be increased. South Hams District Council's share of this is £408,055 for 2020/21. This is Government grant to recognise the additional cost of delivering services in rural areas.

#### **Business Rates**

- 2.11 A similar system in 2020/21 to that in place for 2019/20 is being proposed, with further reform delayed until 2021/22. The business rates baseline for 2020/21 has been confirmed at £1.928m in the draft Finance Settlement. This was previously estimated at £1.944m for 2020/21. Estimates have been made of the Baseline funding Levels for 2021/22 onwards. The £1.928m is the amount the Council retains from its business rates income collected of £31 million (the Council keeps about 6p in every £1 collected of business rates to fund its services).

The Council has estimated from its business rates modelling that the amount of business rates income achieved from growth above the baseline level equates to approximately £230,000. This is based on future predictions of business rates growth and updated financial modelling tools following the draft Finance Settlement being issued on 20<sup>th</sup> December 2019. This is an increase of £74,000 on the draft figures presented to the Executive on 19<sup>th</sup> December where this figure was estimated at £156,000. In addition, the estimated business rates pooling gain for 2020/21 has been increased from £150,000 to £225,000, in light of the current monitoring position on the Devon Business Rates Pool.

**Chart 4 – Settlement Funding Assessment (£m)**

|  | <b>2019/20</b> | <b>2020/21</b> | <b>Change</b> |
|--|----------------|----------------|---------------|
| <b>Settlement Funding Assessment (SFA)</b> | <b>1.897</b>   | <b>1.928</b>   | <b>1.6%</b>   |
| Which consists of:-                        |                |                |               |
| Business Rates Baseline funding            | 1.897          | 1.928          | 1.6%          |
| Revenue Support Grant (Government grant)   | Nil            | Nil            | Nil           |

- 2.12 There are five 100% pilot areas from 2017/18 that will continue for 2020/21 being Liverpool, Greater Manchester, West of England, Cornwall and West Midlands.
- 2.13 There are 27 local authority areas that have applied to pool in 2020/21, of which the Devon Business Rates Pool is one. South Hams District Council will continue to be part of a Devonwide Business Rates Pool for 2020/21.
- 2.14 The TaxBase for 2020/21 was approved by the Senior Leadership Team on 18<sup>th</sup> December and has been confirmed at 38,508.49. This is an increase of 328.77 Band D Equivalent properties from the 2019/20 TaxBase. (The increase of just under 329 Band D properties is fewer than the previously modelled assumption that the number of properties would increase by 600 per annum). Future growth predictions for future years have been reduced to 400 extra properties.

## **Haulage and processing of waste and recyclable materials**

- 2.15 The revenue budget monitoring position for Quarter 3 (the end of December 2019) is being compiled in preparation for presentation to the Executive on 6<sup>th</sup> February 2020. At Quarter 2 the Council reported a net budget pressure of £130,000 in 2019/20 due to contamination and the suppressed market continuing to affect income for recyclable materials. This also took into account a reduction in haulage costs due to the new reprocessor being closer to the South Hams, combined with an increase in costs for processing recycling.
- 2.16 As reported at a recent Waste Partnership Board meeting, the changes in the global recycling market is currently one of the biggest challenges in the business. There have been increasing restrictions on contamination and moisture content on fibre materials (paper and card) throughout global markets, with fibre prices around 2/3rd lower than 12 to 15 months ago. Demand for metals is also currently low and there has been a 25% reduction in price over the last 12 months.
- 2.17 In light of the further market downturn, revised predictions show a further cost pressure of £60,000 (increasing the cost pressure in 2019/20 from £130,000 to £190,000). This includes a loss of around £26,000 from recycling credits, as when materials are rejected due to contamination, they do not attract recycling credits. The total predicted net budget pressure for haulage and reprocessing of recyclable materials for 2019/20 is therefore £190,000. To put this into context, the overall net cost of the Council's waste, recycling and street cleansing service is £4.2 million.
- 2.18 These predictions are based on the current market rates and therefore may change positively or negatively by the end of the financial year. Members will be kept informed of any significant changes.
- 2.19 Whilst the Council will continue to be affected by the market in future years, once the Devon Aligned Service starts in September 2020, this cost will be halved by sharing the market risk with the waste contractor. *A cost pressure of £95,000 has been built into the Medium Term Financial Strategy to reflect this for 2020/21 (this is an increase of £30,000 on the position reported to the Executive on 19<sup>th</sup> December 2019, where a cost pressure of £65,000 was included).*

**Summary of the Budget changes since the report to the Joint Scrutiny meeting**

2.20 The Revenue Budget Proposals for 2020/21 were considered by a Joint meeting of the Overview and Scrutiny Panel and the Development Management Committee on 23<sup>rd</sup> January 2020. At this meeting, an alternative set of Revenue Budget recommendations were proposed and voted on. The full minutes of this meeting are a separate item on this Executive agenda.

This Executive report has been finalised after the Leader has given consideration to the budget proposal from the Joint Scrutiny meeting on 23<sup>rd</sup> January 2020. The following items from the Joint Scrutiny meeting have been included within the final Executive Budget Proposals being recommended to Council on 13 February 2020:-

- To use £400,000 of New Homes Bonus funding to set up an emergency climate change projects Earmarked Reserve, in order to give effect to the Action Plan being produced by the Council.

The text below is an extract from the minutes of the Joint Scrutiny meeting on 23<sup>rd</sup> January 2020 regarding this:

*That a fund of £400,000 be set up for Emergency Climate Change projects in order to give effect to the Action Plan being produced by the Council. It is proposed that part of the fund be open to bids from Community Groups with proposals for Climate Change projects. The mechanism for providing such funds to be established as well as the extent of the expenditure by the Council and that awarded to Community Groups;*

***Emergency Climate Change Projects Fund*** – there was widespread support expressed for this proposal which it was felt reflected the seriousness of the Climate Change agenda and the fact that the Council had declared a Climate Change and Biodiversity Emergency.

*Whilst it was recognised that the mechanism to allocate monies from the Fund was still to be developed, it was noted that the Climate Change and Biodiversity Working Group would have a key role to play in this process.*

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

- To increase Partnership funding levels set out in 2.38, with the addition of £10,000 to the CVS, subject to the CVS demonstrating that they meet the criteria set out in 2.38
- To fund the revenue budget gap from New Homes Bonus funding (see 2.25)
- The inclusion of an Economy post, with the proposal for this to be a two year post and reviewed after two years. This would be a shared post with West Devon Borough Council, with the South Hams share of the cost being £25,000 (see 2.37), to be funded by business rates pooling gains. A Job Description will be circulated to all Members by separate cover, in advance of the Executive meeting.

In addition, the final Budget Proposals have removed the income of £9,600 from the introduction of a premium planning service. This is not being proposed to be introduced, due to the Members' concerns about offering this service.

The Executive's Budget Proposals include increasing car parking pay and display fees by 4% from 1<sup>st</sup> April 2020, equating to £80,000 additional income per annum. Car parking charges were last increased in July 2018 by 2% (for the 2018/19 financial year). It is envisaged that this will be the only increase in car parking pay and display fees within this four year period of the Council. The 4% over the four year period (approximately 1% per annum) is less than the anticipated inflation over the four years. (Annual Inflation at November 2019 was 1.5% for the Consumer Price Index and 2.2% for the Retail Price Index).

No changes to the amount budgeted for Planning income for 2020/21 are being proposed by the Executive. (This was a proposal from the Joint Scrutiny Budget meeting). The full minutes of the meeting of the Overview and Scrutiny Panel and the Development Management Committee on 23<sup>rd</sup> January 2020 are a separate item on this Executive agenda.

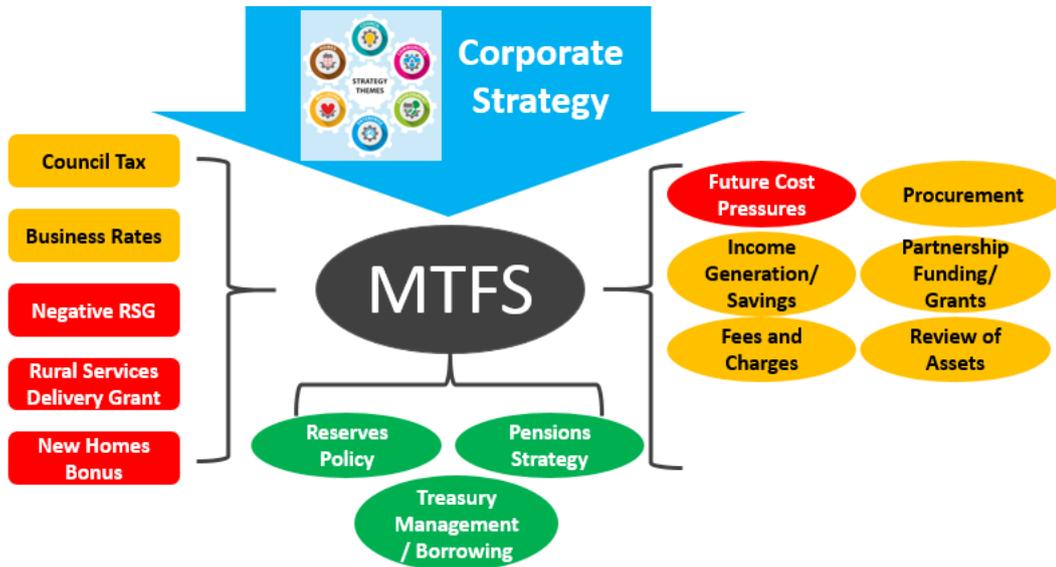
The table below shows the summary of changes to the Budget report for 2020/21, following the Joint Scrutiny meeting of 23<sup>rd</sup> January 2020.

|   | <b>Total (£)</b>   |
|---|--|
| <b>Budget Gap for 2020/21 reported to the Joint Development Management Committee and Overview and Scrutiny Panel on 23/1/2020</b>   | <b>51,543</b>  |
| <b><i>Reduction in income modelled or increase in cost pressures</i></b>  |  |
| Remove the income from the introduction of the premium planning service (see 2.20)  | 9,600  |
| Include within the partnership funding budget, £10,000 for the CVS. A budget of £7,000 is available within the partnership budget, so this creates a cost pressure of £3,000 (see 2.38).  | 3,000  |
| Include within the staffing establishment, an economy post for two years at a cost of £25,000 per annum for two years, to be funded from business rates pooling gains. (see 2.20).  | 25,000   |
| <b><i>Increase in income or funding modelled</i></b>  |  |
| Increase the amount of New Homes Bonus funding of the revenue base budget (see 2.25). This increases the amount from £500,000 in the Joint Scrutiny report of 23 <sup>rd</sup> January 2020, to £564,143 as set out within this Executive report. | (64,143)   |
| Increase the amount of funding from business rates pooling gains from £200,000 in the Joint scrutiny report of 23 <sup>rd</sup> January 2020, to £225,000 as set out within this Executive report (see 2.20).                                     | (25,000)   |
| <b>Revised Budget Gap for 2020/21 as set out in this report (as at February 2020)</b>   | <b>Nil –<br/>(A balanced budget position is presented)</b> |

## 2.21 THE COMPONENTS MAKING UP A MEDIUM TERM FINANCIAL STRATEGY (MTFS)

The Diagram below sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

## Net Budget £8.8 million 2019/2020



2.22 The Medium Term Financial Strategy (MTFS) report was approved by Council in September 2019. A Budget update report was presented to the Executive on 31<sup>st</sup> October 2019 and reflected the following changes:-

- The provision for a pay award has been increased from 1% to 2% for each year of the Medium Term Financial Strategy. This is subject to national negotiation on an annual basis. The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the financial planning of the Council.
- Two planning enforcement posts (the SHDC share of costs) have been included within the cost pressures.

### **New Homes Bonus (NHB)**

2.23 NHB will continue for 2020/21 for one year, with any funding beyond 2020/21 being subject to the next Spending Review. A replacement scheme will be consulted on in Spring 2020. For one year the Government will fund legacy payments and the baseline will remain at 0.4%. The baseline is the proportion of housing growth which is deducted as 'natural growth as such' before New Homes Bonus is paid to a Council – this is the equivalent of 179 properties for South Hams. So the Council receives no New Homes Bonus on the first 179 properties of property growth per year.

2.24 The Council's New Homes Bonus allocation for 2020/21 has been announced at £1,199,159. The financial modelling has included using £564,143 of New Homes Bonus funding for 2020/21 to fund the revenue base budget and this has then been reduced to £400,000 in 2021/22 and £300,000 in 2022/23 for modelling purposes.

2.25 The table below sets out the current proposed use of New Homes Bonus funding for 2020/21:-

| <b>NHB</b>  | <b>Amount (£)</b> |
|---|-------------------|
| New Homes Bonus 2020/21 estimated allocation  | 1,199,159         |
| Current allocation:-  |                   |
| To fund the Revenue Base Budget (see 2.20)  | (564,143)         |
| Dartmoor National Park allocation*  | TBA               |
| To fund the set up of an emergency climate change projects Earmarked Reserve (see 2.20) | (400,000)         |
| Amount remaining unallocated**  | 235,016           |

\*Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the Park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members consider this on an annual basis as part of the Budget process. Allocations in previous years have been in the region of £20,000 to £30,000.

Members will be aware that this will be the last year of New Homes Bonus funding and the remaining amount unallocated may be required to:

- Fund the Revenue budget gap in 2021/22\* and/or
- Fund the Capital Programme from 2021/22 onwards, as the Council has minimal predicted funding from capital receipts (from the sale of assets) in future years.

*(\*Note: the Council's financial modelling in Appendix A assumes that the Council will use £400,000 of funding from NHB or a similar replacement scheme in 2021/22 to fund its base budget. There is no guarantee that the Council will receive anything in future years from whatever scheme replaces the New Homes Bonus Scheme)*

It is being recommended by the Executive, to transfer the unallocated balance (currently £235,016) of New Homes Bonus into the New Homes Bonus Earmarked Reserve, with its future use to be decided when more details are known about the Spending Review for 2021/22 and following a Government consultation document on a replacement scheme for NHB which will be published in the Spring of 2020.

### **Pensions Strategy (Actuarial Valuation)**

2.26 The Council has taken specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. Options were presented to the Council's Audit Committee on 31st January 2019. The preliminary results of the Triennial Pension Revaluation were received on 21<sup>st</sup> November 2019. The total pension contribution rates payable for employers consists of two elements, the primary rate and the secondary rate:

- **The primary rate** – this is the anticipated cost to the Council of the pension rights that members will accrue each year in the future. The primary rate, or future service rate is expressed as a percentage of pensionable payroll. The primary rate, the employer's pension contribution rate is increasing by 2.2% for SHDC from 14.6% to 16.8% producing a cost pressure of £140,000 from 2020/21 until the next actuarial pension revaluation. The Devon Pension Fund in general is experiencing a 2% increase in the primary rate due to the change in financial assumptions.

An allowance of an additional 2% (£25,000) for the pension contributions for the externalised waste contract has also been built in for 2020/21 onwards.

- **The secondary rate** – this arises where the cost of pension rights that have already been accrued turn out to be higher than expected, resulting in a deficit. This happens where the Fund experience differs from previous assumptions, and so the contributions paid do not match the cost of the pension rights accrued during a previous period. The secondary rate, or deficit recovery rate is set as a cash figure.

2.27 The Council will no longer have a pension actuarial deficit as at 31.03.2019, resulting in a saving of £200,000 per annum in employer secondary rate contributions. There is now no need for the Council to pay any lump sum into the Pension Fund as SHDC's pension fund is in a small surplus position. The funding level and the movement in the Council's pension position following the Triennial Pension Revaluation is shown in the table below. The table shows that the Council's pension fund is 101.1% funded as at 31<sup>st</sup> March 2019, a small surplus position. Advice has been sought from the Actuaries in terms of whether the Council's primary rate could be reduced given this small surplus. However, the Actuaries advice is that this is only considered for employers where the surplus is 105% or more. This provides an allowance for experience going forward against the actuarial assumptions, with the aim of trying to make sure that employers who are 100% funded don't go back to a deficit position in future years.

Pension Revaluation Position for South Hams District Council

|                          | <b>At 31 March 2016</b> | <b>At 31 March 2019</b> |
|--------------------------|-------------------------|-------------------------|
|                          | <b>£000</b>             | <b>£000</b>             |
| Assets                   | 78,440                  | 97,607                  |
| Liabilities              | 82,291                  | 96,570                  |
| <b>Surplus/(Deficit)</b> | <b>(3,851)</b>          | <b>1,037</b>            |
| <b>Funding level</b>     | <b>95.3%</b>            | <b>101.1%</b>           |

A summary of all of the financial implications arising from the Pension Revaluation at 31.3.2019 is shown below:-

| <b>Pension Revaluation 31.3.2019</b>  | <b>Financial Impact</b> |
|---|-------------------------|
| <b>Increase in the primary rate -</b><br>i) the employer's pension contribution rate is increasing by 2.2% for SHDC from 14.6% to 16.8%   | £140,000                |
| ii) An allowance of an additional 2% (£25,000) for the pension contributions for the externalised waste contract has also been built in for 2020/21 onwards   | £25,000                 |
| <b>Decrease in the secondary rate</b><br>iii) The Council will no longer have a pension actuarial deficit as at 31.03.2019, resulting in a saving of £200,000 per annum in employer secondary rate contributions. | (200,000)               |
| <b>Overall saving from the Pension Revaluation at 31.3.2019</b>   | <b>(35,000)</b>         |

Therefore the net budget impact is a saving of £35,000.

**Treasury Management and Borrowing Strategy**

- 2.28 The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million. In March 2019, the Council considered its Capital Strategy and Treasury Management Strategy which contained the new requirements issued by MHCLG in February 2018 of the new guidance. Members received training on the new requirements in November 2018.

**Council Tax Support Grant (CTSG) for 2020/21 onwards**

- 2.29 At the Executive meeting on 31<sup>st</sup> October 2019, (Minute E.50/19) Members considered the results of the consultation exercise with Town and Parish Councils on the Council Tax Support Grant. It was resolved that Council be recommended to withdraw the Council Tax Support Grant from Town and Parish Councils with effect from 1 April 2020 by

50% per annum over the next two years as part of the budget process, in order to allow time for Town and Parish Councils to plan for the reduction in their budget setting processes. This has been approved by Council.

### **Results of the Members' Budget Survey 2019**

2.30 A Members' Budget Workshop was held on 7<sup>th</sup> November, Based on the results of the Members' Budget Survey the following changes have been reflected within this latest budget report:

- A **Climate Change Policy Officer** (a two year temporary post) has been included at a cost of £25,000 per annum (SHDC share). The Climate Change Action Plan was presented to Members at the December Council meeting. In order to deliver the Action Plan, a temporary 2 year post is recommended for a Climate Change Policy Officer. The post will be reviewed after year 2.
- The **Business Rates Pooling Gain** has been increased by £50,000 to £225,000 in 2020/21, in line with current forecasts for 2019/20.
- Following the **Triennial Pension Revaluation** the Council has been notified that it will have no actuarial pension deficit as at 31.3.2019, resulting in a saving of £200,000 per annum (see 2.26 and 2.27). There is now no need for the Council to pay any lump sum into the Pension Fund as SHDC's pension fund is in a small surplus position. However, the primary rate, the employer's pension contribution rate is increasing by 2.2% from 14.6% to 16.8% producing a cost pressure of £140,000 from 2020/21 until the next actuarial pension revaluation. The Devon Pension Fund in general is experiencing a 2% increase in the primary rate due to the change in financial assumptions. An allowance of an additional 2% (£25,000) for the pension contributions for the externalised waste contract has also been built in for 2020/21 onwards.
- The Executive's Budget Proposals include increasing **car parking pay and display fees** by 4% from 1<sup>st</sup> April 2020, equating to £80,000 additional income per annum. Car parking charges were last increased in July 2018 by 2% (for the 2018/19 financial year). It is envisaged that this will be the only increase in car parking pay and display fees within this four year period of the Council. The 4% over the four year period (approximately 1% per year) is less than the anticipated inflation over the four years. (Annual Inflation at November 2019 was 1.5% for the Consumer Price Index and 2.2% for the Retail Price Index).

- **Commercial Investment Strategy** of £75,000 per annum. The Council has agreed a commercial investment strategy of up to £60 million. The Council is progressing various investment opportunities including the renewable energy sector. An income budget for 2020/21 of approximately £75,000 could be achieved (this would be the net return to the Council). This does not include projects on a later timescale where the Council has gone out to public consultation such as Kingsbridge and Ivybridge.
- Additional **employment estates income** of £25,000 per annum. The 2018/19 and 2019/20 capital budgets included provisions for the development of 4 units in Ermington. The units are now complete and are in the process of being let. They are expected to generate a rental income of £25,000 p.a. when fully let.
- Additional **treasury management income** of £20,000 per annum.
- Additional **corporate consultancy income** of £10,000 per annum. The Council will look to attract more work from other Councils. This would primarily be through us delivering consultancy or short term work activities rather than delivering full services. An example of this would be continuing the work on Disabled Facilities Grants for Torridge DC. The current budget for consultancy income is £20,000, so this would increase the income target to £30,000 for 2020/21.
- A reduction in **ICT contracts** of £12,000 per annum. Cancellation of the IEG4 Contract and implementation of the Northgate Citizen access portal would generate savings from 2020/21 of £12,000 (SHDC share), increasing to £24,000 a year from 2021/22.

2.31 The following items were not supported by the majority of Members in the Budget Survey and have therefore not been included in Appendix A:

- **A further resource for the Town Centres Strategy** – Some Members have made the point that some of this work could be encompassed within the Economy Officer role.
- **Increase car parking pay and display fees and transfer the additional income to an earmarked reserve to help fund installation of rapid electric charging points (on a larger scale, over and above grant funding already available)** – Members considered an option which looked at increasing car parking pay and display fees and transferring the additional income to an earmarked reserve to help fund investment in the installation of rapid electric charging points in the Council's car parks. Some Members made the point that the Council should be able to access government grant funding.

### **Other Budget Ideas raised by Members in the Budget Survey**

- 2.32 One Member asked if we could research the model from Wigan Council around Assets Based Community Development. This was an item on the September 2019 Council agenda and shown below is an extract of the relevant minute:-  
'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'.
- 2.33 Another Member asked if the Council could investigate charging double for retrospective planning applications, as this was the case in Jersey. This idea has been looked at by the Head of Development Management Practice and the planning regulations which apply in England set out the planning charges at a national level and the Council does not have the ability to set fees locally. Different planning regulations apply in Jersey.
- 2.34 One Member suggested incentivising electric vehicles with free/reduced parking charges and providing storage/lock up facilities for bicycles and electric bike hire. In addition, another Member commented that they would support the 5% additional car park income but then offer a 4 hour free parking to electric vehicles parked in charging bays charging their cars.
- 2.35 This latest budget position includes a provision for the pay award of 2% per annum in line with the previous Medium Term Financial Strategy. This is subject to national negotiation on an annual basis. The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council. The 2020/21 pay award is still being negotiated and therefore the pay award cost pressure might change once this has been agreed in the New Year.
- 2.36 In addition, three temporary housing posts (shared with West Devon Borough Council) have been proposed in this report to be made permanent, to be funded by the Flexible Homelessness Government grant funding, to provide stability of resource within the Council's Housing team. The SHDC share of costs is £48,700. This does not create a cost pressure on the 'bottom line' as the cost pressure is offset by the government grant income (both the cost and the income are budgeted for), therefore there is a neutral impact on the budget. The Government has reformed temporary accommodation finance through a flexible homeless support grant. There has also been financial recognition of the enormous additional burden placed on local authorities through the Homeless Reduction Act, meaning that the service has been able to continue delivering its statutory service, perform highly in preventing homelessness and reducing lengths of stays in temporary accommodation. The Council has robust homeless

and rough sleeper prevention strategies which has meant the Council has prevented homelessness for 986 households since its inception in 2017. The short term nature of grant funding has meant the Council has only been able to offer short term contracts, and the Council has used significant resource on the training and induction of staff, only to lose staff to our neighbouring Authorities when permanent positions have arisen. In order to provide stability of resource to really drive homeless prevention in our area, it is recommended that three housing posts are made permanent posts on the establishment, to be funded by flexible homelessness grant (Government grant funding).

- 2.37 The Executive's Budget proposals include an Economy post (shared with West Devon Borough Council) within the staffing establishment for two years, to be funded from the business rates pooling gains. The cost of this post is expected to be £25,000 per annum (SHDC share). The post would be reviewed after two years. A Job Description will be circulated to all Members by separate cover, in advance of the Executive meeting.
- 2.38 At the Executive meeting on 19<sup>th</sup> December 2019, Members considered future Partnership funding and grants. The relevant Minute (Minute 63) is attached below.

#### **Partnership Funding**

Members were presented with a report that provided feedback from each of the partners that the Council currently funded. Members were asked to consider the merits of each partner submission and decide which partners they would like to enter into a three year funding agreement with.

The Lead Members for Communities and Wellbeing introduced the report. Members had a detailed discussion on this item, and non-Executive Members were included in the debate. Whilst acknowledging that these were to be subject of discussion during the draft 2020/21 Revenue Budget Setting process, the following recommendations reflect the decision of the Executive in respect of the partner submissions that were submitted. The total amount of funding allocated was £89,647. This amount was £7,000 less than the amount currently committed for partnership funding. Additional funds were recommended to support the Ivybridge Ring and Ride, and the SH CVS funding (£10,000) was recommended for withdrawal on the basis of a lack of clear financial information within their submission.

It was then:

**RESOLVED** that:

1. the feedback given by each partner as shown in presented Appendix A was considered based on
  - a. local need
  - b. alignment to the Council's Corporate Strategy
  - c. statutory duty; and

2. the following partners be awarded funding for the next three years of the following amounts per annum, subject to endorsement through the 2020/21 Revenue Budget setting process:

- a) South Devon Area of Outstanding Natural Beauty Partnership - £20,700
- b) South Hams Citizens Advice - £51,867
- c) South Hams Community Volunteer Service - £0
- d) Ivybridge Ring and Ride - £5,710
- e) Totnes & Dartmouth Ring & Ride (Newton Abbot Community Transport Group) - £7,370
- f) South West Youth Games - £0
- g) South Hams Museums Group - £4,000

The total amount of funding allocated in the Executive meeting on 19<sup>th</sup> December 2019 was £89,647 as above. The current partnership funding in the base budget is £96,647.

Following the Joint Scrutiny meeting on 23<sup>rd</sup> January 2020, it is recommended to Council on 13 February 2020, to increase the Partnership funding levels set out above, with the addition of £10,000 to the CVS, subject to the CVS demonstrating that they meet the specific criteria as detailed below.

All partnerships were asked to demonstrate how they meet the following criteria:

- a. Local need
- b. Alignment to the Council's Corporate Strategy
- c. Statutory duty

The Executive report on Partnerships Funding on 19<sup>th</sup> December 2019 gives more detail. Each of the Council's partners were asked to detail:

- The services they provide
- How Council funding would be spent
- How their services meets local need
- How their service aligns to the Council's Corporate Strategy
- How their service meets statutory duty
- What other funding they receive and how they spend it

### 3 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION

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

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

| (As set out in Appendix A)  | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ | 2024/25<br>£ |
|---|--------------|--------------|--------------|--------------|--------------|
| Cost Pressures  | 1,603,640    | 630,761      | 400,000      | 425,000      | 450,000      |
| (Reduction)/<br>Increase in<br>contribution to<br>Earmarked<br>Reserves | (117,843)    | 219,143      | 130,000      | 130,000      | 78,000       |
| Savings and<br>additional<br>income                                     | (904,877)    | (446,220)    | (179,196)    | (12,100)     | (2,100)      |

### 4. OVERALL POSITION – BUDGET GAP

4.1 Appendices A and B illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £8.8 million in 2019/20. A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if Council Tax is increased by the higher of 1.99% or £5 (Appendix B).

4.2 The following table illustrates the predicted budget gap from 2020/21 onwards for the Council as shown in Appendix B:

| Cumulative Budget Gap   | 2020/21<br>£             | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ | 2024/25<br>£ | Total Aggregated Budget Gap<br>£ |
|-------------------------|--------------------------|--------------|--------------|--------------|--------------|----------------------------------|
| Modelling in Appendix B | Nil<br>(balanced budget) | £0.569m      | £0.647m      | £0.880m      | £1.099m      | £3.2m                            |

4.3 The report attached sets out proposals for the Council to achieve a balanced budget in 2020/21, as shown in Appendix B. South Hams District Council is currently forecasting a £568,974 budget gap by the following year, 2021/22. The aggregated Budget Gap by 2024/25 is £3.2 million.

## 5 FINANCIAL SUSTAINABILITY AND TIMESCALES

5.1 The Council is progressing various options for closing the budget gap for 2020/21 onwards, to achieve long term financial sustainability. The table below sets out a timescale for those options and the various strands that the Council is exploring.

| Option  | Possible Budget Impact   | Timescale   |
|---|--|---|
| <p><b>Asset Review/ Corporate Property Strategy</b><br/>There was a separate report on the Executive agenda in December 2018 for ‘Commercial Development Opportunities’.</p>  | <p>Initial income projections have been included within this report.</p> | <p>Regular updates will be provided to Members.</p> |
| <p><b>Car parking permits</b><br/>On 31 October 2019, the Executive (Minute E.53/19) resolved that the sale of all new parking permits be ceased with immediate effect, pending a complete review of permits across the District. This will be the subject of a future Executive report.</p>  | <p>To be quantified</p>  | <p>During 2020/21</p>                               |
| <p><b>Strategic Accommodation Review</b><br/>Members of the Accommodation Working Group are reviewing options. A report will be presented to a future meeting of the Executive.<br/>Currently West Devon Borough Council pays South Hams District Council £90,000 per year which reflects the cost of the shared service provision and the far greater footprint used at Follaton House for the provision of some frontline services (call centre) and all back office functions.<br/>Members at West Devon have requested that this annual payment is reviewed. The original figure of £90,000 was calculated in 2014 as part of the T18 Transformation Programme business case. It is acknowledged that working practices have changed in the last 5 years and the review would look to address this. This work will be undertaken by April 2020.</p> | <p>To be quantified</p>  | <p>By April 2020</p>                                |

| <b>Option</b>   | <b>Possible Budget Impact</b>   | <b>Timescale</b>  |
|---|---|---|
| <p><b>Garden Waste charges</b><br/> The Council has the opportunity to charge for garden waste in the future. Based on a subscription level of £40 and a 20% participation rate, a net income of around £110k per annum is projected. In addition, there could be an operational saving of around £50k per annum. So there is a potential total saving of £160k. These figures are conservative estimates. A service change would not be anticipated until April 2021, as the Council could not introduce this service until after the September 2020 change-over to the Devon Aligned Service which separates the food from the garden waste collections, thus allowing for charging on garden waste (if this is the direction from Members) and the optimum time for any launch of chargeable garden waste would be at the start of the growing season.</p> | <p>£160,000 of income per annum</p>   | <p>From April 2021</p>  |
| <p><b>Funding Options</b></p>   |   |   |
| <p><b>Negative Revenue Support Grant</b><br/> Negative Revenue Support Grant (RSG) for 2020/21 of £400,000 will be eliminated by the Government for one year.</p>   | <p>Negative RSG of £400,000 for 2021/22 onwards has been built into this budget report.</p> | <p>It is assumed that negative RSG of £400,000 will be deferred for one year until 2021/22.</p> |

| Option  | Possible Budget Impact   | Timescale  |
|---|--|--|
| <p><b>New Homes Bonus allocations for 2020/21 onwards</b></p> <p>The Government has stated that 2020/21 represents the final year of NHB funding and from 2021 onwards they will explore how to incentivise housing growth most effectively and will consult on this issue.</p> <p>The financial modelling has included using £564,143 of New Homes Bonus funding for 2020/21 to fund the revenue base budget and this has then been reduced to £400,000 in 2021/22 and £300,000 in 2022/23 for modelling purposes.</p> <p>It is not known what NHB allocations (or a similar scheme) will be in future years when the NHB scheme is replaced. This remains a risk for the Council.</p> | <p>To be assessed</p> <p>It is not known what NHB allocations (or a similar scheme) will be in future years when the NHB scheme is replaced.</p> | <p>Awaiting further announcements from the Government</p> <p>A replacement scheme for NHB will be consulted on by the Government in the Spring of 2020</p> |
| <p><b>Use of Reserves as a temporary measure</b></p> <p>The Council could temporarily utilise Reserves to balance an element of the 2021/22 budget, whilst longer term solutions are being implemented. This would be a very short term solution though.</p> <p>The current predicted levels of Reserves are £1.9 million Unearmarked Reserves and Earmarked Reserves of £10.3 million.</p>   | <p>To be Assessed</p>  | <p>To be decided as part of the Budget Process</p>   |

## 6. CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

- 6.1 The Capital Programme is set by the Council annually and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. The Capital Budget Proposals for 2020/21 are a separate report on this agenda. This sets out a Proposed Capital Programme for 2020/21 of £3.77 million and the sources of funding for the Capital Programme.

- 6.2 **Commercial Property Acquisition Strategy** – The Council has agreed a commercial property acquisition strategy of up to £60 million. In July 2019, the Executive considered reports on the Kingsbridge hotel, Ivybridge Regeneration and Dartmouth Health and Wellbeing Hub development. Public consultation on the Kingsbridge and Ivybridge schemes are currently taking place, with the links shown below.  
[www.southhams.gov.uk/ropewalk](http://www.southhams.gov.uk/ropewalk)  
[www.southhams.gov.uk/ivybridge](http://www.southhams.gov.uk/ivybridge)
- 6.3 Purchases made within the strategy will be capital expenditure. A report on the updated Commercial Investment Strategy to include the renewable energy sector was a separate report on the July 2019 Executive agenda. The Council is progressing work on the business case for the renewable energy sector.
- 6.4 The Council's Asset Base is £91 million at 31 March 2019. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.
- 6.5 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.
- 6.6 Public Works Loans Board (PWLB) borrowing – On 9<sup>th</sup> October the Council received notification that overnight, the PWLB borrowing rate had increased by 1% across all of their loans which are available. This was without any prior notice and this dramatic increase overnight is unprecedented in years gone by. For example 50 year borrowing is now 3% interest rate (previously just under 2%). This only affects new loans taken out and this doesn't affect loans taken out in the past e.g. for leisure. The Council is assessing the impact on all of its business cases which involve external borrowing. It is thought that other market providers e.g. bank and pension funds will look to offer products that are at a more competitive rate than the current PWLB offering.
- 6.7 An overall Borrowing Limit (£75 million) has been approved as part of the Medium Term Financial Strategy, with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements.
- 7. Earmarked and Unearmarked Reserves**
- 7.1 The predicted current levels of Reserves are £1.9 million Unearmarked Reserves and Earmarked Reserves of £10.3 million. The Council's Net Budget is £8.83 million for 2019/20. Therefore Unearmarked Reserves equate to 21.5% of the Council's Net Budget. A full list of Earmarked Reserves and the projected balances as at 31<sup>st</sup> March 2020 is attached at Appendix C.

7.2 As part of the 2020/21 budget setting process it has been identified that the annual contribution to the Repairs and Maintenance Reserve of £55,000 has not been increased since 2009/10. Therefore it is proposed to increase this contribution by £25,000 in 2020/21 to £80,000, and then a further £25,000 amounting to an annual contribution of £105,000 from 2021/22 onwards. This will bring the contribution in line with current demand and will also allow for money to be put aside for the roofs at Garden Mill Industrial Estate in Kingsbridge.

## **8. Budget Monitoring**

8.1 The latest Quarter 3 Revenue Budget Monitoring report shows that actual net revenue expenditure is forecast to be under budget by £27,000 when compared against the total budget set for 2019/20.

## **9. Fees and Charges**

9.1 At the Overview and Scrutiny Panel on 17<sup>th</sup> October 2019 (Minute ref. 37) Members considered the review of fees and charges for 2020/21. The changes proposed for 2020/21 onwards will generate additional income of £4,100 per annum in respect of boat storage charges (£2,000) and S257 footpath diversion orders (£2,100). These additional income targets have been built into Appendix A.

## **10. Senior Leadership Team/Extended Leadership Team restructure**

10.1 The report to Council on 18th July requested that the Chief Executive review and implement changes to the Extended Leadership Team (ELT) by December 2019. The annual savings (SHDC share) from the SLT and ELT staff restructure are £94,000 per annum (This is made up of £34,000 from the Interim arrangements and a further £60,000 from the restructure). There are estimated to be some one-off redundancy and pension strain costs associated with the restructure and an amount of £25,000 for three years has been budgeted for as a cost pressure.

## **11 NEXT STEPS**

11.1 This report is a snapshot (a position statement) in February 2020 and future Member decisions on the budget strategy will inform future budget reports.

The table below shows the budget timetable for the future budget meetings for the 2020/21 Budget.

|   |  |
|---|--|
| 6 <sup>th</sup> February 2020                     | Executive – To recommend Final Budget Proposals to Council for 2020/21   |
| <b>Monday 10<sup>th</sup> February 2020 (9am)</b> | <b>Date for receipt of a motion or amendment in relation to the Budget</b>   |
| 13 <sup>th</sup> February 2020                    | Full Council – To approve Final Budget Proposals for 2020/21 and set the SHDC share of the Council Tax   |
| 21 <sup>st</sup> February 2020                    | Council Tax Resolution Panel – to agree the Council Tax Resolution for 2020/21 (This is SHDC share plus all other precepting authorities share). |

**Note 1-** The Constitution states that ‘Where a member intends to move a motion or amendment in relation to the Budget, the text of that motion or amendment must be put in writing and submitted to the Head of Paid Service by 9am on the third working day before the meeting, in order that officers may have sufficient time to consider and advise the Council of the financial implications of any such motion or amendment’. As per the timetable above, this would need to be submitted by 9am on Monday 10<sup>th</sup> February 2020.

## 12. IMPLICATIONS

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance   | Y                         | <p>The Executive is responsible is responsible for recommending to Council the budgetary framework. It is the role of the Joint Development Management Committee and Overview and Scrutiny Panel to scrutinise the Budget proposals being proposed by the Council on an annual basis. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of the Budget annually is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p> |
| Financial Implications to include reference to value for money | Y                         | The report attached sets out proposals for the Council to achieve a balanced budget in 2020/21, as shown in Appendix B. South Hams District Council is currently forecasting a £568,974 budget gap by the following year, 2021/22. The aggregated Budget Gap by 2024/25 is £3.2 million.   |
| Risk   | Y                         | Each of the budget options taken forward by Members will consider the risks of the option.   |
| Supporting Corporate Strategy                                  | Y                         | The Budget report supports all six of the Corporate Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.  |
| Climate Change - Carbon / Biodiversity Impact                  | Y                         | A Climate Change Action Plan was presented to Council in December 2019.  |
| Comprehensive Impact Assessment Implications                   |                           |  |
| Equality and Diversity   | N                         | Equality Impact Assessments are completed for the budget proposals.  |
| Safeguarding   | N                         | None directly arising from this report.  |

|                                      |   |   |
|--------------------------------------|---|---|
| Community Safety, Crime and Disorder | N | None directly arising from this report. |
| Health, Safety and Wellbeing         | N | None directly arising from this report. |
| Other implications                   | N | None directly arising from this report. |

### Supporting Information

#### Appendices:

Appendix A – Budget pressures and savings

Appendix B – Modelling of the Budget (MTFS) Position

Appendix C – Schedule of Reserves (Unearmarked and Earmarked)

Appendix D – Contributions to/(from) Earmarked Reserves

#### Background Papers

Joint Development Management Committee and Overview and Scrutiny Panel  
– 23<sup>rd</sup> January 2020

Executive – 19<sup>th</sup> September 2019 – Medium Term Financial Strategy 2020/21 to 2024/25

Council – 26<sup>th</sup> September 2019 - Medium Term Financial Strategy 2020/21 to 2024/25

Executive – 31<sup>st</sup> October 2019 – Budget update report for 2020/21 onwards

Executive – 19<sup>th</sup> December 2019 – Budget update report for 2020/21 onwards

Joint Development Management Committee and Overview & Scrutiny Panel  
23<sup>rd</sup> January 2020 – Revenue Budget Proposals for 2020/21

### Approval and clearance of report

| <b>Process checklist</b>                | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed                | Yes              |
| SLT Rep briefed                         | Yes              |
| Relevant Exec Director sign off (draft) | Yes              |
| Data protection issues considered       | Yes              |
| Accessibility checked                   | Yes              |

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**BUDGET PROPOSALS 2020/21 FEBRUARY 2020**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

|   | <b>BASE<br/>2019/20</b> | <b>Yr1<br/>2020/21</b> | <b>Yr2<br/>2021/22</b> | <b>Yr3<br/>2022/23</b> | <b>Yr 4<br/>2023/24</b> | <b>Yr 5<br/>2024/25</b> |
|---|-------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|
|   | <b>£</b>                | <b>£</b>               | <b>£</b>               | <b>£</b>               | <b>£</b>                | <b>£</b>                |
| <b>BUDGET PRESSURES</b>   |                         |                        |                        |                        |                         |                         |
| Inflation and increases on goods and services   | 220,000                 | 110,000                | 110,000                | 110,000                | 110,000                 | 110,000                 |
| Torr Quarry Transfer Station  | 142,500                 |                        |                        |                        |                         |                         |
| Triennial Pension revaluation (increase in Pension Employer primary rate contributions)   |                         | 140,000                |                        |                        |                         |                         |
| Salaries - provision for pay award at 2% for 20/21 onwards  | 280,000                 | 140,000                | 140,000                | 140,000                | 140,000                 | 140,000                 |
| Waste collection, recycling and cleansing contract (estimate)   |                         | 130,000                | 130,000                | 130,000                | 130,000                 | 130,000                 |
| National Living Wage and National Insurance   | 50,000                  | 70,000                 | 70,000                 | 70,000                 | 70,000                  | 70,000                  |
| Two planning enforcement officers (SHDC share of the cost - Council September 19)   | 29,000                  | 50,078                 |                        |                        |                         |                         |
| Employer's pension costs - Waste collection, recycling and cleansing contract   | 290,000                 | 25,000                 |                        |                        |                         |                         |
| Depot annualised costs - Waste collection, recycling and cleansing contract   | 22,200                  | 60,762                 | 60,761                 |                        |                         |                         |
| Devon aligned service for waste   |                         | 175,000                | 175,000                |                        |                         |                         |
| Implementation costs for Devon aligned service for waste (one-off)<br>This is additional staffing support for implementation such as roadshows, communications and customer services support. |                         | 125,000                | (125,000)              |                        |                         |                         |
| Reduction in recycling income   | 125,000                 | 95,000                 |                        |                        |                         |                         |
| Blue and Clear recycling bag processing (safe working practice requirement)   | 75,000                  |                        |                        |                        |                         |                         |
| Haulage contract  | 60,000                  |                        |                        |                        |                         |                         |
| Reduction in Housing Benefit administration subsidy and Council Tax Support Admin Grant   | 15,000                  |                        |                        |                        |                         |                         |
| Car parking costs - collection fees   | 25,000                  |                        |                        |                        |                         |                         |
| ICT future service provision  |                         | 150,000                |                        |                        |                         |                         |
| ICT support contracts - increase the budget to better align to actual expenditure   | 50,000                  |                        |                        |                        |                         |                         |
| Housing Benefit overpayment recoveries  |                         | 100,000                | 70,000                 |                        |                         |                         |
| Payment collection expenses   |                         | 25,000                 |                        |                        |                         |                         |
| Maintenance of trees  |                         | 40,000                 |                        |                        |                         |                         |
| Climate Change Policy Officer (SHDC share of cost - 2 year temporary post)  |                         | 25,000                 |                        | (25,000)               |                         |                         |
| Housing Posts (make three temporary posts permanent - SHDC share of costs - to be funded by Government grant - Flexible Homelessness Grant funding)   |                         | 48,700                 |                        |                        |                         |                         |
| Economy Post - 50% of cost (shdc share), for two years  |                         | 25,000                 |                        | (25,000)               |                         |                         |
| SLT/ELT Restructure - redundancy/pension strain costs   |                         | 25,000                 |                        |                        | (25,000)                |                         |
| Dartmouth Ferry - management recharge from Salcombe Harbour   |                         | 21,100                 |                        |                        |                         |                         |
| Large and hazardous fly tipping costs (outside of the FCC contract)   |                         | 20,000                 |                        |                        |                         |                         |
| Reinstate £10,000 Partnership Funding to the CVS<br>(£7,000 already in the base budget)   |                         | 3,000                  |                        |                        |                         |                         |
| <b>TOTAL BUDGET PRESSURES</b>   | <b>1,383,700</b>        | <b>1,603,640</b>       | <b>630,761</b>         | <b>400,000</b>         | <b>425,000</b>          | <b>450,000</b>          |

**Changes to contributions to Earmarked Reserves**

|  |                  |                  |                |                |                |               |
|--|------------------|------------------|----------------|----------------|----------------|---------------|
| Reduce the contribution from the New Homes Bonus Reserve<br>(assumes a contribution of £500,000 in 2019/20, £564,143 in 2020/21 with reduced contributions from 2021/22 onwards from any replacement NHB scheme) | 141,084          | (64,143)         | 164,143        | 100,000        | 100,000        | 50,000        |
| Vehicle Fleet Replacement Reserve (Council 6th December 2018)  | 60,000           |                  |                |                |                |               |
| Contribution to Economic Regeneration Projects Reserve<br>(Business Rates Pilot gain). This contribution is one-off for 2018/19 only.  | (475,000)        |                  |                |                |                |               |
| Reduce contribution to Land and Development Reserve  | (43,000)         |                  |                |                |                |               |
| Dartmouth Ferry - increase annual contribution to £235,000 by 2024/25  |                  | 30,000           | 30,000         | 30,000         | 30,000         | 28,000        |
| Transformation Project (T18) - Approved at 11 December 2014 Council<br><i>Contribution to Strategic Change Reserve to meet pension strain costs</i>  | (150,000)        | (60,000)         |                |                |                |               |
| Repairs and Maintenance Reserve - increase annual contribution from £55,000 to £80,000 in 2020/21 and £105,000 from 2021/22  |                  | 25,000           | 25,000         |                |                |               |
| Contribution from the Flexible Homelessness Government Grant for three housing posts (SHDC share of costs)   |                  | (48,700)         |                |                |                |               |
| <b>Total changes in contributions to Earmarked Reserves (as per Appendix D)</b>  | <b>(466,916)</b> | <b>(117,843)</b> | <b>219,143</b> | <b>130,000</b> | <b>130,000</b> | <b>78,000</b> |

**BUDGET PROPOSALS 2020/21 FEBRUARY 2020**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

**SAVINGS AND INCOME GENERATION IDENTIFIED**

|   | Yr1<br>2019/20<br>£ | Yr2<br>2020/21<br>£ | Yr3<br>2021/22<br>£ | Yr 4<br>2022/23<br>£ | Yr 5<br>2023/24<br>£ | Yr 5<br>2023/24<br>£ |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Boat Storage Charges (as per Fees and Charges report)   | (3,000)             |                     |                     |                      |                      |                      |
| Duty Planning - charged appointment basis (as per Fees and Charges report)  | (9,000)             |                     |                     |                      |                      |                      |
| Savings from re-procurement of contracts (e.g. leisure contract)  | (22,000)            | (165,000)           | (65,000)            | (116,000)            | 0                    |                      |
| Procurement of waste collection, recycling and cleansing contract<br>(Note - The employer's pension costs of £290,000, the depot annualised costs of £22,200 and the increase to the Vehicle Earmarked Reserve of £60,000 are deducted from this figure to show the total net annual saving as per the report to Council on 6th December 2018)  | (658,351)           | (129,674)           | (129,672)           |                      |                      |                      |
| Income from Commercial Developments (Executive 13/12/18)  |                     |                     | (115,911)           | (41,096)             |                      |                      |
| Planning fee income   | (40,000)            |                     |                     |                      |                      |                      |
| Dartmouth Lower Ferry   | (25,000)            |                     |                     |                      |                      |                      |
| Public Conveniences - Pay on Entry, contributions and transfer to Parish Council/ closure 1.9.2019 where agreement has not been reached for transfer - Includes rate relief from 2021 - Savings as set out in the Executive report 22nd November 2018. Figures have been updated to reflect the proposals set out within the Public Conveniences update report to the Executive on 19th December 2019 | (118,275)           | (55,203)            | (54,537)            |                      |                      |                      |
| Other budget savings (cessation of Communities Together Fund)   | (7,000)             |                     |                     |                      |                      |                      |
| Reduce partnership grant funding to the CVS (£12,600) and South Devon AONB (£9,700)   | (22,300)            |                     |                     |                      |                      |                      |
| Advertising on website and e-bulletins  | (3,500)             |                     |                     |                      |                      |                      |
| Corporate consultancy income  | (20,000)            |                     |                     |                      |                      |                      |
| Energy Certificate for Eco Schemes  | (10,000)            |                     |                     |                      |                      |                      |
| Food and Health and Safety advice   | (3,000)             |                     |                     |                      |                      |                      |
| Increase investment in CCLA from £1.5m to £3.5m (treasury management income) - Appendix F   | (60,000)            |                     |                     |                      |                      |                      |
| Dartmouth Park and Ride - charging review   |                     |                     | (30,000)            | (20,000)             | (10,000)             |                      |
| Senior Leadership Team - Interim arrangement (£34,000) - Restructure (£60,000) as per July 2019 Council report - a total of £94,000   | (34,000)            | (60,000)            |                     |                      |                      |                      |
| Review ICT contracts  | (10,300)            | (6,300)             |                     |                      |                      |                      |
| Review cleaning contract Follaton   | (5,000)             |                     |                     |                      |                      |                      |
| Vehicle Trackers  | (2,900)             |                     |                     |                      |                      |                      |
| Digital Downloads of Planning applications  | (3,500)             | (3,500)             |                     |                      |                      |                      |
| Implement e-billing for Council Tax   | (2,100)             | (2,100)             | (2,100)             | (2,100)              | (2,100)              | (2,100)              |
| Council Tax Support Grant - proposal to reduce by 50% per annum over two years  | (8,000)             | (37,000)            | (37,000)            |                      |                      |                      |
| Car parking pay & display fees - increase by 4% (see 2.30 of the report)  |                     | (80,000)            |                     |                      |                      |                      |
| Commercial Investment Strategy  |                     | (75,000)            |                     |                      |                      |                      |
| Employment Estates income   |                     | (25,000)            |                     |                      |                      |                      |
| Treasury Management income  |                     | (20,000)            |                     |                      |                      |                      |
| Corporate Consultancy income  |                     | (10,000)            |                     |                      |                      |                      |
| Cancellation of the IEG4 Contract & implementation of the Northgate Citizen access portal   |                     | (12,000)            | (12,000)            |                      |                      |                      |
| Review of fees and charges - boat storage fees (£2,000) and S257 footpath diversion orders (£2,100)   |                     | (4,100)             |                     |                      |                      |                      |
| Dartmouth Lower Ferry income  |                     | (20,000)            |                     |                      |                      |                      |
| Triennial Pension Revaluation - no secondary pension contributions payable due to the pension Deficit being Nil at 31.3.2019  |                     | (200,000)           |                     |                      |                      |                      |
| <b>TOTAL SAVINGS AND INCOME GENERATION</b>  | <b>(1,067,226)</b>  | <b>(904,877)</b>    | <b>(446,220)</b>    | <b>(179,196)</b>     | <b>(12,100)</b>      | <b>(2,100)</b>       |

| Line No. | Appendix B - Council Tax is increased by the higher of £5 or 1.99% each year<br>Modelling for the financial years 2020/21 onwards | BASE<br>2019/20<br>£ | Yr 1<br>2020/21<br>£ | Yr 2<br>2021/22<br>£ | Yr 3<br>2022/23<br>£ | Yr 4<br>2023/24<br>£ | Yr 5<br>2024/25<br>£ |
|----------|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1        | Base budget brought forward   | 8,983,194            | 8,832,752            | 9,413,672            | 9,248,382            | 9,521,093            | 9,830,803            |
| 2        | Budget pressures (as per Appendix A)  | 1,383,700            | 1,603,640            | 630,761              | 400,000              | 425,000              | 450,000              |
| 3        | Savings already identified (as per Appendix A)  | (1,067,226)          | (904,877)            | (446,220)            | (179,196)            | (12,100)             | (2,100)              |
| 4        | Changes in contributions to Earmarked Reserves (App A)  | (466,916)            | (117,843)            | 219,143              | 130,000              | 130,000              | 78,000               |
| 5        | <b>Projected Net Expenditure:</b>   | <b>8,832,752</b>     | <b>9,413,672</b>     | <b>9,817,356</b>     | <b>9,599,186</b>     | <b>10,063,993</b>    | <b>10,356,703</b>    |
|          | <b>Funded By:-</b><br>(See Note 1 below regarding New Homes Bonus funding)  |                      |                      |                      |                      |                      |                      |
| 6        | <b>Council Tax income</b> - Modelling a £5 increase in 2020/21  | 6,315,689            | 6,562,617            | 6,825,327            | 7,092,038            | 7,362,748            | 7,637,459            |
| 7        | Collection Fund Surplus   | 112,000              | 60,000               | 100,000              | 100,000              | 100,000              | 100,000              |
| 8        | Localised Business Rates (baseline funding level)   | 1,897,008            | 1,928,000            | 1,960,000            | 1,991,000            | 2,030,000            | 2,062,000            |
| 9        | Tariff/Top Up Adjustment amount (negative RSG- assumes withdrawn for 20/21)   |                      |                      | (400,000)            | (400,000)            | (400,000)            | (400,000)            |
| 10       | Business Rates Pooling Gain   | 100,000              | 225,000              | 125,000              | 100,000              | 100,000              | 100,000              |
| 11       | Business Rates - amount achieved over the Baseline funding level  |                      | 230,000              | 230,000              | 230,000              | 230,000              | 230,000              |
| 12       | Rural Services Delivery Grant   | 408,055              | 408,055              | 408,055              | 408,055              | 408,055              | 408,055              |
| 13       | <b>Total Projected Funding Sources</b>  | <b>8,832,752</b>     | <b>9,413,672</b>     | <b>9,248,382</b>     | <b>9,521,093</b>     | <b>9,830,803</b>     | <b>10,137,514</b>    |
|          | <b>Budget Gap per year</b>  |                      |                      |                      |                      |                      |                      |
| 14       | (Projected Expenditure line 5 - Projected Funding line 13)  | 0                    | 0                    | 568,974              | 78,093               | 233,190              | 219,189              |
|          | <b>Actual Predicted Cumulative Budget Gap</b>   | 0                    | 0                    | 568,974              | 647,067              | 880,257              | 1,099,446            |
|          | <b>Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)</b>                     | 0                    | 0                    | 568,974              | 1,216,041            | 2,096,298            | 3,195,744            |
|          | <b>Modelling Assumptions:</b>   |                      |                      |                      |                      |                      |                      |
|          | Council Tax (Band D) (Modelling the higher of £5 or a 1.99% increase)   | 165.42               | 170.42               | 175.42               | 180.42               | 185.42               | 190.42               |
|          | Council Tax Base (Assumes an increase in Band D Equivalent properties of 400 per annum)   | 38,179.72            | 38,508.49            | 38,908.49            | 39,308.49            | 39,708.49            | 40,108.49            |

**Note 1 - New Homes Bonus Funding**

The modelling for 2020/21 includes a contribution of £564,143 from New Homes Bonus (NHB) funding to fund the Base Budget. Appendix A shows the movement between years of the funding from NHB. Funding will reduce from 2021/22 onwards from any equivalent contribution from a replacement NHB scheme.

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| RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)             |             |                                  |                                    |                               |                                    | APPENDIX C   |
|---|-------------|----------------------------------|------------------------------------|-------------------------------|------------------------------------|--|
|   | Cost Centre | Opening balance 01.04.2019 £000s | Additions to Reserve 2019/20 £000s | Predicted Spend 2019/20 £000s | Projected balance 31.03.2020 £000s | Comments   |
| <b>EARMARKED RESERVES</b>   |             |                                  |                                    |                               |                                    |  |
| <b>Specific Reserves - General Fund</b>                               |             |                                  |                                    |                               |                                    |  |
| Capital Programme   | S0820       | (84)                             | (453)                              | 453                           | (84)                               | Transfer to R & M Reserve £80k for Follaton roof and lift, 17/18 Capital Programme £30k, Kingsbridge Quay Master Plan Stage 2a, 18/19 Capital Programme £204k, 19/20 Capital Programme £140k   |
| Revenue Grants  | S0821       | (578)                            | 0                                  | 58                            | (520)                              | This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes   |
| Affordable Housing  | S0822       | (988)                            | 0                                  | 910                           | (78)                               | Funding of Capital Programme Commitments   |
| Renovation Grant Reserve  | S0823       | (7)                              | 0                                  | 0                             | (7)                                | Comprises proceeds from repayments   |
| New Homes Bonus   | S0804       | (1,155)                          | 0                                  | 919                           | (236)                              | Commitments as per 19/20 budget report approved at Council on 21/2/19 (£500k to fund the Revenue Base Budget in 19/20). This funding is all committed to capital projects.   |
| Community Parks and Open Spaces                                       | S0826       | (107)                            | (17)                               | 95                            | (29)                               | South Devon Tennis Courts, Follaton Arboretum  |
| Repairs & Maintenance   | S0827       | (45)                             | (148)                              | 71                            | (122)                              | Coronation Road toilets (O&S 38/18), Bigbury toilets replacement hand dryers £11k and improvements to mobile phone signal at Follaton House - £80,000 contribution into the reserve from the Capital Programme Reserve for Follaton Roof and Lift  |
| Marine Infrastructure   | S0828       | (210)                            | (58)                               | 0                             | (268)                              | Of the remaining balance of £268,000, an amount of £200,000 is committed to Baston Harbour Workshops as per 19/20 Capital Programme (E.70/18)  |
| Land and Development  | S0829       | (94)                             | (121)                              | 76                            | (139)                              | Commitments include the balance of the land transfer to Dartmouth Town Council £12k, feasibility studies £14k, and £50k earmarked for Council Owned Asset Investment and Development E.08/18.  |
| Dartmouth Ferry Repairs & Renewals                                    | S0830       | (455)                            | (87)                               | 214                           | (328)                              | Fleet refurbishment £74k (includes £40k recommended in this report) engineering works at Dartmouth Lower Ferry Workshops (health & safety urgent works) £120k.   |
| Homelessness Prevention   | S0851       | (112)                            | 0                                  | 0                             | (112)                              |  |
| Economic Initiatives  | S0831       | (27)                             | 0                                  | 21                            | (6)                                | RDP Local Action £16.4k South West LEP £5k   |
| Vehicles & Plant Renewals   | S0832       | (1,264)                          | (550)                              | 617                           | (1,197)                            | Fleet Replacement Programme  |
| Pay & Display Equipment Renewals                                      | S0833       | (123)                            | (21)                               | 0                             | (144)                              |  |
| On-Street Parking   | S0834       | (44)                             | 0                                  | 0                             | (44)                               |  |
| Strategic Change Reserve (T18)  | S0849       | 0                                | (60)                               | 60                            | 0                                  | T18 Pension Strain   |
| ICT Development   | S0836       | (126)                            | (50)                               | 53                            | (123)                              | Replacement Member laptops £16k, Netcall Liberty software upgrade £13k, Devon WAN upgrade £10k   |
| Sustainable Waste Management  | S0837       | (29)                             | (25)                               | 54                            | 0                                  |  |
| District Elections  | S0838       | (78)                             | (10)                               | 0                             | (88)                               |  |
| Beach Safety  | S0839       | (14)                             | 0                                  | 0                             | (14)                               |  |
| Planning Policy & Major Developments                                  | S0840       | (125)                            | (50)                               | 17                            | (158)                              | Commitment relates to Enforcement officers E.39/19   |
| Section 106 Deposits  | S0842       | (38)                             | 0                                  | 0                             | (38)                               | Comprises deposits with no repayment conditions - created as a result of IFRS  |
| Members Sustainable Community Locality                                | S0846       | (6)                              | 0                                  | 0                             | (6)                                |  |
| Innovation Fund (Invest to Earn)                                      | S0850       | (17)                             | 0                                  | 15                            | (2)                                | Commitment relates to the development of Admiral Court, Dartmouth (Executive 16/6/16)  |
| Community Housing Fund  | S0854       | (1,285)                          | 0                                  | 300                           | (985)                              | This reserve holds the remaining balance of the Community Housing Fund grant received in 2016/17 of just under £1.9m (Government grant). This is partly earmarked for consultancy costs for future and existing schemes.   |
| Support Services Trading  | S0856       | (43)                             | 0                                  | 0                             | (43)                               |  |
| Leisure Services  | S0858       | (57)                             | 0                                  | 57                            | 0                                  | Prudential borrowing costs   |
| Environmental Health Initiatives                                      | S0857       | (20)                             | 0                                  | 11                            | (9)                                | Commitment for a temporary student post  |
| Economic Regeneration Initiatives (Business Rates pilot gain 2018/19) | S0858       | (379)                            | 0                                  | 100                           | (279)                              | This reserve was created to hold the 2018/19 Business Rates Pilot gain. The commitments includes amounts earmarked for Council Owned Asset Investment and Development E.08/18, and for Commercial Development opportunities E.62/18.   |
| Section 106 Monitoring  | S0929       | (124)                            | 0                                  | 14                            | (110)                              |  |
| Joint Local Plan  | S0860       | (31)                             | 0                                  | 0                             | (31)                               | New reserve for Joint Local Plan Funding   |
| S106 Technical Support  | S0862       | (20)                             | 0                                  | 0                             | (20)                               |  |
| <b>Sub Total excluding the Business Rates Reserve</b>                 |             | <b>(7,685)</b>                   | <b>(1,650)</b>                     | <b>4,115</b>                  | <b>(5,220)</b>                     |  |
| Business Rates Retention  | S0824       | (5,114)                          | 0                                  | 0                             | (5,114)                            | This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income e.g. due to appeals. An amount of £3.5m has been ringfenced for Employment for the creation of local jobs (Council February 2018). It was agreed by Council to fund the acquisition of 10 acres of employment land at Sherford from this reserve. On 31 October 2019 the Executive recommended to Council to use up to £200k to fund the cost of extending the lease of the starter units at Langage from 21 years to 125 years, funded from this reserve. |
| <b>TOTAL EARMARKED RESERVES</b>                                       |             | <b>(12,799)</b>                  | <b>(1,650)</b>                     | <b>4,115</b>                  | <b>(10,334)</b>                    |  |
| <b>TOTAL UNEARMARKED RESERVES (General Fund Balance)</b>              |             | <b>(1,898)</b>                   |                                    | <b>(37)</b>                   | <b>(1,935)</b>                     | Projected underspend of £37,000 for 2019/20  |
| <b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>    |             | <b>(14,697)</b>                  | <b>(1,650)</b>                     | <b>4,078</b>                  | <b>(12,269)</b>                    |  |

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## ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

| Estimate<br>2019/20 |             |   | Estimate<br>2020/21 |             | Estimate<br>2021/22 |             |
|---------------------|-------------|---|---------------------|-------------|---------------------|-------------|
| To<br>£             | (From)<br>£ |   | To<br>£             | (From)<br>£ | To<br>£             | (From)<br>£ |
| 181,600             |             | Capital Programme                             | 181,600             |             | 181,600             |             |
| 16,900              |             | Community Parks & Open Spaces                 | 16,900              |             | 16,900              |             |
| 10,000              |             | District Elections                            | 10,000              |             | 10,000              |             |
| 87,000              |             | Ferry major repairs & renewals                | 117,000             |             | 147,000             |             |
|                     | (500,000)   | New Homes Bonus (replacement scheme in 21/22) |                     | (564,143)   |                     | (400,000)   |
|                     | 0           | Flexible Homelessness Gov Grant               |                     | (48,700)    |                     | (48,700)    |
| 20,800              |             | Pay & Display Equipment                       | 20,800              |             | 20,800              |             |
| 99,000              |             | Pension Fund Strain Payments                  | 99,000              |             | 99,000              |             |
| 55,000              |             | Repairs and maintenance                       | 80,000              |             | 105,000             |             |
| 60,000              |             | Strategic Change Reserve                      | 0                   |             | 0                   |             |
| 550,000             |             | Vehicles & Plant Renewals                     | 550,000             |             | 550,000             |             |
| 7,000               |             | Land and Development Reserve                  | 7,000               |             | 7,000               |             |
| 50,000              |             | IT Development Reserve                        | 50,000              |             | 50,000              |             |
| 25,000              |             | Sustainable Waste Management                  | 25,000              |             | 25,000              |             |
| 50,000              |             | Planning Policy and Major Development         | 50,000              |             | 50,000              |             |
| 2,000               |             | Interest credited to reserves                 | 2,000               |             | 2,000               |             |
| 1,214,300           | (500,000)   | <b>TOTALS</b>                                 | 1,209,300           | (612,843)   | 1,264,300           | (448,700)   |
| <b>714,300</b>      |             | <b>GRAND TOTAL</b>                            | <b>596,457</b>      |             | <b>815,600</b>      |             |

Note: The movement between the two years (£714,300 less £596,457) equates to the (£117,843) shown in Appendix A in 'Total changes in contributions to Earmarked Reserves' for 2020/21.

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## **NOT FOR PUBLICATION**

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

Report to: **Executive**  
Date: **6 February 2020**  
Title: **Capital Budget Proposals for 2020/21**  
Portfolio Area: **Budget Proposals – Cllr Pearce**  
Wards Affected: **All**

Dates next steps can be taken: 13<sup>th</sup> February 2020

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

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance (S151 Officer)**

Contact: **Tel. 01803 861413**  
**Email: [lisa.buckle@swdevon.gov.uk](mailto:lisa.buckle@swdevon.gov.uk)**

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### **Recommendations:**

That the Executive resolves to recommend to Council:-

- a) The Capital Programme for 2020/21, which totals £2,480,000 (Appendix A)
- b) The Capital Programme for 2020/21, which totals £1,250,000 (Exempt Appendix B)
- c) The financing of the 2020/21 Capital Programme of £3,730,000 from the funding sources set out in Section 4.

## **1. Executive summary**

**1.1** The report sets out the Capital Bids to the 2020/21 Capital Programme totalling £3,730,000 and a suggested way that these Bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.

- 1.2** The Council has limited resources, in the form of capital receipts, to fund Capital Projects in 2020/21.

Consideration needs to be given to the funding options for the 2020/21 Capital Programme. The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.

- 1.3** The Prudential Code for capital, which came into effect from 1<sup>st</sup> April 2004, replaced the previous Government regulated limits on capital expenditure and borrowing. In its place Councils now have the power to determine their own appropriate levels of capital expenditure and borrowing for capital purposes, based on the principles of affordability, prudence and sustainability.

- 1.4** The Code requires the Council, in setting its capital spending plans, to assess the impact on its revenue account and council tax levels. Section 4 demonstrates that there are sufficient capital funds (which includes PWLB borrowing mainly for commercial acquisitions) in 2020/21 to fund the bids which have been submitted by project officers within the Council.

## **2. Background**

- 2.1** The capital programme for 2019/20 was approved by Council on 21 February 2019 (54/18 and E.72/18 refer).

- 2.2** A new Capital Programme is proposed for 2020/21. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during September 2019 on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids received would be ranked against a prescribed priority criteria set out in the bid process.

- 2.3** The submitted capital bids have now been assessed against the categories in each priority. Priority I 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. 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.

**2.4** The programme outlines the principles of the projects proposed for capital expenditure and includes an estimate of predicted costs including fees. All projects will be subject to project appraisals as required under the Council's Asset Strategy.

**2.5** The Draft Capital Budget Proposals were considered by the Joint Development Management Committee and Overview and Scrutiny Panel at their meeting on 23rd January. A copy of the minute from their meeting is shown below:

OSDM.4/19 **CAPITAL BUDGET PROPOSALS FOR 2020/21**

Members considered a report that set out the Capital Bids to the 2020/21 Capital Programme and outlined a suggested way that these Bids could be funded.

It was then:

**RECOMMENDED**

That the Joint Meeting RECOMMEND that the Executive RECOMMEND to Council that:-

1. The content of the Capital Programme Proposals for 2020/21 that totals £2,480,000 (as set out in Appendix A of the presented agenda report) be supported;
2. the content of the Capital Programme Proposals for 2020/21 that totals £1,250,000 (as set out in exempt Appendix B of the presented agenda report) be supported; and
3. the proposed financing of the 2020/21 Capital Programme of £3,730,000 from the funding sources (as set out in Section 4 of the presented agenda report) be supported.

### 3. Outcomes/outputs

Members are requested to give their views on the proposals for the Capital Programme for 2019/20. Appendix A and exempt Appendix B set out the bids which total £3,730,000.

#### 3.1 Capital Programme 2020/21

#### 3.2 Play Parks – replacement of play equipment

A capital budget of £140,000 is required in 2020/21. Contracts have been awarded for the supply and installation of play equipment at eight play areas across the South Hams. The play areas in question are all in need of replacement/upgrading and the primary objective is to secure the design of attractive, imaginative and low maintenance new play spaces making best use of the sites.

This project marks the first phase of an improvement scheme of SHDC owned play areas agreed by the SHDC Public Spaces Working Group. 2020/21 will be year 3 of a three year programme as shown below:

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

| <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>Total</b>    |
|----------------|----------------|----------------|----------------|-----------------|
| £190,000       | Nil            | £190,000       | £140,000       | <b>£520,000</b> |

There are currently commitments totalling £380,000 against the play parks budget to date.

#### 3.3 Follaton House – roof repairs

The proposed capital programme includes a contribution of £50,000 into a reserve for Follaton House roof repairs. £50,000 per annum is transferred to this fund which has a current balance of £200,000.

Roofing repairs are required on the Old House which includes the localised replacement of defective slate and lead valleys. Defective guttering on Phases 1, 2 and 3 also needs replacing.

#### 3.4 Follaton House – Replacement Lifts

The proposed capital programme includes a contribution of £30,000 into a reserve for replacing lifts at Follaton House. The balance in this fund is £30,000, 2019/20 being the first year.

There are two lifts which are maintained under contract and regularly serviced. They are increasingly requiring repair and lift engineers have advised that parts are becoming increasingly obsolete. Replacements will be required in the next few years.

### **3.5 New Waste Containers**

A report on Frontline Services (Waste and Cleansing Procurement) was presented to Council in December 2018. Containers are required for the Devon aligned service which will be implemented in September 2020. This budget has already been approved by Members and has been included here for completeness (Minute C41/18 refers).

### **3.6 Waste Fleet Replacement**

A report on Frontline Services (Waste and Cleansing Procurement) was presented to Council in December 2018. The Waste Fleet is a Council asset which is maintained and repaired by the Waste Contractor, FCC. The Council and FCC liaise over the timing of purchasing vehicle replacements. Contributions are made into the Vehicle Replacement Reserve annually and are sufficient to fund all replacements until the end of the contract term. The proposed capital programme includes the annual contribution of £550,000. This budget has already been approved by Members and has been included here for completeness (Minute C41/18 refers).

A climate change action plan was presented to Members at the Council meeting on 19<sup>th</sup> December, 2019. This action plan includes future considerations around the Council's fleet.

### **3.7 New Sub Lift at Salcombe**

The 2018/19 and 2019/20 capital budgets included a contribution into a reserve towards the purchase of a new sub lift. The proposed capital programme includes a further contribution in 2020/21 when sufficient funds will be available to purchase the sub lift.

### **3.8 Steamer Quay, Totnes – Office Development**

A capital budget was approved in 2019/20 for a new office development at Steamer Quay, Totnes with a proposal for additional funds in the 2020/21 capital budget. Architects are currently working up a design during the pre application process.

### **3.9 Batson, Salcombe - Harbour Workshop**

In 2019/20 a capital budget was approved for a new Harbour workshop at Batson with a proposal for additional funds in the 2020/21 capital budget.

In 2019 SHDC gained planning permission for the creation of a new harbour master's depot to be located within the Batson Quay Car Park, Salcombe.

The new harbour depot facility will accommodate workshops to allow the Authority's staff to undertake regular maintenance and repair of their vessels. The depot will facilitate the Authority's ability to organise and monitor all harbour-based activities, such as checking moorings, ensuring safety and the maintenance of existing marina facilities.

Final costs exceed the total of the budget allocation from 2019/20 and the proposed amount for 2020/21. The decision has therefore been taken to delay the project for 12 months to enable value engineering to be explored and ensure business continuity is provided this winter.

### **3.10 Coastal Assets repairs - 5 year planned programme**

Historically maintenance of coastal assets was carried out on a reactive basis. In 2015/16, following a comprehensive condition survey, a proposal was put forward for a five year programme of planned coastal asset repairs with a budget of £300,000 per annum. 2019/20 was the final year of the 5 year programme.

A budget of £300,000 per annum for a further 5 year programme is proposed. The re-survey of all coastal assets is currently underway with delivery due by the end of the financial year. This will allow for a further five year maintenance plan to be developed.

### **3.11 New Entrance, Batson Creek Car Park**

A capital budget provision for a new entrance to Batson Creek Car Park was approved in 2019/20. A further provision is required in 2020/21. This relates to alteration of the car park entrance and spaces layout such that any development within the car park footprint does not result in any loss of capacity. There will also be a requirement to create space for the recycling facilities at Batson through the creation of a hard standing area adjacent to the existing site.

### **3.12 Cliff House Gardens, Salcombe**

A structural report is required and a structural engineer will be appointed to assess and identify whether remedial works are required.

### **3.13 Public Conveniences – Wallgate (hand-washing) Replacements**

The proposed capital programme includes a contribution of £10,000 per annum into a reserve for the replacement of Wallgate hand washing facilities. A number of Wallgates are reaching the end of their 25 year lives and will need to be replaced. Wallgates (hand washing facilities) are situated in public conveniences throughout the South Hams and provide an all in one solution to hand washing facilities and make savings in relation to water, energy efficiency and provide a more practical, eco-friendly and economical hand washing facility.

### **3.14 Totnes Skate Park**

Officers are currently working with the Community to secure capital funding towards a replacement skate park within the SHDC owned Borough Park in Totnes.

This includes an Expression of Interest pending with the National Lottery. Officers hope to deliver a new skate park in 2020/21 financial year subject to a full funding package.

### **3.15 Private Sector Renewals (including Disabled Facilities Grants)**

This budget is used to fund Private Sector Renewals, primarily Disabled Facilities Grants (DFG's). DFG's are mandatory, means tested and enable people to live independently within their own home. Adaptations range from simple stair lifts and Level Access Showers through to full extensions.

The budget of £1,100,000 will be funded from the Better Care Fund (Government Grant). The demand for DFG's is not under our control and cannot be predicted at this stage.

### 3.16 Contingency

It is proposed that a contingency budget of £300,000 be included in the capital programme.

This has been included to allow for variations on tendered prices to the estimates provided in the programme, where emergency works are required on assets not currently included in the programme or where additional external resources are required to deliver the programme.

Use of this contingency budget will be subject to the Council's existing processes for the expenditure of capital funds.

## 4 FINANCING THE CAPITAL PROGRAMME

**4.1** Capital bids shown in Appendix A total £2,480,000 with the total of bids in exempt Appendix B being £1,250,000. Funding of £3,730,000 is therefore required. The table below shows the recommended way that these projects are financed:-

|   |                              |
|---|------------------------------|
| <b>Capital Programme 2020/21</b><br><i>Appendix A (£2,480,000) and<br/>Appendix B bids (£1,250,000)</i>   | <b>£</b><br><b>3,730,000</b> |
| <b>Funded By:</b>   |                              |
| Capital Programme Reserve<br>(See Note 1 below – this includes the 20/21 allocation of £181,600 plus previous funds unallocated)  | 265,100                      |
| Vehicle & Plant Renewals Reserve*   | 550,000                      |
| Capital Receipts  | 714,900                      |
| Better Care Grant funding towards Disabled Facilities Grants (estimated)  | 1,100,000                    |
| Borrowing – Waste and Cleansing Procurement (purchase of containers for the Devon aligned service)*   | 500,000                      |
| Borrowing – development opportunities (this is a proportion of the total PWLB borrowing for the projects shown within the South Hams Commercial Developments report and relates to the capital expenditure in the 20/21 year only) – Steamer Quay/Batson Workshop | 600,000                      |
| <b>TOTAL</b>  | <b>3,730,000</b>             |

\* This funding has already been approved by Council on 6<sup>th</sup> December 2018 as part of the report on Frontline Services (Waste and Cleansing Procurement) Council Minute C41/18.

Note 1 – The current proposed funding of the Capital Programme includes the Council continuing to make a revenue contribution to the Capital Programme Reserve in 2020/21 of £181,600.

## 5. IMPLICATIONS

| Implications         | Relevant to proposals Y/N | Details and proposed measures to address   |
|----------------------|---------------------------|--|
| Legal/<br>Governance | Y                         | <p>The Executive is responsible for control of the Council’s capital expenditure. The Head of Finance and Assets Practices are responsible for providing Capital Monitoring reports to the Executive, detailing the latest position of the Council’s Capital Programme. Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Executive.</p> <p>It is the role of the Joint Development Management Committee and Overview and Scrutiny Panel to scrutinise the Budget proposals being proposed by the Council on an annual basis.</p> <p>Since there is commercially sensitive information in Appendix B, regarding the budgets for individual projects, there are grounds for the publication of this Appendix to be restricted, and considered in exempt session.</p> <p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in Appendix B. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> |

|   |          |   |
|---|----------|---|
| <p>Financial Implications to include reference to Value for Money</p> | <p>Y</p> | <p>The report sets out the Capital Bids to the 2020/21 Capital Programme totalling £3,730,000 and a suggested way that these bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.</p> <p>Section 4 demonstrates that there are sufficient capital funds (which includes PWLB borrowing of £1.1m) in 2020/21 to fund the bids which have been submitted by project officers within the Council.</p> <p>The regular monitoring of the Capital Programme ensures the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>  |
| <p>Risk</p>   | <p>Y</p> | <p>There is a risk that the Capital Programme does not meet the Council's strategic priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal.</p> <p>This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period. The Council demonstrates that capital investment contributes to strategic priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage</p> |

|   |  |  |
|---|--|--|
| Supporting Corporate Strategy                 |  | The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.  |
| Climate Change - Carbon / Biodiversity Impact |  | A climate change action plan was presented to Members at the Council meeting on 19 <sup>th</sup> December, 2019. This action plan includes future considerations around the Council's fleet. |
| Comprehensive Impact Assessment Implications  |  |  |
| Equality and Diversity                        |  | None directly arising from this report.  |
| Safeguarding                                  |  | None directly arising from this report.  |
| Community Safety, Crime and Disorder          |  | None directly arising from this report.  |
| Health, Safety and Wellbeing                  |  | None directly arising from this report.  |
| Other implications                            |  | None directly arising from this report.  |

### Supporting Information

Appendices:

Appendix A – Summary of Capital Bids for 2020/2021

EXEMPT - Appendix B – Summary of exempt Capital Bids for 2020/2021 (table)

### Background papers

Capital Programme for 2020/21 – Executive 19 December 2019

Capital Programme for 2019/20 - Council 21 February 2019 (54/18 and E.72/18 refer).

### **Approval and clearance of report**

| <b>Process checklist</b>                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed                    | <b>Yes</b>       |
| SLT Rep briefed                             | <b>Yes</b>       |
| Relevant Heads of Practice sign off (draft) | <b>Yes</b>       |
| Data protection issues considered           | <b>Yes</b>       |
| Accessibility checked                       | <b>Yes</b>       |

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## Appendix A

| Proposed Capital Projects 2020/21 - 2022/23 - PART I  |                             |   |              |  |                        |                        |                       |
|---|-----------------------------|---|--------------|--|------------------------|------------------------|-----------------------|
| Priority Criteria                                     |                             |   |              |  |                        |                        |                       |
| Statutory Obligations                                 |                             |   | 1            | Compliance, H&S, DDA                                   |                        |                        |                       |
|   |                             |   | 2            | Essential to keep Operational Assets open              |                        |                        |                       |
| Good Asset Management                                 |                             |   | 3            | Rationalise service delivery or service improvement    |                        |                        |                       |
|   |                             |   | 4            | Generate income, capital value or reduce revenue costs |                        |                        |                       |
| Service   | Site                        | Project   | Lead officer | Proposed 2020/21 £'000                                 | Proposed 2021/22 £'000 | Proposed 2022/23 £'000 | Priority code / notes |
|   | Play Parks                  | Replacement equipment   | RS           | 140  |                        |                        | 1,2                   |
| HQ  | Follaton House              | Refurbishment of roof to old house and replacement guttering                                | ST           | 50   | 50                     | 50                     | 1,2                   |
| Engineering   | Follaton House              | Replacement Lifts   | ST           | 30   | 30                     | 30                     | 1,2                   |
|   | SHDC Coastal Assets Repairs | 5 year planned programme based on marine survey   | CB           | 300  | 300                    | 300                    | 1                     |
| Commercial Services                                   |                             | Waste Fleet Replacement   | JS           | 550  | 550                    | 550                    | 1,2,3                 |
| Commercial Services                                   | Public Conveniences         | Replacement programme of hand washing facilities within the public conveniences (Wallgates) | CA/EW        | 10   | 10                     | 10                     | 1,2                   |
| Public Sector Renewals (inc Disabled Facility Grants) |                             |   | IL           | 1,100  | 1,100                  | 1,100                  | 1                     |
| <b>Sub Total</b>                                      |                             |   |              | <b>2,180</b>   | <b>2,040</b>           | <b>2,040</b>           |                       |
| <b>Contingency</b>                                    |                             |   |              | <b>300</b>   | <b>300</b>             | <b>300</b>             |                       |
| <b>Totals</b>   |                             |   |              | <b>2,480</b>   | <b>2,340</b>           | <b>2,340</b>           |                       |

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Report to: **Executive**

Date: **6<sup>th</sup> February 2020**

Title: **Write Off Report**

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

Wards Affected: **All**

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

Date next steps can be taken: **N / A**

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## **Recommendations:**

The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £90,751.81 as detailed in Tables 1 and 2.

The Executive approves the write off of individual debts in excess of £5,000 totalling £18,689.45, as detailed in Table 3.

### **1. Executive summary**

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

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

This report covers the period 1<sup>st</sup> October 2019 to 31<sup>st</sup> December 2019.

### **2. Background**

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

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

South Hams District Council's collection rates for 2018/19 were; Council Tax 98.24% & Business Rates 98.40%.

In the third quarter of 2019/20 the Council has collected £21.14 million in Council Tax and £7.70 million in Business Rates. The total collectable debt for 2019/20 (as at 31<sup>st</sup> December) for Council Tax is £74.57 million and for Business Rates is £30.77 million.

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

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

In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £3,323,053.53. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

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

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

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

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

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

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

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

#### 5. Proposed Way Forward

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

#### 6. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address  |
|--|---------------------------|---|
| Legal/Governance   |                           | The relevant powers for this report are contained within the following legislation;<br><br>Section 151 Local Government Act 1972<br>Section 44 Local Government Finance Act 1988 (Non Domestic Rate)<br>Section 14 Local Government Finance Act 1992 (Council Tax)  |
| Financial implications to include reference to value for money |                           | South Hams District Council debts totalling £109,441.26 to be written-off   |
| Risk   |                           | Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.<br><br>This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue<br><br>The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in Part 3. |
| Supporting Corporate Strategy                                  |                           | Delivering efficient and effective services   |

|   |  |  |
|---|--|--|
| Climate Change - Carbon / Biodiversity Impact       |  | No direct carbon/biodiversity impact arising from the recommendations  |
| <b>Comprehensive Impact Assessment Implications</b> |  |  |
| Equality and Diversity                              |  | All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place. |
| Safeguarding  |  | None   |
| Community Safety, Crime and Disorder                |  | None   |
| Health, Safety and Wellbeing                        |  | None   |
| Other implications                                  |  | A bad debt provision is built into the financial management of the Authority   |

### **Supporting Information**

#### **Appendices:**

- Table 1 – Council debt under £5,000 written off by the Section 151 Officer  
Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer  
Table 3 – Summary of items over £5,000 where permission to write off is requested  
Table 4 – National & Local Collection Statistics re 2018/19 Collection Rates  
Table 5 – Quarterly income in 2018/19 relating to all years  
Table 6 – Previous Year Write Off Totals  
Table 7 – Bad debt provision breakdown

#### **Background Papers:**

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

### **Approval and clearance of report**

| <b>Process checklist</b>                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed                    | <b>Yes</b>       |
| SLT Rep briefed                             | <b>Yes</b>       |
| Relevant Heads of Practice sign off (draft) | <b>Yes</b>       |
| Data protection issues considered           | <b>Yes</b>       |
| Accessibility checked                       | <b>Yes</b>       |

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

| TYPE OF DEBT           | NUMBER OF CASES |           | No of people / business | REASON FOR W/OFF             | Financial Year 2019/20 |                  |                   | Totals for Comparison purposes |                  |                     |                   |
|------------------------|-----------------|-----------|-------------------------|------------------------------|------------------------|------------------|-------------------|--------------------------------|------------------|---------------------|-------------------|
|                        | <£1000          | >£1000    |                         |                              | Quarter 3              | Cumulative Total |                   | Equivalent Quarter 2018/19     |                  | Grand Total 2018/19 |                   |
|                        |                 |           |                         |                              | Amount (£)             | Cases            | Amount            | Cases                          | Amount           | Cases               | Amount            |
| <b>HOUSING BENEFIT</b> | 17              | 3         |                         | Overpaid Entitlement         | 11,782.10              | 70               | 42,340.53         | 18                             | 5,702.41         | 65                  | 20,405.06         |
|                        | 2               | 4         |                         | Insolvency / Bankruptcy      | 12,258.60              | 19               | 30,695.30         | -                              | -                | 2                   | 2,742.19          |
|                        | -               | -         |                         | Absconded                    | -                      | -                | -                 | -                              | -                | -                   | -                 |
|                        | -               | -         |                         | Deceased                     | -                      | 2                | 312.70            | -                              | -                | 5                   | 3,258.73          |
|                        | 6               | -         |                         | Not cost effective to pursue | 208.60                 | 17               | 342.36            | 5                              | 80.26            | 31                  | 550.52            |
|                        | 6               | 2         |                         | Uncollectable old debt       | 4,711.22               | 24               | 10,653.98         | 37                             | 22,056.59        | 85                  | 44,194.17         |
| Total                  | 31              | 9         |                         |                              | 28,960.52              | 132              | 84,344.87         | 60                             | 27,839.26        | 188                 | 71,150.67         |
| <b>COUNCIL TAX</b>     | -               | -         |                         | Absconded                    | -                      | 1                | 187.70            | -                              | -                | -                   | -                 |
|                        | 15              | 12        |                         | Insolvency / Bankruptcy      | 34,925.09              | 50               | 61,704.06         | 12                             | 17,253.30        | 65                  | 84,033.83         |
|                        | 1               | -         |                         | Deceased                     | 23.76                  | 5                | 1,253.53          | 2                              | 2,994.83         | 8                   | 5,458.81          |
|                        | 14              | -         |                         | Small balance                | 98.65                  | 66               | 12,830.32         | -                              | -                | 8                   | 106.89            |
|                        | 9               | -         |                         | Other (CTR overpayments)     | 3,320.61               | 10               | 3,994.13          | 2                              | 263.29           | 11                  | 4,452.54          |
|                        | 4               | -         |                         | Uncollectable old debt       | 677.42                 | 67               | 9,383.37          | -                              | -                | -                   | -                 |
| Total                  | 43              | 12        |                         |                              | 39,045.53              | 199              | 89,353.11         | 16                             | 20,511.42        | 92                  | 94,052.07         |
| <b>SUNDRY DEBTS</b>    | 52              | -         | 52                      | Absconded                    | 14,009.55              | 58               | 15,188.60         | -                              | -                | 49                  | 15,492.94         |
|                        | 3               | -         | 3                       | Insolvency / Bankruptcy      | 895.06                 | 6                | 2,030.01          | -                              | -                | 6                   | 2,301.59          |
|                        | 17              | -         | 17                      | Not able to recover          | 4,197.54               | 17               | 4,197.54          | 1                              | 720.00           | 16                  | 4,102.25          |
|                        | 2               | -         | 2                       | Other                        | 219.72                 | 2                | 219.72            | -                              | -                | 2                   | 5,029.46          |
|                        | 63              | -         | 63                      | Not economical to collect    | 597.43                 | 63               | 597.43            | 47                             | 11,076.43        | 65                  | 11,205.62         |
|                        | 1               | -         | 1                       | Deceased                     | 63.00                  | 1                | 63.00             | -                              | -                | -                   | -                 |
| Total                  | 138             | -         |                         |                              | 19,982.30              | 147              | 22,296.30         | 48                             | 11,796.43        | 138                 | 38,131.86         |
| <b>Grand Total</b>     | <b>212</b>      | <b>21</b> |                         |                              | <b>87,988.35</b>       | <b>478</b>       | <b>195,994.28</b> | <b>124</b>                     | <b>60,147.11</b> | <b>418</b>          | <b>203,334.60</b> |

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

| TYPE OF DEBT              | NUMBER OF CASES |          | No of people / business | REASON FOR W/OFF            | Financial Year 2019/20 |                  |                  | Totals for Comparison purposes |                 |                     |                  |
|---------------------------|-----------------|----------|-------------------------|-----------------------------|------------------------|------------------|------------------|--------------------------------|-----------------|---------------------|------------------|
|                           | <£1000          | >£1000   |                         |                             | Quarter 3              | Cumulative Total |                  | Equivalent Quarter 2018/19     |                 | Grand Total 2018/19 |                  |
|                           |                 |          |                         |                             | Amount (£)             | Cases            | Amount           | Cases                          | Amount          | Cases               | Amount           |
| <b>NON-DOMESTIC RATES</b> | -               | -        | -                       | Absconded                   | -                      | -                | -                | -                              | -               | -                   | -                |
|                           | -               | 1        | 1                       | Insolvency / Bankruptcy     | 2,757.20               | 7                | 10,757.12        | 4                              | 4,673.10        | 13                  | 13,655.99        |
|                           | 1               | -        | 1                       | Other (inc. small balances) | 6.26                   | 2                | 11.61            | -                              | -               | -                   | -                |
|                           | -               | -        | -                       | Uncollectable old Debt      | -                      | -                | -                | -                              | -               | -                   | -                |
|                           | -               | -        | -                       | Deceased                    | -                      | -                | -                | -                              | -               | -                   | -                |
| <b>Total</b>              | <b>1</b>        | <b>1</b> |                         |                             | <b>2,763.46</b>        | <b>9</b>         | <b>10,768.73</b> | <b>4</b>                       | <b>4,673.10</b> | <b>13</b>           | <b>13,655.99</b> |

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

| Page 134<br>TYPE OF DEBT | NUMBER OF CASES | REASON FOR W/OFF             | Financial Year 2019/20 |                  |                  | Totals for Comparison purposes |          |                     |                   |
|--------------------------|-----------------|------------------------------|------------------------|------------------|------------------|--------------------------------|----------|---------------------|-------------------|
|                          |                 |                              | Quarter 3              | Cumulative Total |                  | Equivalent Quarter 2018/19     |          | Grand Total 2018/19 |                   |
|                          |                 |                              | Amount (£)             | Case             | Amount           | Cases                          | Amount   | Cases               | Amount            |
| <b>NON-DOMESTIC RATE</b> | -               | Insolvency / Bankruptcy      | -                      | 1                | 6,359.81         | -                              | -        | 8                   | 82,356.99         |
|                          | -               | Absconded                    | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | -               | Uncollectable old Debt       | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | -               | Other                        | -                      | -                | -                | -                              | -        | -                   | -                 |
| <b>Total</b>             | -               |                              | -                      | 1                | 6,359.81         | -                              | -        | 8                   | 82,356.99         |
| <b>HOUSING BENEFIT</b>   | -               | Deceased                     | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | -               | Overpaid Entitlement         | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | -               | Uncollectable                | -                      | 1                | 7,615.46         | -                              | -        | 1                   | 18,294.69         |
|                          | -               | Insolvency / Bankruptcy      | -                      | -                | -                | -                              | -        | 1                   | 12,479.10         |
| <b>Total</b>             | -               |                              | -                      | 1                | 7,615.46         | -                              | -        | 2                   | 30,773.79         |
| <b>COUNCIL TAX</b>       | -               | Absconded                    | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | 1               | Insolvency / Bankruptcy      | 8,875.04               | 2                | 14,327.98        | -                              | -        | 3                   | 17,985.43         |
|                          | -               | Other (inc. CTR overpayment) | -                      | -                | -                | -                              | -        | -                   | -                 |
| <b>Total</b>             | 1               |                              | 8,875.04               | 2                | 14,327.98        | -                              | -        | 3                   | 17,985.43         |
| <b>SUNDRY DEBTORS</b>    | 1               | Insolvency / Bankruptcy      | 9,814.41               | 1                | 9,814.41         | -                              | -        | 2                   | 22,604.30         |
|                          | -               | Uncollectable old debt       | -                      | -                | -                | -                              | -        | -                   | -                 |
|                          | -               | Deceased                     | -                      | -                | -                | -                              | -        | 2                   | 19,336.28         |
| <b>Total</b>             | 1               |                              | 9,814.41               | 1                | 9,814.41         | -                              | -        | 4                   | 41,940.58         |
| <b>Grand Total</b>       | <b>2</b>        |                              | <b>18,689.45</b>       | <b>5</b>         | <b>38,117.66</b> | <b>-</b>                       | <b>-</b> | <b>17</b>           | <b>173,056.79</b> |

**TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2018-19 COLLECTION RATES**

**Total amount collected in 2018-19 relating to 2018-19 financial year only (net of refunds relating to 2018-19)**

|                   | Council Tax                               |   |   | Non Domestic Rates                        |   |   |
|-------------------|---|---|---|---|---|---|
|                   | Collectable Debit<br>i.r.o. 18/19 - £000s | Net Cash Collected*<br>i.r.o. 18/19 - £000s | Amount Collected<br>i.r.o. 18/19 - %age | Collectable Debit<br>i.r.o. 18/19 - £000s | Net Cash Collected*<br>i.r.o. 18/19 - £000s | Amount Collected<br>i.r.o. 18/19 - %age |
| All England       | 30,185,467                                | 29,293,449                                  | 97.0                                    | 26,188,145                                | 25,748,183                                  | 98.3                                    |
| Shire Districts   | 13,794,829                                | 13,508,228                                  | 97.9                                    | 8,179,526                                 | 8,052,219                                   | 98.4                                    |
| East Devon        | 107,176                                   | 105,902                                     | 98.8                                    | 36,363                                    | 36,147                                      | 99.4                                    |
| Exeter            | 65,947                                    | 64,026                                      | 97.1                                    | 83,047                                    | 81,705                                      | 98.4                                    |
| Mid Devon         | 53,342                                    | 52,162                                      | 97.8                                    | 15,313                                    | 15,203                                      | 99.3                                    |
| North Devon       | 62,409                                    | 60,578                                      | 97.1                                    | 32,660                                    | 31,693                                      | 97.0                                    |
| Plymouth          | 126,927                                   | 122,831                                     | 96.8                                    | 91,186                                    | 90,289                                      | 99.0                                    |
| <b>South Hams</b> | <b>70,455</b>                             | <b>69,214</b>                               | <b>98.2</b>                             | <b>31,194</b>                             | <b>30,696</b>                               | <b>98.4</b>                             |
| Teignbridge       | 90,164                                    | 88,856                                      | 98.5                                    | 30,967                                    | 90,722                                      | 99.2                                    |
| Torbay            | 81,414                                    | 78,434                                      | 96.3                                    | 35,256                                    | 34,069                                      | 96.6                                    |
| Torridge          | 43,360                                    | 42,500                                      | 98.0                                    | 11,651                                    | 11,480                                      | 98.5                                    |
| West Devon        | 39,119                                    | 38,206                                      | 97.7                                    | 10,729                                    | 10,473                                      | 97.6                                    |

\* Net Cash Collected is total 2018-19 receipts net of refunds paid, in respect of 2018-19 only

**TABLE 5 QUARTERLY INCOME IN 2018-19 RELATING TO ALL YEARS**

**Total amount collected in 2018-19 relating to any financial year (net of all refunds in 2018-19)**

|  | Council Tax<br>Net Cash Collected*<br>£000s | Non Domestic Rates<br>Net Cash Collected*<br>£000s |
|--|---|--|
| Quarter 1 - Receipts collected between 1 <sup>st</sup> April – 30 <sup>th</sup> June       | 20,921                                      | 9,638  |
| Quarter 2 - Receipts collected between 1 <sup>st</sup> July – 31 <sup>st</sup> September   | 19,120                                      | 7,805  |
| Quarter 3 - Receipts collected between 1 <sup>st</sup> October – 31 <sup>st</sup> December | 19,902                                      | 7,429  |
| Quarter 4 - Receipts collected between 1 <sup>st</sup> January – 31 <sup>st</sup> March    | 9,707                                       | 5,272  |

\* Net Cash Collected is total receipts in 2018-19 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

**TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS**

|                    |                      | 2018-19           | 2017-18           | 2016 - 17         | 2015 - 16         | 2014 - 15         | 2013- 14          |
|--------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| HOUSING BENEFIT    | Under £5,000 cases   | 71,150.67         | 151,891.76        | 68,357.34         | 57,038.07         | 102,138.53        | 75,357.30         |
| HOUSING BENEFIT    | £5,000 or over cases | 30,773.79         | 63,513.87         | 5,394.07          | 7,177.42          | 0.00              | 14,903.19         |
| Total              |                      | 101,924.46        | 215,405.63        | 73,751.41         | 64,215.49         | 102,138.53        | 90,260.49         |
| COUNCIL TAX        | Under £5,000 cases   | 94,052.07         | 95,979.12         | 93,486.69         | 54,831.67         | 97,927.30         | 117,528.97        |
| COUNCIL TAX        | £5,000 or over cases | 17,985.43         | 0.00              | 0.00              | 0.00              | 0.00              | 23,090.93         |
| Total              |                      | 112,037.50        | 95,979.12         | 93,486.69         | 54,831.67         | 97,927.30         | 140,619.90        |
| SUNDRY DEBTS       | Under £5,000 cases   | 38,131.86         | 102,792.98        | 1,321.50          | 9.03              | 6,584.63          | 2,723.23          |
| SUNDRY DEBTS       | £5,000 or over cases | 41,940.58         | 73,929.08         | 0.00              | 0.00              | 0.00              | 0.00              |
| Total              |                      | 80,072.44         | 176,722.06        | 1,321.50          | 9.03              | 6,584.63          | 2,723.23          |
| HOUSING RENTS      | Under £5,000 cases   | 0.00*             | 128.29            | 270.00            | 0.00              | 3,113.38          | 1,037.83          |
| HOUSING RENTS      | £5,000 or over cases | 0.00*             | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              |
| Total              |                      | 0.00*             | 128.29            | 270.00            | 0.00              | 3,113.38          | 1,037.83          |
| NON DOMESTIC RATES | Under £5,000 cases   | 13,655.99         | 20,832.66         | 32,812.78         | 37,074.12         | 75,016.54         | 70,809.92         |
| NON DOMESTIC RATES | £5,000 or over cases | 82,356.99         | 20,030.54         | 47,128.00         | 252,084.33        | 166,412.60        | 44,546.85         |
| Total              |                      | 96,012.98         | 40,863.20         | 79,940.78         | 289,158.45        | 241,429.14        | 115,356.77        |
| <b>GRAND TOTAL</b> |                      | <b>390,047.38</b> | <b>529,098.30</b> | <b>248,770.38</b> | <b>408,214.64</b> | <b>451,192.98</b> | <b>349,998.22</b> |

\*Housing Rents write offs now included within Sundry Debts figures

**TABLE 7 BAD DEBT PROVISION RELATING TO ALL YEARS**

Total amount of bad debt provision for debts outstanding as at 31<sup>st</sup> March 2019

|                  | South Hams element (£) | Gross Collection Fund amount* (£) |
|------------------|------------------------|-----------------------------------|
| Council Tax      | 262,372.67             | 2,182,753.47                      |
| Business Rates   | 255,100.35             | 637,751.16                        |
| General Fund     | 160,000.00             | 160,000.00                        |
| Housing Benefit  | 337,000.00             | 337,000.00                        |
| Standard Charges | 5,548.90               | 5,548.90                          |
| <b>Total</b>     | <b>1,020,021.92</b>    | <b>3,323,053.53</b>               |

\* Gross Collection Fund amount includes elements of Council Tax and Business Rates bad debts that relate to Central Government or other precepting bodies share of the provision.



- 1.1 This report outlines the recent purchase of a commercial investment property in Dartmouth.
- 1.2 In September 2018, the Council adopted a Commercial Investment Strategy (which was subsequently updated in December 2019).
- 1.3 This purchase is in line with the Commercial Investment Strategy.

## **2. Background**

2.1 The Council's adopted Commercial Investment Strategy has multiple objectives as stated below:

- i) To support regeneration and the economic activity of the District, the LEP area and the South West Peninsula (in that priority order)
- ii) To enhance economic benefit & create business rates growth
- iii) To assist with the financial sustainability of the Council as an ancillary benefit
- iv) To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives.

2.2 This property acquisition was assessed against the Council's multiple objectives and the criteria which are set out in the Strategy. Additionally, the Council will only acquire properties where the running cost does not require Council subsidy. This acquisition satisfied these requirements.

2.3 An investment opportunity was presented to the Council that met the Strategy. After initial consideration and assessment by officers, the opportunity was presented to the Executive for approval to make an offer for the property, which was given. Following a period of negotiations, terms were agreed for the Council to purchase the property.

2.4 Legal, Technical and Property due diligence was undertaken on behalf of the Council by external professional advisers. No material issues were highlighted during the due diligence process. Following confirmation from the Leader of the Council, Chief Executive and S151 Officer, that they were happy to proceed, contracts were exchanged to purchase the property on the 6<sup>th</sup> December, with completion on the 20<sup>th</sup> December.



### **3. Outline of the business case**

3.1 The property purchased is located in Dartmouth and therefore in the South Hams, this complies with the geographical requirement of the strategy.

3.2 The purchase price was £4,700,000 plus acquisition costs of approximately £300,000.

3.3 The purchase was funded through long term Public Works Loans Board borrowing with both the principal and the interest being repaid fully over the 50 year life of the asset.

3.4 The due diligence costs were in-line with the expectations set out in the adopted strategy (within 7%).

Full details of the investment can be found in the Exempt Appendices, key points as follows:

- 12,575 sqft retail store plus eight flats (all within one lease to the tenant, the flats are sub-let)
- Net Income Yield 1.17%
- Net income ~£60k
- The lease expires in 2031
- Good tenant covenant

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

4.1 This purchase presented the Council with a good opportunity to acquire a property that fitted the adopted strategy.

4.2 Should the Executive have decided not to progress this opportunity, others were likely to have arisen, but due to the constraints of the strategy, particularly geographically, the timeframes for further suitable opportunities presenting themselves were unknown.

4.3 As with the purchase of all investments there is a level of risk. This opportunity was selected as the risks are within the accepted levels in the strategy, further details are within the Business Case Template (Appendix A).

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

5.1 The Council will now manage the property alongside the existing managed estate and other investment property.

5.2 The Council will continue to explore other commercial investment opportunities within the South Hams as they arise.

## 6. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address  |
|--|---------------------------|---|
| Legal/Governance   |                           | <p>Since there is commercially sensitive information in the Appendices regarding financial information, there are grounds for the publication of the Appendices to be restricted, and considered in Exempt session.</p> <p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the Appendices. Accordingly the Appendices to this report contain exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 (financial and business affairs of the Council and / or a third party).</p> |
| Financial Implications to include reference to Value for Money |                           | <p>The investment provides a financial return in-line with the requirements of the adopted strategy.<br/>The Net Yield is 1.17%, Net income ~£60k</p> <p>The professional fees and stamp duty costs incurred in the purchase were in-line with the expectations in the adopted strategy (within the 7% of acquisition costs).</p>   |
| Risk   |                           | <p>i) There is a risk that the tenant may fail. Due diligence was undertaken on the tenant to mitigate this risk. The Property is in an area that should appeal to other new tenants. The Property is currently over-rented and therefore the same rental level is unlikely to be achieved if the tenant failed in the short/medium term.</p>   |

|  |  |   |
|--|--|---|
|  |  | ii) There is a risk of unforeseen capital expenditure. Due diligence was undertaken to mitigate this risk and the portfolio has a reserve to assist in these circumstances. |
| 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                           |  | N/A   |

### **Supporting Information**

#### **Appendices:**

EXEMPT - Appendix A – Business Case Template

EXEMPT – Appendix B – Cashflow and Annuity Estimator

#### **Background Papers:**

Commercial Investment Strategy – December 2019

| <b>Process checklist</b>                                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed                                    | <b>Yes</b>       |
| SLT Rep briefed   | <b>Yes</b>       |
| Relevant Exec Director sign off (draft)                     | <b>Yes</b>       |
| Data protection issues considered                           | <b>Yes</b>       |
| If exempt information, public (part 1) report also drafted. | <b>Yes</b>       |

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Report to: **Executive**

Date: **6th February 2020**

Title: **Housing Company**

Portfolio Area: **Homes- Cllr Bastone**

Wards Affected: **All Wards**

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

Date next steps can be taken:  
Full Council 13 February 2020

Author: **Chris Brook** Role: **Director Place and Enterprise**

Contact: [chris.brook@swdevon.gov.uk](mailto:chris.brook@swdevon.gov.uk)

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## **Recommendations:**

- 1) That the Executive endorse the setting up of a Housing Company in the form of a Community Benefit Society (CBS).**
- 2) That the Executive approves a spend of up to £40,000 funded from the Affordable Housing Earmarked Reserve, to set up the CBS.**
- 3) That the Executive recommends to Council to:**
  - a) Form a Community Benefit Society (CBS)**
  - b) Delegate all authority needed to undertake full due diligence and establish the CBS in the form set out in this report, to the Director of Place and Enterprise, S151 Officer and Monitoring Officer, in consultation with the Leader of the Council.**

## **1 Executive summary**

- 1.1 This report sets out the options before the Council for the formation of a Wholly Owned Company to support the Council own and manage rented housing stock.
- 1.2 It looks at the different company structures, finance and governance position and confirms the legal powers available to undertake the work.

- 1.3 It recommends the formation of a Community Benefit Society, which as a result of its charitable status does not have to pay Stamp Duty Land Tax or Corporation Tax, but can't pass profits back to the Council.
- 1.4 The CBS would be capable of holding the affordable housing developed by the community housing programme and also that purchased from developers.

## **2 Background**

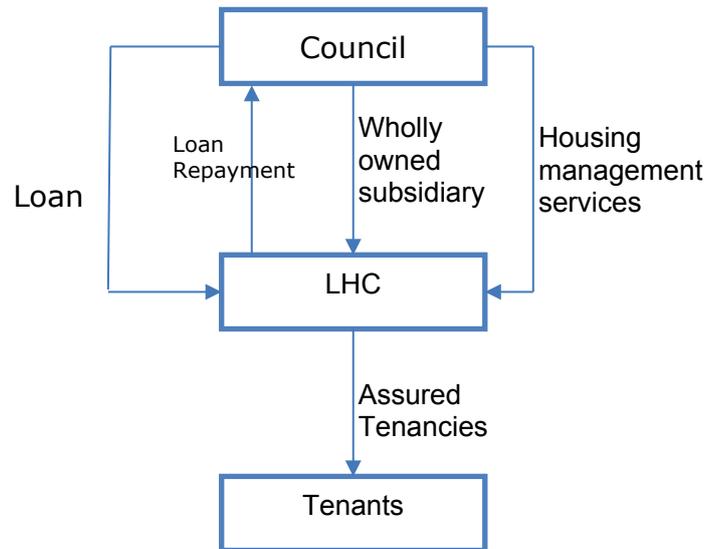
- 2.1 Following a report to the Overview & Scrutiny Panel in November 2019 discussing the challenges of the housing market in the South Hams, this report sets out why the formation of a housing company would be of benefit to the Council in tackling these challenges and recommends the form it should take.
- 2.2 Such a company would be wholly owned by the Council and closely controlled by it. Councils have the legal power to set up wholly owned companies under their general power of competence (under the Localism Act 2011).
- 2.3 Councils are able to provide finance (lending) to wholly owned companies under their investment powers (set out in the Local Government Act 2003); and
- 2.4 In the case of a Local Housing Company (LHC), the power to provide financial assistance (set out in Section 24 Local Government Act 1988 (Section 24)).

## **3 The Strategic Case – Does the Council need an LHC?**

- 3.1 The Community Housing Team have a forward delivery programme for 2020 – 2025. On 21 March 2019, Council approved (Minute CM 74/18) Community Housing Development expenditure of up to £8.5 million, to build out four Community Housing schemes, delivering 55 residential units (as detailed in the report to the Executive on 14<sup>th</sup> March 2019). Houses will be constructed during 2020/21 and will be offered to the market in a range of tenures, affordable rent, discount sale and open market sale.
- 3.2 Separately the Council is considering the acquisition of affordable rented homes from developers on a case by case basis where it delivers improved place making and home delivery outcomes.
- 3.3 It is anticipated therefore that in 2020 the Council will become the owner of new rented housing stock, which will need managing, maintaining and letting to tenants.
- 3.4 The Council is better placed to manage into the long term rented housing stock if it is held in a housing company.
- 3.5 The Council will develop the community housing schemes in-house and transfer only the completed rental units to the LHC and sell the market and sub-market sale homes itself.

- 3.6 The benefits of holding rented stock in a housing company are:
- 3.6.1 The Council would otherwise be required to form a Housing Revenue Account once more than 50 units are developed
  - 3.6.2 Development activity and financial returns are ring fenced (in the company)
  - 3.6.3 Easier to form an exit strategy or sell in the future
  - 3.6.4 Less susceptible to difficulties due to central government policy
  - 3.6.5 Profit making activities are permitted
  - 3.6.6 A company structure can create the ability to lever in additional financing, skills or resources.
  - 3.6.7 Any additional resource / activity does not have to be paid for from existing Council revenue budgets (although some costs may be capitalised).
  - 3.6.8 Procurement is likely to be less onerous than in other delivery models
  - 3.6.9 The company can be structured so that it does not need to pay Stamp Duty Land Tax (SDLT).
  - 3.6.10 A Company can also be structured such that it does not need to pay corporation tax.
  - 3.6.11 It can still be closely controlled by the Council
- 3.7 In some company structures any profit has to be retained within the company and can only be spent furthering the aims of that company (housing delivery). This in effect protects any future capital and reserves from being used for other Council functions and maximises its ability to make a positive difference in the sections of the housing market that need the most help.
- 3.8 This would align with our developing housing strategy which sets out a desire for this Council to proactively seek to deliver houses in the affordable sector to supplement and improve the choice and quality of life for communities in need of affordable housing.

3.9 The strategic case therefore exists and would take the following form:



#### 4 The Economic Case – Is it value for money and what are the options?

4.1 The LHC itself can take a number of forms:

4.1.1 Company Limited by Shares (CLS)

4.1.2 Company Limited by Guarantee (CLG)

4.1.3 Community Benefit Society (CBS)

4.2 There is a fork in the road at this stage which is defined by the philosophy of the Council in its approach to direct housing delivery. Is it primarily driven by the desire to improve the housing outcomes of the communities it serves or is it driven by the desire to make a profit, or perhaps both?

4.3 If:

4.3.1 the Council wants the LHC to be capable of distributing profits generated by its activities, a CLS would be the corporate form of choice;

4.3.2 if the ability to distribute profit to the Council is not an imperative but delivery of housing outcomes is a priority, the options of a CLG and a CBS warrant closer scrutiny.

4.4 Both a CLG and a CBS are suitable corporate forms for not-for-profit entities – i.e. entities that are incapable of distributing profits to their members/shareholders. Both forms are commonly employed in the social housing sector.

4.5 CBS's are registered with the Financial Conduct Authority and their objects must be focused on the benefit of the community.

4.6 A CLG, like a CLS, only requires registration at Companies House. As such, the administrative burden (and the cost of establishment) associated with a CLG tends to be less than that for a CBS.

- 4.7 As a CBS, it will be required to submit an annual return each year which sets out its activities and demonstrates, to the FCA's reasonable satisfaction, that it is complying with its community benefit purpose.
- 4.8 There are only two circumstances in which a CBS or CLG would be recommended over a CLS for the housing company. Those are:
- 4.8.1 Where the Council is minded to seek registration of the LHC as a Registered Provider. A Registered Provider is a provider of social housing that is registered with the Regulator of Social Housing. This is because of the restrictions, imposed by the Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017, on the ability of a local authority to exert influence over a for-profit Registered Provider; and/or
- 4.8.2 Where the LHC is to seek charitable status. Charitable status for the LHC would offer it an exemption from stamp duty land tax on land acquisitions and an exemption from paying Corporation Tax in relation to its charitable activities; but it would restrict the activities of the LHC – a charity may only undertake activities that are necessary or expedient to enable it to further its charitable objects.
- 4.9 If charitable status for the LHC is to be sought, one of the advantages that a CBS offers over a CLG is that a CBS does not require to be registered with the Charity Commission. It should be noted that once an entity has been established as a charity, it cannot cease to be one. Accordingly, the assets of a charitable entity are often referred to as asset-locked. On dissolution, a charity may only transfer its assets to an entity with similar purposes.
- 4.10 It is recommended that the Council progress with the LHC in the form of a CBS, so as to give it every competitive advantage to deliver high quality, low cost homes to its communities .

## **5 The Commercial Case – How would it be done?**

- 5.1 The power to form a company rests with the Council. It can rely on the powers granted under the Local Government Act (2003) which enable the creation of Local Authority Trading Companies, and the general power of competence granted under the Localism Act (2011) which enables local authorities in England to do "anything that individuals generally may do." It is an intentionally wide power which permits, for example, the Council to:
- Acquire, develop and dispose of land;
  - Establish legal entities; and
  - Subscribe for shares and/or providing loans.
- 5.2 It is necessary under the Council's Constitution for the formation of an LHC to be granted permission by the Council, there are no delegated powers to officers to do it.

- 5.3 Should the Council, following an Executive recommendation, approve the formation of an LHC in any form and give officers delegated authority to proceed the following steps would be taken:
- 5.3.1 Devonshires / Altair (our legal and housing advisors) would be commissioned to draft the detailed "rules" of the LHC (see section 7 – the management case) setting out the powers of the LHC and what it can and can't do.
  - 5.3.2 They would also undertake the legal and administrative work required to actually form the company and start it running. The cost of this would be funded from the Affordable Housing Earmarked Reserve, of up to £40,000.
  - 5.3.3 The Company would then remain "dormant" until such time as the first affordable house or flat is developed at which time the Company would buy it, using money loaned to it from the Council.
  - 5.3.4 The Council has already approved £8.5 million in its capital programme for the delivery of Community Housing in line with its forward programme (see 3.1 of the Strategic Case). It is part of this money that will be lent to the LHC.
  - 5.3.5 The LHC can not simply take on debt from the Council, unless the Council has already approved it.

## **6 The Financial Case**

- 6.1 The LHC will require funding to support its activities. The Council is able to rely upon:-
- 6.1.1 its investment powers (set out in the Local Government Act 2003); and
  - 6.1.2 in the case of the LHC, the power to provide financial assistance (set out in Section 24 Local Government Act 1988 (Section 24)), to justify the provision of funding.
- 6.2 The power to provide financial assistance under Section 24 is subject to a requirement that the relevant local authority obtains the Secretary of State's consent (under Section 25 of the same Act). Financial assistance (for the purposes of Section 24) includes the subscription for shares, a loan, a grant, a guarantee and/or a land disposal at an undervalue.
- 6.3 The Secretary of State has issued a number of General Consents which, if capable of being relied upon, obviate the need to seek specific consent. Paragraph C of the General Consents permits a local authority to provide any form of financial assistance to an entity for the purpose of providing privately let accommodation other than any related to a disposal of land. Accordingly, the grant

of a loan by the Council and/or any subscription for shares in a LHC established as a CLS would be covered by this consent.

- 6.4 Assuming that any land to be transferred from the Council to the LHC is to be transferred at market value, there will be no further consent required under Section 25. A disposal at an undervalue by the Council to its LHC would require specific Secretary of State's consent under Section 25 (as none of the General Consents will assist in these circumstances). Government's stated policy is that it will not support applications for consent which are designed to circumvent Government policy (which includes its commitment to home ownership).
- 6.5 In addition to the consideration of the vires for the provision of funding to the LHC by the Council, the question of compliance with state aid rules must be considered.
- 6.6 State aid may come in many guises and can include the provision of loans at a rate below a market rate, grant funding, lenient taxation regimes, sale of assets at an under value or the provision of certain types of guarantees. If unlawful state aid is deemed to have been provided, the powers of the EC Commission are extensive. Notably, it has the power to stop further transactions and order the repayment of any aid already paid, with interest.
- 6.7 There are two exemptions which are noteworthy in the context of this report:-
  - 6.7.1 Where financial assistance is provided on terms which are regarded as no more favourable than those that a private lending institution would supply (where there is a market for such lending) the provision of such investment may not be regarded as state aid. This is known as the Market Economy Investor Principle (MEIP). This asserts that a public body is not providing state aid when it is acting like a private investor in the market economy. The test is whether a private investor (who would want to make a financial return) would invest on those (or comparable) terms.
  - 6.7.2 Where the financial assistance is provided to facilitate the provision of assets which are services of general economic interest ("SGEI"), that assistance may constitute permitted state aid. There is no formal definition of SGEI in the EC Treaty but it is generally understood to mean services which the market does not provide or does not provide to the extent or at the quality which the state desires and which are in the general interest. Social (or affordable) housing, provided that the

assistance is no more than is required to make the activity viable (allowing for a reasonable element of developer profit), is capable of benefitting from this exemption.

- 6.8 Accordingly, the LHC funding will be capable of being structured on state aid compliant terms.
- 6.9 In practice, this means that the Council will lend money to the LHC at a market interest rate and on an acceptable term, which it will then use to purchase property from either the market (affordable housing from developers) or from the Council following development from community housing projects.
- 6.10 The LHC will receive the rent from tenants which will allow it to pay back repayments (capital plus interest) on the loan from the Council and manage the property.
- 6.11 The selection of tenants for these properties will be in line with the Council's allocation policy and Devon Home Choice. Management of the property will be undertaken by the Council's in house ethical letting agents SeaMoorLettings. Maintenance contracts will be set up to keep the property in good condition. These contracts will be commissioned by the LHC and may well utilise the Council's in house maintenance capacity.
- 6.12 A financial example is included in Appendix A, setting out how the finances could work between the Council and the LHC. The principle of this will be adopted for housing within the LHC.
- 6.13 Specialist tax advice would also need to be taken from tax advisers in advance of finalising the structure.

## **7 The Management Case (including Governance arrangements)**

- 7.1 As explained above, the LHC would be a separate legal entity with its own directors.
- 7.2 The Council will retain control, through its shareholding / membership of the LHC, the right to appoint and/or remove all of the directors. It is this control mechanism that makes each LHC a subsidiary of the Council.
- 7.3 It is recommended that the Council looks to supplement those controls with an intra-group agreement which would, amongst other matters impose:
  - 7.3.1 A requirement for the LHC to submit its business plan for approval each year and an obligation to operate within those approved business plans;

- 7.3.2 Reporting requirements and compliance with audit arrangements;
- 7.3.3 Covenants not to bring the Council's reputation in to disrepute and to ensure compliance with all laws;
- 7.3.4 Covenants restricting the activities of the LHC including prohibitions on:
  - 7.3.4.1 acquiring subsidiaries or participating in joint ventures without consent;
  - 7.3.4.2 the appointment of a company secretary or employees (or only senior employees) without prior approval;
  - 7.3.4.3 accepting any form of indebtedness without approval; and
  - 7.3.4.4 entering into contracts that are material in nature without prior approval (unless such contract(s) are in the ordinary course of business or are compatible with the approved business plan).
- 7.3.5 A requirement for the LHC to adopt standing orders approved by the Council and to operate within them.

7.4 It is recommended that the board of the company is kept small and recognising the existing skill set in the housing sector within the Council, kept to existing employees only. The proposal for the Board is therefore:

- The S151 Officer
- The Director of Place and Enterprise
- MD of the LHC – Head of Housing

7.5 The LHC Board would commission services from the Council and the market to run the LHC. This would include accountancy services from the Council.

7.6 The Council would also have to account for the LHC submitting annual returns.

## **8 Proposed Way Forward**

8.1 It is recommended to create a wholly owned local housing company structured as a Community Benefit Society. For the reasons set out above this type of charitable structure will not require separate registration with the Charities' Commission.

- 8.2 The CBS will be capable of holding the affordable housing developed via the community housing programme and also that purchased from developers<sup>1</sup>.
- 8.3 So as to set up the CBS it is proposed to procure legal assistance from Devonshires LLP who have advised us to date. They would draft the articles of association and advise and prepare all necessary company documentation so as to form the CBS. Detailed tax advice and accountancy advice on Group Accounts would also need to be procured. These costs are recommended to be funded from the Affordable Housing Earmarked Reserve, up to £40,000.
- 8.4 The delegation set out in this report would then allow the formation of the LHC, such that rented housing stock can be transferred into it.

## 9. Implications

| Implications                                | Relevant to proposals Y/N | Details and proposed measures to address   |
|---|---------------------------|--|
| Legal/Governance                            |                           | <p>The Council has powers to set up a wholly owned company as detailed in the report.</p> <p>The proposed Governance Arrangements of the Local Housing Company (LHC) are set out within Section 7 of the report.</p> <p>The LHC will require funding to support its activities. The Council is able to rely upon:-</p> <ul style="list-style-type: none"> <li>• its investment powers (set out in the Local Government Act 2003); and</li> <li>• in the case of the LHC, the power to provide financial assistance (set out in Section 24 Local Government Act 1988 (Section 24)), to justify the provision of funding.</li> </ul> |
| Financial implications to include reference |                           | A simple financial example is included in Appendix A, setting out how the finances would work between the Council and the LHC.   |

<sup>1</sup> The Council's standard s106 wording is such that "**Affordable Housing Provider**" means a registered provider as defined in the Housing & Regeneration Act 2008 who is registered with Homes England or any other provider of Affordable Housing first approved in writing by the Council.

|   |  |   |
|---|--|---|
| to value for money                                  |  | <p>So as to set up the CBS, it is proposed to procure legal assistance from Devonshires LLP who have advised us to date. They would draft the articles of association and advise and prepare all necessary company documentation so as to form the CBS</p> <p>Detailed tax advice on the structure and accountancy advice on Group Accounts would also need to be procured. These costs are included within the amount recommended to be funded from the Affordable Housing Earmarked Reserve, up to £40,000.</p> |
| Risk  |  | <p>There are no risks to setting up a LHC, the legal powers are set out in this report.</p> <p>Risks from housing delivery, purchase, management and maintenance will need to be managed by the LHC. The Council will need to manage housing delivery risk, as it currently does and have oversight of the LHC in the future.</p>   |
| Supporting Corporate Strategy                       |  | Homes   |
| Climate Change - Carbon / Biodiversity Impact       |  | To be reconciled as part of the Housing Strategy  |
| <b>Comprehensive Impact Assessment Implications</b> |  |   |
| Equality and Diversity                              |  | N/A   |
| Safeguarding  |  | N/A   |
| Community Safety, Crime and Disorder                |  | N/A   |
| Health, Safety and Wellbeing                        |  | N/A   |
| Other implications                                  |  | N/A   |

**Supporting Information**

**Appendices:**

Appendix A – Housing financial example

**Background Documents**

Executive March 2019 – Community Housing Programme

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**COMMUNITY HOUSING - RESIDENTIAL INVESTMENT MODEL (APPENDIX A)**

|                    |   |
|--------------------|---|
| <b>ASSUMPTIONS</b> | <p>Based on illustrative 4 units for affordable rent in South Hams<br/>                 Rented units - 3 x 2 bedroom and 1 x 3 bedroom<br/>                 Rental at Local Housing Allowance rent for South Hams i.e. £128.19 / week (2 Bedroom) and £153.02 / week (3 bedroom) net of service charge<br/>                 LHA increasing at 1.5% p.a.<br/>                 Management, maintenance, insurance, service charge - assume 15% of gross rent<br/>                 Purchase Price of 4 x rental properties £670k (3 bed house £200k, 2 bed house £160k, 2 bed bungalow £150k)<br/>                 Acquisition Costs - assume 4% to cover fees &amp; SDLT (2% between £125k - £250k property value)<br/>                 Paying back 50% of the capital over the 50 years and 3% on Interest<br/>                 PWLB annuity rate @ Jan 20 is 3%</p> |
|--------------------|---|

| <b>INCOME</b>  |               |                  |               |               |               |               |               |               |               |               |               |               |
|--|---------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Year   |               |                  | 1             | 2             | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10            |
| 2 bed LHA prior to management etc                        | £6,665.00     |                  |               |               |               |               |               |               |               |               |               |               |
| 3 Bed LHA prior to management etc                        | £7,957.00     |                  |               |               |               |               |               |               |               |               |               |               |
| Man, maint, insur., service charge                       | 15%           |                  |               |               |               |               |               |               |               |               |               |               |
| Rental Inflation   | 1.50%         |                  |               |               |               |               |               |               |               |               |               |               |
| Rent / 2 Bed   | 3             | 5,665            | 16,996        | 17,251        | 17,509        | 17,772        | 18,039        | 18,309        | 18,584        | 18,863        | 19,146        | 19,433        |
| Rent / 3 Bed   | 1             | 6,763            | 6,763         | 6,865         | 6,968         | 7,072         | 7,178         | 7,286         | 7,395         | 7,506         | 7,619         | 7,733         |
| <b>Rent Total</b>  |               | <b>1,750,645</b> | <b>23,759</b> | <b>24,116</b> | <b>24,477</b> | <b>24,844</b> | <b>25,217</b> | <b>25,595</b> | <b>25,979</b> | <b>26,369</b> | <b>26,765</b> | <b>27,166</b> |
| <b>COSTS</b>   |               |                  |               |               |               |               |               |               |               |               |               |               |
| Interest Rate  | PWLB (Jan 20) | 3.0%             |               |               |               |               |               |               |               |               |               |               |
| <b>2 Bed House</b>                                       | 2             |                  |               |               |               |               |               |               |               |               |               |               |
| <b>2 Bed Bungalow</b>                                    | 1             |                  |               |               |               |               |               |               |               |               |               |               |
| <b>3 Bed House</b>                                       | 1             |                  |               |               |               |               |               |               |               |               |               |               |
| <b>Capital Amount £670k + 4% (Costs)</b>                 |               | <b>700,000</b>   |               |               |               |               |               |               |               |               |               |               |
| Year   |               |                  | 1             | 2             | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10            |
| Interest and Capital Repayments (based on 50% repayment) |               |                  | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        | 24,100        |
| <b>Net Surplus / Net (loss)</b>                          |               |                  | - 341         | 16            | 377           | 744           | 1,117         | 1,495         | 1,879         | 2,269         | 2,665         | 3,066         |







Report to: **Executive**

Date: **6<sup>th</sup> February 2020**

Title: **Electric Charging Points Collaboration Agreement**

Portfolio Area: **Car Parking Cllr Keith Baldry**

Wards Affected: **Totnes, Kingsbridge, Dartmouth, Salcombe, Ivybridge, Modbury**

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

Date next steps can be taken: 13<sup>th</sup> February 2020

Author: **Emma Widdicombe** Role: **Senior Specialist**

Contact: **01803 861367 Emma.Widdicombe@swdevon.gov.uk**

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## **Recommendations: that the Executive agrees:**

1. That the Council signs up to the collaboration agreement with Devon County Council for the installation of Electric Vehicle Charging Points
2. That the potential sites where the Electric Vehicle Charging Point should be installed are as listed in paragraph 1.3 below
3. To enter into a lease with the appointed supplier for a 10 year period.
4. Funding for the charging points is obtained from the Revenue Grants Reserve

### **1. Executive summary**

- 1.1 South Hams District Council has joined the Devon Low carbon Energy and Transport Technology Innovator (DELETTI) project which is a partnership with other local authorities and being led by Devon County Council to install electric vehicle charging points (EVCP) in the Council owned car parks set out in paragraph 1.3 below.
- 1.2 Funding for the project has been received from the European Development Fund subject to match funding from the Council.

- 1.3 As a result of the DELETTI project, electric charging points will be installed in the following car parks in phase one subject to the necessary surveys being carried out:
- Heaths Nursery car park, Totnes
  - Quay Car Park, Kingsbridge
  - Mayors Avenue Car Park, Dartmouth
  - Creek Car Park, Salcombe
  - Park & Ride car park, Dartmouth
  - Glanvilles Mill car park, Ivybridge (should be noted this is being installed through Highways England Project separate to this project)

There is a further potential to consider additional car parks in phase two which could be:

- Fore Street Car Park, Kingsbridge
- Cattlemarket Car Park, Kingsbridge
- Victoria Street Car Park, Totnes
- Pavilions Car Park, Totnes
- Poundwell Meadow Car Park, Modbury

- 1.4 This reports seeks Members agreement to sign up to the collaboration agreement which is a legally binding commitment to proceed with the Devon County Council led procurement with an obligation to lease for 10 years the car parking spaces to the appointed supplier, but does not restrict our ability to charge parking fees for those spaces.

## **2. Background**

- 2.1 The DELETTI project aims to accelerate the uptake of Ultra Low Emission Vehicles (ULEV) through providing additional and improved charging infrastructure and funding for integrating ULEVs into vehicle fleets in the Devon area. The project will also demonstrate the use of solar carports and energy storage to deliver a low carbon ULEV charging point infrastructure and stimulate further decarbonisation of the electricity grid.
- 2.2 Funding has been received by Devon County Council from the European Regional Development Fund (ERDF) on a match funding basis. £20,000 match funding has been allocated for this project and will be used from the Revenue Grants Reserve.
- 2.3 The procurement process will look to deliver:
- 22kW> dual charge points per allocated car park
  - High levels of interoperability (no membership fee and payments using contactless technology)
  - All design, build, operational and maintenance costs covered by the contractor for the period of the lease (this includes any grid charges or on-going electricity supply)
  - Potential for rental income from the contractor (although this will be subject to negotiation, and part of the tendering undertaken by DCC)
  - Establishment of a framework by which the Council can make further fully compliant installations at a later date.

- 2.4 The Off Street Parking Places Order will be amended to take into consideration the use of EVCPs in car parks.

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

- 3.1 As a result of the collaboration agreement being signed, Devon County Council will lead the procurement with an obligation to lease the car parking spaces to the appointed supplier.
- 3.2 Tenders will be invited to supply, install and maintain the EV charging points on a lease of the sites for 10 years at a nominal rent.
- 3.3 The Council will retain the ability to charge parking fees in the normal way for spaces that become EV charging points.
- 3.4 It is recognised that by supporting the uptake of ultra-low emission vehicles this will have a positive benefit on air quality and will support the Council climate change agenda.
- 3.5 The project is expected to deliver dual charging points per car park as identified in paragraph 1.3.

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

- 4.1 It is recognised that being part of the DELETTI project will enable the Borough Council to take this initial step to install EVCPs with support from partners, and will ensure that there is consistency in the provision of EVCPs across Devon.
- 4.2 In addition, the resulting cost of installation is only £4,000 per car park, due to the matched grant funding that the project group has been successful in obtaining.
- 4.3 The DELETTI project installations are due to be completed in 2022, although final installation dates have yet to be finalised.
- 4.4 The Highways England electric charging point to be installed at Ivybridge will be completed in 2020/21.

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

- 5.1 Once the DELETTI EVCP project has been completed, officers will monitor the use of the charging points and, where necessary, will make further recommendations for additional points in line with demand.
- 5.2 However, Members should be aware that the infrastructure required for the installation of EVCPs can be extremely costly with some costs varying depending on the scale and location (can be up to £2m). This would be reviewed on a case by case basis following the installation of phase 1 and 2 sites pending a business case and funding being available

## 6. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address  |
|--|---------------------------|---|
| Legal/Governance   | y                         | <p>The Council's Off-Street Parking Places Order will be amended to take into consideration the use of EVCPs in car parks.</p> <p>Leases will be granted for chargers installed as part of the DELETTI project and the Highways England project.</p> <p>Tenders will be invited in accordance to Devon County Council Contract Procedure Rules, which is compliant with our own procurements requirements.</p>  |
| Financial implications to include reference to value for money | y                         | <p>A small rental income stream is anticipated but yet to be negotiated from the electric charge point providers in respect of the DELETTI project.</p> <p>Match funding of £20000 will be obtained from the Revenue Grants Reserve.</p>  |
| Risk   |                           | <p>The option to do nothing will not deliver the electric charging points which goes against the council's climate change agenda.</p> <p>As technology advances there may not be sufficient charging points provided.</p> <p>Reputational risk should the charging points not be delivered within the project timescale.</p> <p>By not entering the collaboration agreement and the joint procurement exercise the Council may not achieve best value</p> |
| Supporting Corporate Strategy                                  |                           | Council<br>Environment<br>Wellbeing   |
| Climate Change - Carbon / Biodiversity Impact                  |                           | Clear positive impacts in respect of the reduction of air pollution, carbon reduction and climate change  |
| Comprehensive Impact Assessment Implications                   |                           |   |
| Equality and Diversity   |                           | none  |

|                                      |  |      |
|--------------------------------------|--|------|
| Safeguarding                         |  | none |
| Community Safety, Crime and Disorder |  | none |
| Health, Safety and Wellbeing         |  | None |
| Other implications                   |  | none |

**Supporting Information**

**Appendices:**

**None**

**Background Papers:**

**None**

**Approval and clearance of report**

| <b>Process checklist</b>                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed/sign off           | <b>Yes</b>       |
| SLT Rep briefed/sign off                    | <b>Yes</b>       |
| Relevant Heads of Practice sign off (draft) | <b>Yes</b>       |
| Data protection issues considered           | <b>Yes</b>       |
| Accessibility checked                       | <b>Yes</b>       |

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