

# South Hams Executive



<b>Title:</b>	<b>Agenda</b>
<b>Date:</b>	<b>Thursday, 28th January, 2021</b>
<b>Time:</b>	<b>10.00 am</b>
<b>Venue:</b>	<b>Via Teams</b>
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Pearce  <b>Vice Chairman</b> Cllr Bastone</p> <p><i>Members:</i> Cllr Hopwood Cllr Hawkins  Cllr Baldry</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 - 6</b>
to approve as a correct record the minutes of the meeting of the Executive held on 17 December 2020;	
<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>7 - 8</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. Executive Forward Plan</b>	<b>9 - 12</b>
<b>7. Future Localities Service</b>	<b>13 - 22</b>
<b>8. Reports of Bodies</b>	<b>23 - 34</b>
a) Overview & Scrutiny Panel – 19 November 2020; and	
b) Joint Overview & Scrutiny Panel and Development Management Committee – 14 January 2021	
<b>9. Revenue Budget Proposals 2021-22</b>	<b>35 - 70</b>
<b>10. Capital Budget Proposals 2021-22</b>	<b>71 - 86</b>
<b>11. Capital Programme Monitoring</b>	<b>87 - 112</b>
<b>12. Ivybridge Regeneration Project - Update</b>	<b>113 - 190</b>
<b>13. South Brent Community Housing</b>	<b>191 - 196</b>

**14. Devon Districts Procurement Strategy**

**197 - 218**

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**MINUTES OF A MEETING OF  
THE EXECUTIVE  
HELD VIA TEAMS ON THURSDAY 17 DECEMBER 2020**

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

<b>Also in attendance</b>	
Cllrs Abbott, Austen, Birch, Brazil, Foss, Hodgson, Holway, Kemp, Long, McKay, O'Callaghan, Pannell, Pennington, Pringle, Smerdon, Spencer, and Taylor	

<b>Officers in attendance and participating</b>		
All items		Senior Leadership Team; Monitoring Officer; and Democratic Services Manager

**E.46/20      MINUTES**

The minutes of the Executive meeting held on 3 December 2020 were confirmed as a true and correct record.

At the invitation of the Chairman, a non-Executive Member expressed his concern that the public question raised by Mr Hore (minute E.37/20 refers) had incorrectly suggested that he had opposed the Torfield Play Area project. In light of the extent of the concerns raised, the Member was encouraged to contact the Council's Monitoring Officer.

**E.47/20      URGENT BUSINESS**

The Chairman advised that she had agreed for one item of urgent business to be raised at this Committee meeting. The item related to the New Recycling Service Update and was considered urgent in light of the associated time constraints.

The Lead Member for Environment introduced the report, outlining the problems that had been experienced in the implementation of the Devon Aligned Service. It was therefore proposed that the new Aligned Service should be implemented in a staged approach instead, with new kit being delivered to households the week before the change would be implemented. In terms of the roll-out, it was intended that there would be a break during the Easter period.

During the discussion, Executive Members stated that the informal

**Page 1**

meeting that they held last week with FCC representatives had been useful. The Chief Executive updated that further conversations had been had with FCC during which they had confirmed that discussions on costs were on-going and that the organisation would remove the standard initial three month waiving of penalties and this would be for six weeks instead.

It was confirmed that FCC representatives would be attending the Overview & Scrutiny Panel meeting on 14 January 2021.

It was clarified that the anticipated loss of £84,000, due to delay in implementation (recommendation 2 refers), would form part of the next claim to Central Government for reimbursement of costs incurred due to the COVID-19 pandemic.

If the report recommendations were agreed, it was confirmed that the changes to service would start in March 2021 and residents would be informed of changes to their service and when it applied to them. The Leader informed that she had asked for this information to be sent to second home owners' primary residential address as well as their second home address.

The Executive thanked all the officers involved who had worked exceptionally hard under difficult circumstances.

It was then:

### **RESOLVED**

1. That FCC's proposal for a phased roll-out of the new Recycling Service from March 8th 2021 has been considered and approval be given to the proposal subject to evidence of FCC's improved performance to the agreed contracted levels;
2. That the additional costs of £84,000 that will be incurred as a result of adopting a phased approach and the mitigating actions underway to minimise the impact on the Council's budgetary position be noted; and
3. That delegated authority be given to the Executive Lead Member for Environment, in consultation with the Director of Customer Service Delivery, to conduct a review and to strengthen the performance monitoring, governance, and oversight of the partnership and contract.

E.48/20

### **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.49/20

**PUBLIC QUESTION TIME**

It was noted that five public questions had been received in accordance with the Executive Procedure Rules for consideration at this meeting. These were as follows:

**1. From Barbara Phillips:**

In anticipation of the Council's adoption of its Climate and Biodiversity Strategy today, what measures will you now take to ensure that all the Council's policies and actions align with and are consistent with this Strategy?

**2. From Caroline Snow:**

In the South Hams, 33% of carbon emissions are produced by business, including farming, which also has the capacity to remove atmospheric carbon. When and how will the Council discuss with landowners, farmers and farming organisations, including the NFU, the best way to reduce emissions in this sector?

**3. From John Cummings:**

Will the Council consider a motion to support the Climate & Ecological Emergency Bill, now before Parliament? [ceebill.uk](http://ceebill.uk) This will legally require central government to give local councils the support they need to help keep average global warming below 1.5°C.

**Combined Response to Questions 1 – 3:**

***As set out in detail in the report to Council later today, the Climate Change and Biodiversity Strategy sets out the background and context and the Action Plan sets out how the Council will, initially, approach achieving its declared aims. The report also clearly states that the Action plan will be continually evolving. In order to work towards the aims, it is recognised that consideration will need to be given to the impacts on climate change and biodiversity of both existing policies and proposed actions. This assessment will be undertaken through implementation of the Action Plan. In a similar way, and specifically through development of the Devon Carbon Plan and its associated Action Plan, the Council and its partners will work closely with the Agricultural Sector to secure carbon reductions in this key area. The Strategy, and covering report, recognises the need for the Council to work with partners locally, regionally and nationally to meet the complex challenges that we all face but also recognises where the Council can have the most influence and where other partners are better placed to take the lead. In terms of the Climate and Ecological Emergency Bill, the Council supports the high level principles but will need to properly assess the contents and implications of the Bill further before making an informed decision in this regard.***

**4. From Peter Scott:**

How will SHDC ensure that there will be enough skilled workforce to deliver the Green Homes scheme locally and ensure the necessary retraining is done, given the current national failure on this? Does SHDC

take retrofitting seriously, given the immense task ahead?

**Response:**

***The Council fully recognises the benefits and importance of retrofitting and improving the energy efficiency of existing housing stock and has been active in this area for a number of years now improving thousands of properties during this time. It is also recognised that the nature of the housing stock in the area and the national demand for qualified installers increases the size of the challenge that we face as a community. The Council is actively working with Community Energy Groups and other partners to develop local supply chains and will be working with partners through ongoing Economic Recovery Plans to identify skills shortages and opportunities in this area.***

**5. From Angie Greenham:**

(Ref. the Draft Housing Strategy and 'utilising modern energy efficient methods of construction')

What contractual commitments, memoranda of understanding or other written or verbal undertakings have been entered into, if any, with manufacturer(s) of modular housing and, if so, on what basis and by what process was a manufacturer selected and when were these agreements reached?

**Response:**

***We are very interested in modular technology, recognising the quality of build and speed of construction benefits. We have visited multiple manufacturers factories and spoken with others, including Ideal Modular, Premier Modular, Hexxhome and Caledonian. However, at the current time, we have no contracts or undertakings with any manufacturers. Should we wish to enter into any contracts in the future we would do so in accordance with procurement regulations and policies.***

E.50/20

**MONTH SEVEN REVENUE BUDGET MONITORING 2020/21  
(to the end of October 2020)**

Members were represented with the Month Seven Revenue Budget Monitoring Report setting out a projected underspend of £69,000 (0.7% of budget). Successful lobbying by the Council, other Local Authorities, MPs, and other bodies, had resulted in £1.12 million being granted to the Council by Central Government.

During discussions, it was noted that there was a Chancellor's statement to be made in the afternoon. The Leader gave thanks to the Section 151 Officer and her Finance Team for all their hard work and congratulations on keeping the Council's finances in such good order.

It was then:

**RESOLVED**

1. That the significant forecast income and expenditure variations for the 2020/21 financial year and the overall projected underspend of £69,000 (0.7% of the total Budget £9.41 million) be noted;
2. That the loss of income streams already experienced by the Council in April 2020 to October 2020 of £1.475 million in total (as shown in Section 6 of the presented agenda report) be noted; and
3. That Council be **RECOMMENDED** to transfer £100,000 into a COVID Earmarked Reserve, to protect against future COVID losses in 2021-22 (as set out in Section 1.8 of the attendant report).

E.51/20

**DRAFT REVENUE BUDGET PROPOSALS FOR 2021-22**

The Executive was presented with a report that outlined the draft revenue budget proposals for 2021/22. The recent Government spending review announcement had largely confirmed suppositions made previously, with further information due to be announced by Central Government this afternoon. Any changes resulting from this announcement would be incorporated into the next draft revenue budget proposal to be brought to the Executive meeting on 28 January 2021. The New Homes Bonus Scheme had been extended for another year into 2021/22. It was confirmed that the staff annual pay award negotiations were not within the Council's control.

Following a question from a non-Executive Member, it was confirmed that support for voluntary organisations within the South Hams area would be reviewed and therefore the amount in the proposal could potentially change on the next revision of this report.

It was then:

**RESOLVED**

1. That the forecast budget gap for 2021/22 of £75,871 (0.8% of the predicted Net Budget of £9.6 million) and the position for future years be noted;
2. That the current options identified and timescales for closing the budget gap in 2021/22 and future years, to achieve long term financial sustainability be noted;
3. That Council be **RECOMMENDED** that the Council continue to be part of the Devon Business Rates Pool for 2021/22, subject to there being no announcements within the Finance Settlement (expected to be announced in the week commencing 14 December), which in the opinion of the S151

Officer (in consultation with the Leader of the Council and the lead Executive Member for Finance), would change this recommendation.

***(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.50/20 PART 3 AND E.51/20 PART 3 WHICH WERE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 11 FEBRUARY 2021, WILL BECOME EFFECTIVE FROM 5.00PM ON THURSDAY, 31 DECEMBER 2020 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).***

(Meeting commenced at 11:00 am and concluded at 12:15 pm)

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Chairman

## **PUBLIC QUESTIONS AT EXECUTIVE MEETINGS**

The Council has agreed that 15 minutes should be set aside at the beginning its 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 Democratic Services ([Democratic.Services@swdevon.gov.uk](mailto:Democratic.Services@swdevon.gov.uk)) 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; or is substantially the same as a question which has previously been put in the past six months.

For any further advice on questions for Executive meetings, please contact Democratic Services ([Democratic.Services@swdevon.gov.uk](mailto:Democratic.Services@swdevon.gov.uk))

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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 2021. 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))

*The Executive currently consists of five 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 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 861105 or by e-mail to [democratic.services@swdevon.gov.uk](mailto:democratic.services@swdevon.gov.uk)

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

Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of Consultation
Enterprise	<b>Title: Ivybridge Regeneration Project Update</b> <b>Purpose:</b> As per the decision of Council on 24 September 2020, to receive a further report (and make recommendations to Council) on the Ivybridge Regeneration Project	Cllr Bastone / Laura Wotton	Report of Head of Assets	28 January 2021	
Enterprise	<b>Title: South Brent Community Housing Scheme</b> <b>Purpose:</b> To consider a report that recommends that the Executive varies the term of a loan to South Brent Community Land Trust.	Cllr Bastone / Laura Wotton	Report of Head of Assets	28 January 2021	
Council	<b>Title: Capital Budget Monitoring Quarter 3</b> <b>Purpose:</b> To advise Members of the progress on individual schemes within the approved capital programme for 2020/21, including an assessment of their financial position	Cllr Bastone / Pauline Henstock	Report of Head of Finance	28 January 2021	
Council	<b>Title: Revenue Budget Proposals 2021/22</b> <b>Purpose:</b> To present a set of draft Revenue Budget proposals for 2021/22.	Cllr Pearce / Lisa Buckle	Report of Strategic Lead of Finance	28 January 2021	
Council	<b>Title: Capital Programme Proposals 2021/22</b> <b>Purpose:</b> To present Capital Programme proposals for 2021/22.	Cllr Pearce / Lisa Buckle	Report of Strategic Lead of Finance	28 January 2021	
Council	<b>Title: Devon Districts Procurement Strategy</b> <b>Purpose:</b> To seek adoption of Devon procurement strategy.	Cllr Pearce / Rosie Wilson	Report of Corporate Procurement Officer	28 January 2021	West Devon, Teignbridge, Torridge, Exeter, Mid, and North Devon Councils
Communities	<b>Title: Locality Service Review</b> <b>Purpose:</b> To consider a report that assesses the feasibility and cost of implementing the findings arising from the Task and Finish Group review	Cllr Hopwood / Sarah Moody	Report of Business Manager – Case Management	28 January 2021	

Homes	<p><b>Title: Draft Housing Strategy</b>  <b>Purpose:</b> To present the results of the consultation and engagement and the final Housing Strategy 2021 – 2026 for adoption by 1<sup>st</sup> April 2021</p>	Cllr Pearce / Issy Blake	Report of the Head of Housing, Revenues, and Benefits	11 March 2021	
Council	<p><b>Title: Write Off Report up to Quarter 3 for 2020/21</b>  <b>Purpose:</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.</p>	Cllr Bastone / Lisa Buckle	Report of Strategic Lead of Finance	11 March 2021	
Council	<p><b>Title: Revenue Budget Monitoring Quarter 3</b>  <b>Purpose:</b> A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2020/21, and to provide a forecast of the year end position.</p>	Cllr Bastone / Pauline Henstock	Report of Head of Finance	11 March 2021	
Enterprise	<p><b>Title: Batson Creek Capital Programme, Salcombe</b>  <b>Purpose:</b> To present a report that provides an update on the Batson Creek, Salcombe project</p>	Cllr Pearce / Chris Brook and Lisa Buckle	Joint Report of the Director Place and Enterprise and Section 151 Officer	11 March 2021	
Homes	<p><b>Title: Homelessness Strategy – Annual Action Plan</b>  <b>Purpose:</b> To consider a report that presents the Annual Action Plan that underpins the Council’s Homelessness Strategy.</p>	Cllr Bastone / Issy Blake	Report of the Head of Housing, Revenues, and Benefits	3 June 2021	
Environment	<p><b>Title: Grounds Maintenance – Business Plan</b>  <b>Purpose:</b> To seek adoption of the business plan following on from the Grounds Maintenance review.</p>	Cllr Baldry/ Sarah Moody	Report of Business Manager – Case Management	3 June 2021	
Homes	<p><b>Title: Devon Homes Choice</b>  <b>Purpose:</b> To consider a report that presents an update on Devon Homes Choice</p>	Cllr Pearce / Issy Blake	Report of the Head of Housing, Revenues, and Benefits	3 June 2021	

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Report to: **Executive**

Date: **28<sup>th</sup> January 2021**

Title: **Future Localities Service**

Portfolio Area: **Customer First**  
**Portfolio holder: Cllr Nicky Hopwood**

Wards Affected: **All**

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

Authors: **Cllr Nicky Hopwood** Role: **Portfolio holder; Customer First**

**Sarah Moody** **Business Manager (Case Management)**

Contact: [Sarah.moody@swdevon.gov.uk](mailto:Sarah.moody@swdevon.gov.uk)

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## RECOMMENDATIONS

That the Executive RESOLVES to:

- 1) To approve Four additional seasonal posts to operate from 01<sup>st</sup> April until 30<sup>th</sup> September (inclusive) each year; and approve an additional £25,000 be built into the establishment base budget each year to meet the additional costs; and
- 2) Note the new structure and approach set out in the report and agree to the implementation of the new service from April 1<sup>st</sup> 2021

### 1. Executive Summary

- 1.1 At the meeting of the Overview and Scrutiny Panel in September 2019, it was resolved to form a Task & Finish Group to review the Localities service and its future function (Minute O&S.25/19 refers).
- 1.2 Subsequently, a report was submitted to The Overview and Scrutiny panel in November 2020 setting out clear recommendations for the Localities service which would support the Council's emerging corporate strategy and were also reflective of the Council's response to the Covid-19 Pandemic (Minute O&S 25/20 refers).

- 1.3 The Portfolio holder and Lead Officers have considered the recommendations from the Task and Finish Group and have determined a new structure; including new roles to reflect the seasonality of the South Hams.
- 1.4 This report sets out the proposed changes for Members to consider to deliver on the Task and Finish Group recommendations and includes the associated costs of the new operating model.
- 1.5 The work of the Task and Finish Group is acknowledged, with Members and Officers working closely together to scope out the concluding recommendations.

## **2. Background**

- 1.1 The Localities team have been operating for over five years and its creation was a key and innovative part of the Councils transformation programme.
- 1.2 The Localities Team act as a liaison and support service to Elected Members, residents and visitors to the South Hams. The service also undertakes work on behalf of a number of services across the organisation.
- 1.3 Following the Extended Leadership Team restructure in 2019, the team are now managed by the Business Manager for Case Management, supported by the Localities Team Leader.
- 1.4 Since its inception, the Localities service has not been reviewed and it's Operational and strategic direction has lost focus over time, with both Officers and Elected Members unclear on its purpose.
- 1.5 Currently the Localities service only operates core hours Monday to Friday with any weekend working requested on a voluntary basis incurring overtime costs.

## **3. Future Locality service - Outcome**

- 1.6 The Task and Finish Group set out a clear set of recommendations to ensure the Council delivers on its emerging priorities. Therefore careful consideration has been given to the Operational delivery of this to ensure a robust and 'fit for purpose' service without compromising current work tasks and responsibilities. A number of proposals outlined below for Members to consider will deliver on these:
  - 1.6.1 The implementation of a seasonal calendar to operate seven days a week through the 'High season' to reflect the high footfall of visitors through the District at this time (Appendix B). In the event of Easter falling before 01<sup>st</sup> April in a Calendar year, then the 'High Season' will be brought forward in these years to ensure that the increased service provision is in operation;
  - 1.6.2 Recruit four additional seasonal posts from 01<sup>st</sup> April to 30<sup>th</sup> September each year to assist with work load, provide resilience and the ability to re prioritise workload at short notice. This is consistent with other seasonal services such as the Grounds Maintenance service. (Please see Appendix A which sets out the structure)

**1.6.3** Restructure the service, redefining roles and responsibilities to;

- provide a consistent visible presence within the community
- provide clarity to Members and communities about who does what
- enable officers to focus on problem solving in the field
- move administrative tasks to a central function

**1.7** All of the Council's operational workforce are now managed by the Business Manager - Case Management, therefore to ensure a fair and consistent approach to Operational delivery, it is proposed that the following teams are included as part of the wider localities function (please see further details in Appendix C):

- Environmental Protection Case Managers
- Waste Case Managers
- Civil Enforcement Officers

By merging the teams together, there is the ability to raise the profile of the Council through more on-street visibility when it is needed most and increased public & business engagement. The outcome will be a consistent approach to education, enforcement and contract monitoring with the aims of improving environmental quality, encouraging tourism and supporting the positive reputation of the Council.

**1.7.1** It is proposed to 'rebrand' the team to recognise the expansion and the new operating model. This will ensure the wider organisation, residents and visitors of the South Hams understand the role of the Officers within their communities.

**2 Financial considerations**

**2.1** As per the proposed structure there is a budget pressure of £25,000 which is required to be built into the salary base budget each year. This pressure derives from the four additional seasonal posts (from 1 April to 30 September) that will be required to support delivery each year.

**3 Options available and consideration of risk – future recommendations;**

**3.1** The Executive are asked to consider and agree the proposed recommendations as set out in the report.

**3.2** There is a reputational risk of not adopting the proposals in particular during the summer months when footfall in the South Hams is high. This would impact the street scene and public engagement with visitors and local Business's.

## 6 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Executive is responsible for recommending the Revenue Budget Proposals on an annual basis to Council.
Financial	Y	To acknowledge and approve an additional £25,000 to be built into the staffing establishment base budget each year to meet the additional staffing costs associated with the seasonal posts.
Risk	N	
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

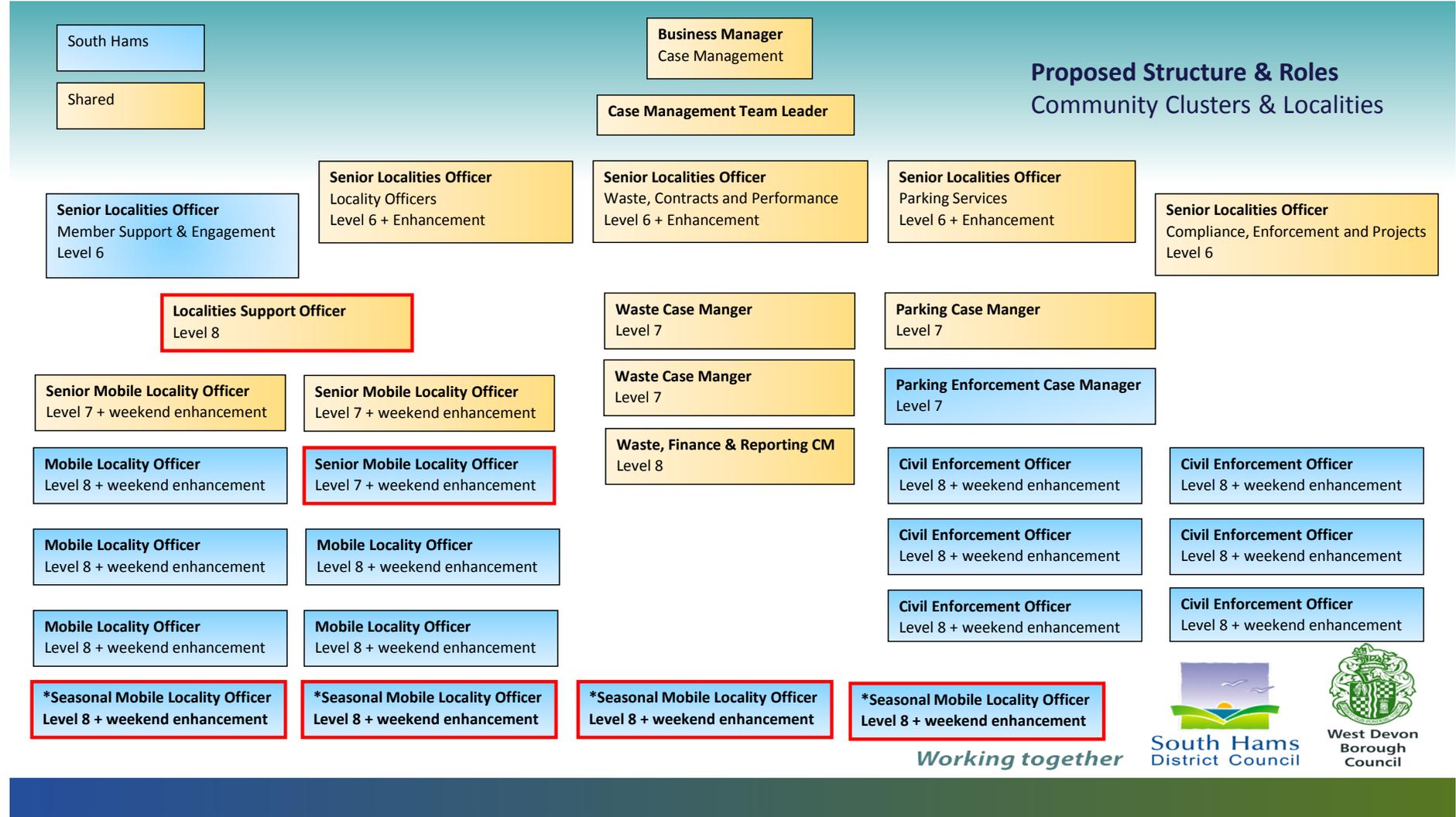
### Supporting Information

#### **Appendices:**

Appendix A – Proposed structure

Appendix B – Seasonal calendar

Appendix C – Team working



## Appendix A

NB - Please note all posts that have a Red outlined are identified as new posts within the Structure

*Working together*



# Appendix B

## Seasonality - 2021

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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24	25	26	27	28	29	30	28							28	29	30	31										
31																											

May							June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31	29	30	31				
30	31																										

September							October							November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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							31																				

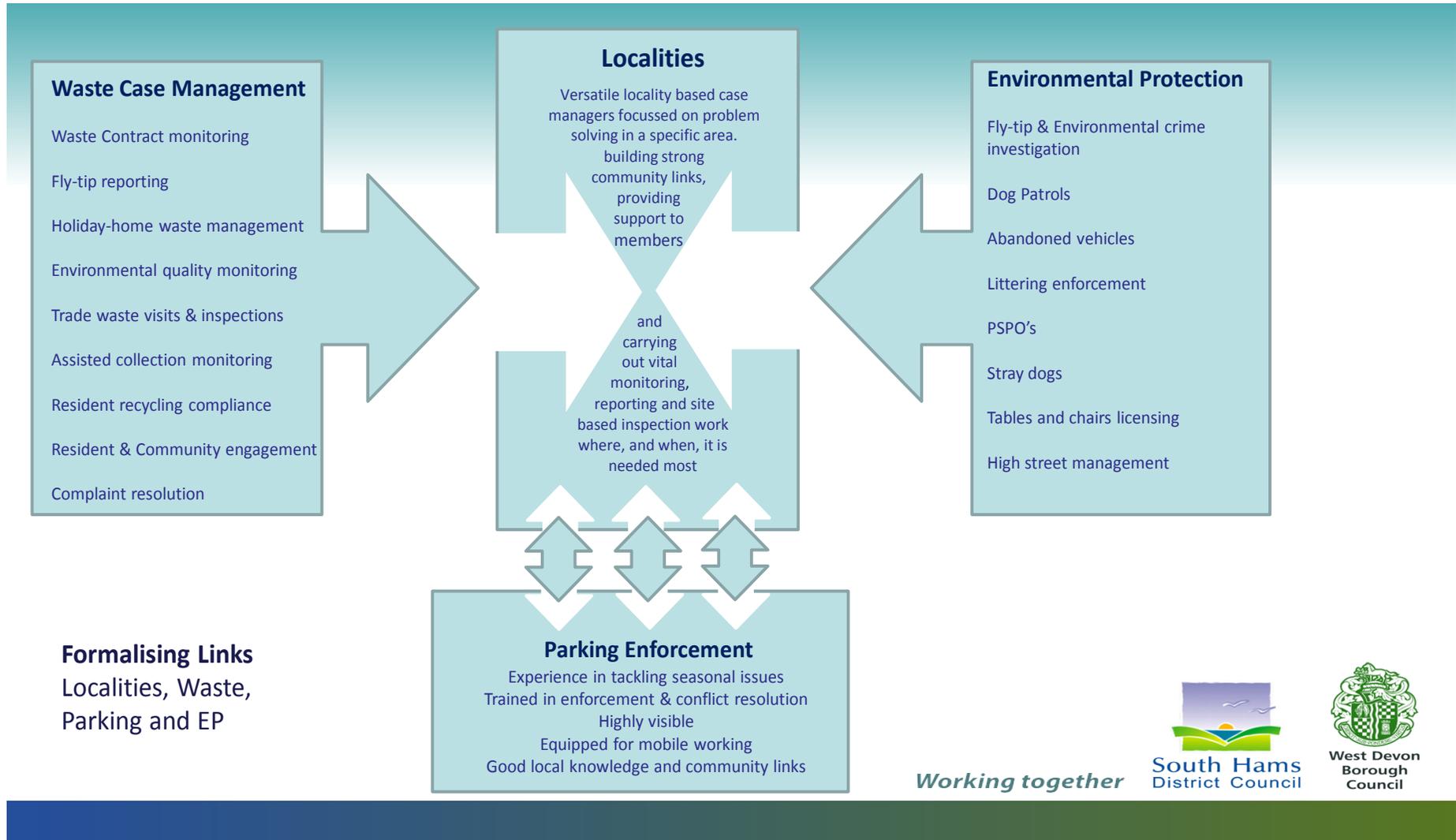
**Low season**  
 Prioritise routine inspections  
 Repairs & Maintenance  
 Staff training & development  
 Large standalone projects  
 Process changes

**Mid season**  
 Preparedness for  
 upcoming/passing high  
 season  
 Increased monitoring in key  
 areas

**High season**  
 7 day a week service  
 Extended operating hours  
 Reputational risk = high  
 Greater demand for staff AL  
 Longer travelling times  
 Greatest demand on  
 resources  
 \*Additional temporary  
 resource

WEEKEND WORKING – 7 DAY LOCALITY SERVICE

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**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY PANEL  
HELD REMOTELY VIA SKYPE ON  
THURSDAY, 19 NOVEMBER 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 V Abbott, K J Baldry, H D Bastone, J D Hawkins, J M Hodgson, T R Holway, N A Hopwood, M Long, J A Pearce, K Pringle, R Rowe and B Taylor

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers in attendance and participating</b>
All		Chief Executive, Deputy Chief Executive and Democratic Services Manager
3	O&S.20/20	Head of ICT
8	O&S.23/20	Community Safety Partnership Representatives
9	O&S.24/20	Safeguarding Specialist
10	O&S.25/20	Corporate Director – Governance and Assurance, Head of Strategy and Corporate Projects and Head of Place Making
11	O&S.26/20	Head of Housing, Revenues and Benefits

**O&S.18/20 MINUTES**

The minutes of the meeting of the Overview and Scrutiny Panel held on 8 October 2020 were confirmed as a correct record and signed by the Chairman.

**O&S.19/20 DECLARATIONS OF INTEREST**

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

Cllr J Sweett declared a personal interest in Item 11: 'Preparation for Livewest Attendance at Future Panel Meeting' (Minute O&S.26/20 below refers) by virtue of having two tenancy agreements with Livewest and remained in the meeting and took part in the debate thereon.

**O&S.20/20 URGENT BUSINESS**

The Chairman informed that he had requested that one urgent item be raised at this meeting. The item related to the recent IT problems that had been experienced by Members during the migration from Skype to Teams and would be considered immediately.

The Head of IT Practice proceeded to apologise to Members and advised that he had mistakenly migrated Members on Sunday, 15 November 2020 instead of the agreed scheduled date of Thursday, 19 November 2020. In addition, there had been an unforeseen Outlook Mailbox issue that had magnified the severe problems that had been experienced by Members. In concluding his update, the Head of Practice advised that, whilst the issues had still not been resolved to his satisfaction, he wished to thank the Leader and Lead Executive Member for their support during what had been a very difficult time.

In discussion, the following points were raised:-

- (a) Members accepted the apology and explanation from the lead officer and proceeded to thank him for his honesty;
- (b) The lead officer confirmed that he was aware of an issue with the Blackberry Client application that was affecting the ability of Members to access their emails via their mobile phones. Whilst the issue remained unresolved, officers were actively working on a solution;
- (c) It was recognised that the Surface Go devices were no longer the most appropriate IT solution for Members given the remote ways of working that have been adopted during the COVID-19 Pandemic. As a result, officers were currently obtaining quotations to procure laptops for all Members and a project plan for their roll-out was also being drafted. When questioned, officers confirmed that they would investigate the potential to recycle the Surface Go devices as an education tool for those who were unable to afford devices for their children.

**O&S.21/20 PUBLIC FORUM**

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

**O&S.22/20 EXECUTIVE FORWARD PLAN**

The Panel was presented with the most recently published Executive Forward Plan and noted its content without any further comment.

**O&S.23/20 COMMUNITY SAFETY PARTNERSHIP**

The Panel considered a report that provided Members with the opportunity to scrutinise the work of the Community Safety Partnership (CSP) as defined by Sections 19 and 20 of the Police and Justice Act 2006 and the Crime and Disorder (Overview & Scrutiny) Regulations 2009.

During discussion, reference was made to:-

- (a) the Turning Corners Programme. The Panel noted that the CSP had recently been successful in obtaining a four year bid from the Office of the Police Crime Commissioner to a value of £225,000 per year. Members congratulated the CSP representatives on this achievement and recognised that this funding would have a significant impact;
- (b) increased instances of radicalisation and extremist behaviour. The representatives informed that there was an upward trend in such behaviours and this was becoming a key area of work for the Partnership;
- (c) the Local Delivery Plan. At the request of the Panel, it was agreed that a copy of the Plan would be circulated to all Members of the Council;
- (d) the annual CSP Forum. The Panel was advised that the annual CSP Forum was to be held on Wednesday, 9 December 2020 and as many Members as possible were encouraged to attend this event;
- (e) a proposal for a future CSP Member Workshop. A motion was **PROPOSED** and **SECONDED** as follows:

*'That the Panel request that an all Member Workshop be convened with Community Safety Partnership Representatives early in 2021.'*

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

It was then:

**RESOLVED**

1. That the contents of the Annual Report be welcomed and the Community Safety Partnership representatives be congratulated on obtaining the £900,000 funding towards the Turning Corners Programme;
2. That the Panel request that an All Member Workshop be convened with Community Safety Partnership representatives early in 2021; and

3. That, once finalised, the Local Delivery Plan be circulated to all Members.

#### O&S.24/20 **SAFEGUARDING POLICY: ANNUAL REVIEW**

A report was considered that provided Members with the opportunity to annually scrutinise and review Safeguarding practices and procedures.

In discussion, the Panel supported the statement in the presented agenda report whereby the Safeguarding training packages that were offered by the Council should be mandatory for all staff and Members to complete.

It was then:

#### **RESOLVED**

1. That the Panel continue to review safeguarding on an annual basis; and
2. That the Executive be **RECOMMENDED** to adopt the revised Safeguarding Policy (as set out at Appendix A of the presented agenda report) and that a safeguarding related training package for all staff and Members be mandatory to complete.

#### O&S.25/20 **DRAFT RECOVERY PLAN – VERBAL UPDATE AND TASK AND FINISH GROUP UPDATES**

The Corporate Director – Governance and Assurance provided a verbal progress update on the Draft Recovery Plan. In so doing, he advised that:

- 'Build Back Better' was proving to be an ongoing challenge for the Council since the second national COVID-19 Lockdown had been imposed;
- the draft Recovery Plan was intended to be presented to the Executive meeting to be held on 3 December 2020 before being recommended for adoption at the Council meeting to be held on 17 December 2020;
- the Economy was to be a key theme within the Recovery Plan. As a result, the lead officer introduced the Head of Place Making (who had recently joined the employ of the Council) to provide a brief outline of her employment history and initial thoughts on her new role.

#### **(a) Localities and Communities Task and Finish Group: Concluding Report**

The Panel proceeded to consider the concluding report of the Localities and Communities Task and Finish Group and the following points were raised:-

- (i) Members wished to record their thanks to the Task and Finish Group and lead officers for their work in producing the concluding

report. Furthermore, the Panel thanked the Locality Team for their excellent work during the last year;

- (ii) Some Members expressed their view that there was a need to take into account the potential for an increased Locality Service to be provided during the February half-term period;
- (iii) It was hoped that further information would be available with regard to a revised team structure (and supporting costings) in time for the Executive meeting to be held on 3 December 2020;
- (iv) In support of the proposals, the Panel felt that the recommendations would enable for greater resilience and flexibility within the Locality Service.

It was then:

### **RESOLVED**

That that Panel note that the Localities and Communities Task and Finish Group has concluded its Review and **RECOMMEND** to the Executive to consider:

1. Providing a seven day-a-week Locality Service for the following dates:
  - Easter or 1 April (whichever is the earliest) to 30 September; and
  - October half-term school holiday week;
2. Creating a single point of contact for local Ward Members with increased on-street officer visibility and problem solving capacity within each Locality; and
3. Implementing a new Locality Team Structure (to support parts 1 and 2 of the recommendations (above)) which will ensure:
  - Clearly defined roles that support the delivery of scheduled tasks and the work of Community Groups, developing Service Level Agreements where necessary; and
  - Improved office based and field support for mobile office.

### **(b) Consultation and Engagement Task and Finish Group: Concluding Report**

### **RESOLVED**

1. That that Panel note that the Consultation and Engagement Task and Finish Group has concluded its Review;
2. That the draft Community Consultation & Engagement Strategy be endorsed; and

3. That the Executive **RECOMMEND** that Council consider and adopt the draft Strategy.

**O&S.26/20 PREPARATION FOR LIVEST WEST ATTENDANCE AT FUTURE PANEL MEETING**

The Chairman advised that Livewest representative(s) had now confirmed that they would be able to attend the Panel meeting to be held on the afternoon of Thursday, 14 January 2021.

In recognition that Livewest was a key external partner to the Council, it was agreed that all Members (irrespective of being on the Panel or not) should be invited to submit any questions that they wish to be raised in advance of the meeting.

**O&S.27/20 ANNUAL PANEL WORK PROGRAMME**

During consideration of the latest version of the Panel's Annual Work Programme, it was agreed that those items that were currently listed as 'to be considered for scheduling' should be determined at a meeting of the Panel Chairman, Panel Vice-Chairman and lead officers.

(Meeting started at 10.00 am and concluded at 12.20 pm)

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Chairman

**MINUTES OF THE JOINT MEETING OF THE  
OVERVIEW & SCRUTINY PANEL AND THE DEVELOPMENT MANAGEMENT  
COMMITTEE HELD REMOTELY VIA TEAMS ON  
THURSDAY, 14 JANUARY 2021**

<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 below refers</b>	<b>Officers in attendance and participating</b>
All		Senior Leadership Team, Head of Finance and Democratic Services Manager

#### OSDM.12/20 **MINUTES**

The minutes of the last Joint Overview and Scrutiny Panel and Development Management Committee meeting held on 3 September 2020 were confirmed as a true and correct record.

#### OSDM.13/20 **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.

#### OSDM.14/20 **PUBLIC FORUM**

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

OSDM.15/20 **DRAFT REVENUE BUDGET PROPOSALS FOR 2021-22**

Members considered a report that asked for their views on the content of the draft Revenue Budget Proposals report for 2021-22.

In her introduction, the Leader of Council outlined the main changes to the draft Revenue Budget Proposals for 2021/22 since the matter was last reported to the Executive meeting held on 17 December 2020 (Minute E.51/20 refers). The Leader proceeded to thank the Section 151 Officer and her Finance colleagues for incorporating them into the revised report for this meeting.

In the ensuing discussion, particular reference was made to:-

- (a) the business rates loophole for second homes. In reply to a question, the Leader informed that lobbying to close the loophole was ongoing and it was hoped that this would be implemented as part of the Business Rates Reform during the Spring of 2021;
- (b) individual town and parish council precept information. The Section 151 Officer advised that this information was contained within the published agenda papers for the annual Council Tax Setting Panel meeting;
- (c) bad debt provision during the COVID-19 Pandemic. Members acknowledged that, whilst Central Government had committed to compensating for 75% of irrecoverable losses, there would still be a significant budgetary impact on all precepting authorities;
- (d) the consultation on reforms to the Public Works Loan Board. When questioned, the Section 151 Officer informed that the deadline for Member approval of the Capital Strategy; Investment Strategy; and Treasury Management Strategy was 31 March 2021. As a result, these Strategies would be included on the Council agenda for the meeting to be held on 25 March 2021;
- (e) the vacant Economy Officer post. Members noted that, following a recent recruitment and selection exercise, it was envisaged that the post would be filled imminently;
- (f) an additional recommendation to the presented agenda report. An additional recommendation (that was considered as 'number 2') was **PROPOSED** and **SECONDED** that read as follows:
  - 2. *That the Joint Meeting support the allocation of £500,000 for funding for the Recovery and Renewal Plan and a further £200,000 funding for the Climate Change Action Plan, to be funded by:*
    - a. *withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*

- b. *utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme); and*
- c. *using £450,000 of funding from the Business Rates Retention Earmarked Reserve;*

In support of the recommendation, the proposer stated that it would help to demonstrate the commitment and emphasis that the Council was placing on both its Recovery and Renewal Plan and Climate Change Action Plan.

At this point, an amendment to the recommendation (as set out in red font) was **PROPOSED** and **SECONDED** that read as follows:

- 2. *That the Joint Meeting support the allocation of £500,000 for funding for the Recovery and Renewal Plan and a further £322,274 funding for the Climate Change Action Plan, to be funded by:*
  - a. *withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
  - b. *utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);*
  - c. *using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and*
  - d. *using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;*

The proposer of the amendment felt that the recommendation could go a step further and also include the £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22 towards funding the Climate Change Action Plan.

In debate, other Members urged caution over approving what were considered to be arbitrary figures and highlighted the uncertainty around future funding provision. As a result, some Members stated that they could not support this amendment.

In the subsequent vote on the amendment, it was declared **CARRIED**, by virtue of the Chairman's Casting Vote, and was therefore included as part of the substantive motion.

It was then:

### **RECOMMENDED**

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

1. the proposed increase in Council Tax for 2021/22 of £5 (Band D of £175.42 for 2021/22 – an increase of 10 pence per week or £5 per year – equating to a 2.93% increase);
2. the allocation of £500,000 for funding for the Recovery and Renewal Plan and a further £322,274 funding for the Climate Change Action Plan, to be funded by:
  - a. withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;
  - b. utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);
  - c. using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and
  - d. using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;
3. the financial pressures amounting to £668,761 (as shown in Appendix A of the presented agenda report);
4. the net contributions to/from Earmarked Reserves amounting to £364,600 (as set out in Appendix D of the presented agenda report), including the proposed use of £746,000 of New Homes Bonus funding to fund the 2021/22 Revenue Budget (as set out in section 4.24 of the presented agenda report);
5. the proposed savings of £122,191 for 2021/22 (as shown in Appendix A of the presented agenda report);
6. the proposed funding levels (as set out in section 5 of the presented agenda report) and, in addition, a further £3,000 be added to the Partnership Funding Budget, to enable a £10,000 contribution to the South Hams CVS in 2021/22 and 2022/23.

## OSDM.16/20 REVIEW OF FEES AND CHARGES FOR 2021/22

Consideration was given to a report that set out proposals for any changes to Fees and Charges for all services for 2021/22.

With no questions or debate forthcoming, it was then:

### **RECOMMENDED**

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

1. the level of fees and charges for Parks, Open Spaces and Outdoor Sports for 2021/22 be maintained at the current levels with no proposed increases (as set out in Appendix A of the presented agenda report);

2. the Environmental Health charges for 2021/22 be maintained at the current levels with no proposed increases (as set out at Appendix B of the presented agenda report);
3. the level of Fees and Charges for Planning Applications and Enforcement for 2021/22 be maintained at the current levels with no proposed increases (as set out at Appendix C of the presented agenda report);
4. the proposed fees and charges for Street Naming for 2021/22 be approved as set out at Appendix C of the presented agenda report;
5. the proposed Section 106 Monitoring fees for 2021/22 (as set out at Appendix C) be approved;
6. delegated authority be given to the Director of Place and Enterprise, in consultation with the lead Executive Member, to set the Dartmouth Lower Ferry Fees in order to take account of market conditions, including competitor charges;
7. the proposed changes to Boat Storage Charges (as set out in paragraph 3.10 of the presented agenda report) be approved;
8. delegated authority be given to the Section 151 Officer, in consultation with the lead Executive Member, to set the Local Land Charges as appropriate to ensure cost recovery; and
9. delegated authority be given to the relevant Head of Practice, in consultation with the relevant lead Executive Member, to adjust Fees and Charges within their service area by inflation at suitable periodic intervals, with reports being presented to the Executive as appropriate.

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

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Chairman

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# Agenda Item 9

Report to: Executive  
Date: 28 January 2021  
Title: **Draft Revenue Budget Proposals for 2021-22**  
Portfolio Area: Cllr J Pearce – Budget Setting Process

Wards Affected: All

Urgent Decision: N Approval and clearance obtained: Y

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

Contact: 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:-**

- i) To increase Council Tax for 2021/22 by £5 (Band D of £175.42 for 2021/22 – an increase of 10 pence per week or £5 per year – equates to a 2.93% increase);**
- ii) The financial pressures shown in Appendix A of £696,761;**
- iii) The net contributions to/(from) Earmarked Reserves of £414,600 as shown in Appendix D, including the proposed use of £746,000 of New Homes Bonus funding to fund the 2021/22 Revenue Budget as set out in 4.24 of the report;**
- iv) The savings of £122,191 as shown in Appendix A;**
- v) Partnership funding levels set out in Section 5, including a £10,000 contribution to the CVS in 2021/22 and 2022/23**

**vi) Option 1a – The allocation of £500,000\* for funding for the Recovery and Renewal Plan and a further £322,274\* funding for the Climate Change Action Plan, to be funded by:**

- a. withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
- b. utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);*
- c. using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and*
- d. using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;*  
*(\* This funding is to be put into an Earmarked Reserve for the purpose stated)*

**Or Option 1b – The allocation of £500,000\* for funding for the Recovery and Renewal Plan and a further £200,000\* funding for the Climate Change Action Plan, to be funded by:**

- a. withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
- b. utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);*
- c. using £450,000 of funding from the Business Rates Retention Earmarked Reserve*  
*(\*This funding is to be put into an Earmarked Reserve for the purpose stated)*

**vii) To transfer £380,789 (the fifth tranche of COVID funding as set out in 11.2 and 1.9 of the report), into a COVID Earmarked Reserve, to protect against future COVID losses in 2021/22**

**viii) That the Council should set its total net expenditure for 2021/22 as shown in Appendix B as £9,676,767**

**ix) That the minimum level of the Unearmarked Revenue Reserve is maintained at £1.5million.**

**x) 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 Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2025/26. The Council, along with other local authorities, has faced unprecedented reductions in Government funding. Between 2009/10 and 2020/21, the Council's Core Government funding has reduced by £4 million. The Council now receives **no main Government Grant (Revenue Support Grant)** – this has been reduced to zero.
- 1.2 South Hams has continued to work in partnership with West Devon Borough Council which has allowed South Hams 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 per annum. 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 Medium Term Financial Strategy (MTFS) was considered by Members on 22nd October 2020 and it set out the budget strategy for the Council for the next five years, with regular reviews (at least annually) and updates when items are further known or are announced by the Government. The MTFS sets out the strategic intention for all of the different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.
- 1.4 Covid 19 has caused financial strain for all Councils up and down the country where Councils find themselves being caught in a 'perfect storm'. Councils have to manage both the increased costs of coping with Covid19 and supporting vulnerable people in the community and the loss of key income streams such as ferry income, car parking income, planning income and council tax and business rates income.
- 1.5 The factors affecting the Council's finances are issues affecting the whole Local Government sector. The Council is well-placed to meet the financial challenges arising from Covid19, due to its prudent financial management over previous years.
- 1.6 The Draft Budget Proposals report to the Executive on 17<sup>th</sup> December 2020 showed a budget gap remaining for 2021/22 of £75,871. On the same day, the Draft Local Government Finance Settlement for 2021/22 was announced by the Government. Details of the main announcements are set out in Section 2. The Draft Finance Settlement stated that the Council will receive a Lower Tier Services Grant of £82,123 for 2021/22 and this extra funding announced has enabled the Council to close the budget gap and present a balanced budget position for 2021/22 to this meeting.  
***Section 2.15 sets out the changes to the budget position since the December Executive meeting.***

- 1.7 ***The report attached sets out proposals for the Council to achieve a balanced budget in 2021/22, as shown in Appendix B.*** South Hams District Council is currently forecasting a £510,835 budget gap by the following year, 2022/23. The cumulative aggregated Budget Gap by 2025/26 is £3.9 million, if no action has been taken in each individual year to close the budget gap annually.

<b>Budget Gaps</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Total Aggregated Budget Gap £</b>
'New' Budget Gap each year	<b>0 (Balanced Budget)</b>	510,835	287,093	383,608	296,287	1,477,823
*Cumulative Budget Gap	<b>0</b>	510,835	797,928	1,181,537	1,477,823	3,968,123

\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 1.8 The Draft Revenue Budget Proposals for 2021/22 were considered by the Joint meeting of the Development Management Committee and Overview & Scrutiny Panel on 14<sup>th</sup> January. It was Resolved (Minute OSDM.15/20) that the Joint meeting support the allocation of £500,000 for funding for the Recovery and Renewal Plan and a further £322,274 funding for the Climate Change Action Plan, to be funded by:

- a. *withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
- b. *utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);*
- c. *using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and*
- d. *using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;*

- 1.9 It is recommended to transfer £380,789 (the fifth tranche of COVID funding as set out in 11.2 of the report), into a COVID Earmarked Reserve, to protect against future COVID losses in 2021/22. This will provide some funding in 2021/22, should the Council still be experiencing losses in income from COVID. (N.B This is in addition to the recommendation to Council to transfer £100,000 into a COVID Earmarked Reserve, as per the report to the Executive on 17<sup>th</sup> December 2020, Revenue Budget Monitoring report for Month 7).

## **2. CHANGES TO THE 2021/22 BUDGET REPORT SINCE THE EXECUTIVE MEETING OF 17TH DECEMBER 2020**

2.1 On 17<sup>th</sup> December 2020, the Government announced the draft Finance Settlement for 2021/22 for consultation. The key points from the Finance Settlement are below. The full announcement is set out on the following link (Consultation responses are due by 16<sup>th</sup> January): [Provisional local government finance settlement: England, 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-england-2021-to-2022)

2.2 **Core Spending Power for South Hams has increased by 2.5% for 2021/22.** Core Spending Power is the term the Government use to say how much money Councils have to run their services. On looking at the detail below, it can be seen that the extra funding of 2.5% is mainly coming from assumed Council Tax increases in 2021/22.

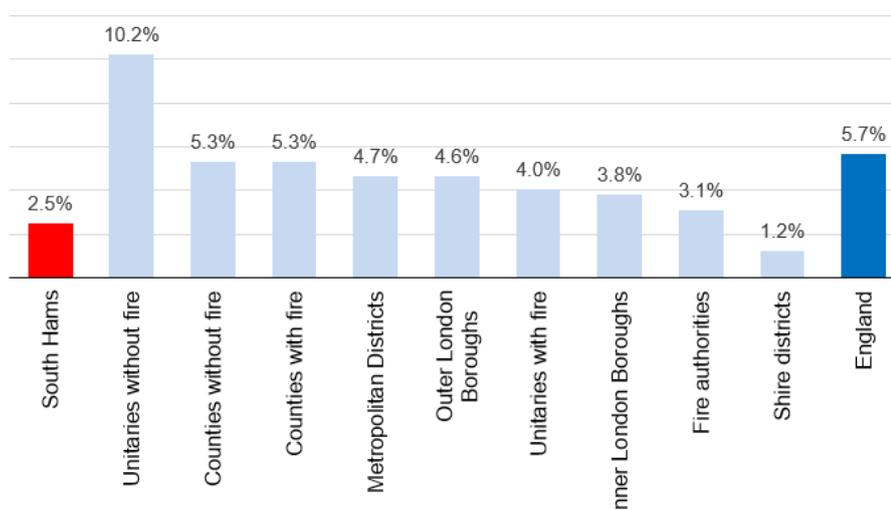
**Table 1 - Core Spending Power (£m)**

	2020/21	2021/22	Change £m	Change %
<b>Core Spending Power</b>	<b>10.175</b>	<b>10.430</b>	<b>0.255</b>	<b>2.5%</b>
<i>Breakdown of Core Spending Power:</i>				
Settlement Funding Assessment	1.928	1.928	0.000	0.0%
Assumed Council Tax	6.563	6.823	0.260	4.0%
Other Grants	1.685	1.679	-0.005	-0.3%
<i>Breakdown of Other Grants:</i>				
New Homes Bonus	1.199	1.068	-0.131	-10.9%
Improved Better Care Fund	0.000	0.000	0.000	
Social Care Grant	0.000	0.000	0.000	
Rural Services Delivery Grant	0.408	0.428	0.020	4.9%
SFA multiplier compensation <sup>a</sup>	0.077	0.100	0.023	30.0%
Lower Tier Services Grant	0.000	0.082	0.082	

(a) Compensation for under-indexing the business rates multiplier

2.3 The Table below shows the change in Core Spending Power (CSP) by class of Authorities – Shire Districts on average had the lowest increase of 1.2%.

**Chart 2 - Change in CSP by class of authority (2020/21 to 2021/22)**



- 2.4 Lower Tier Services Grant - A new grant has been announced with the Finance Settlement, a Lower Tier Services Grant. SHDC will receive £82,123. This is unringfenced grant for 2021/22 and it equates to £111 million nationally.
- 2.5 The Council Tax Referendum Limit for Shire Districts has been confirmed at the higher of 1.99% or £5. There is no limit set for Town or Parish Councils for 2021/22. The limit for the Police and Crime Commissioner is £15.
- 2.6 Negative RSG (Revenue Support Grant) – It has been confirmed this has been eliminated for 2021/22.
- 2.7 Rural Services Delivery Grant – SHDC’s allocation will be £428,206 for 2021/22. This is £20,151 higher than in the latest Budget report to the Executive which showed £408,055. This is due to the national allocation being increased from £81 million to £85 million.
- 2.8 New Homes Bonus – The 2021/22 allocation of NHB is £1,068,274.
- 2.9 The Business rates multiplier has been frozen for 2021/22 and the Devon Business Rates Pool is one of 26 Pools nationally for 2021/22.
- 2.10 Local Council Tax Support Grant – There will be £0.67billion provided for meeting the additional costs associated with increases in Local Council Tax Support caseloads in 2021/22. South Hams District Council’s allocation will be £131,000 for 2021/22.
- 2.11 Local Government Funding Reform – No papers were published with the Finance Settlement relating to the Fair Funding Review or the Business Rates Reset and the Minister could not confirm that the reforms will even take place next year.
- 2.12 Audit Fees – Funding of £15m has been announced to support Councils with the anticipated rise in audit fees for 2021/22. Allocations will be confirmed in the New Year.
- 2.13 For 2021/22 there will be a **one year “rollover” settlement**, similar to that in 2020/21. A one year settlement has the advantage that it is simple, and there is no significant redistribution of funds. All local authorities will face increased financial pressure through a combination of increased demand for personal & protective services and reduced income from both taxes and demand-led income streams. Capacity to absorb these pressures will vary – which in turn will lead to calls for re-distribution of the total sum available.
- 2.14 Support for the impact of Covid-19 has largely been kept separate from the core funding for local authorities.

- 2.15 The table below shows the summary of changes to the Budget report for 2021/22, following the announcement of the Draft Local Government Finance Settlement on 17<sup>th</sup> December. A balanced budget is shown for 2021/22 following the announcement.

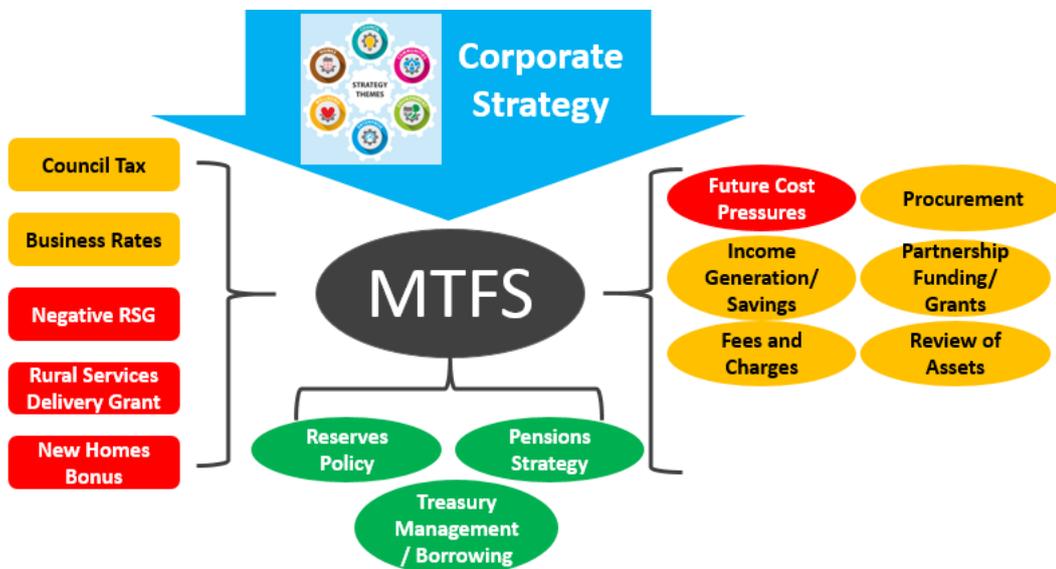
	<b>Total (£)</b>
<b>Budget Gap for 2021/22 reported to the Executive meeting on 17<sup>th</sup> December 2020</b>	<b>75,871</b>
<b><i>Increase in income or funding modelled</i></b>	
Increase the amount of Rural Services Delivery Grant for 21/22 (increased from £408,055 to £428,206)	(20,151)
Lower Tier Services Grant funding – see 2.4	(82,123)
Fees and Charges report – see 7.1	(3,500)
<b><i>Reduction in income modelled or increase in cost pressures</i></b>	
Reduction in Business Rates income modelled (Reduction from £2.35million to £2.325 million)	24,456
Reduction in Council Tax Income modelled (Reduction from £6,722,341 to £6,718,291 to reflect the TaxBase for 2021/22 of 38,298.32)	4,050
Increase in the Collection Fund Deficit for Council Tax (increased from £29,000 to £30,397)	1,397
<b>Revised Budget Gap for 2021/22 as set out in this report (as at January 2021)</b>	<b>Nil – (A balanced budget position is presented)</b>

- 2.16 This report also includes a staffing cost pressure of £25,000 for the Localities service (seasonal staffing requirement). There is a separate report on this Executive agenda on the Localities service.
- 2.17 In addition a £3,000 cost pressure has been built in for the partnership funding budget, to enable a £10,000 contribution to the South Hams CVS to be made in 2021/22 and 2022/23.

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

3.1 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.

#### 2020/21 Net Amended Budget £9.4 million



3.2 The key assumptions within the MTFS are as below. Each of these is described in more detail in Section 4.

- A one year 'rollover settlement' (with no negative Revenue Support Grant in 2021/22)
- The business rates baseline reset will be deferred until 2022/23
- The Settlement Funding Assessment (SFA) will increase in line with inflation – this is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income. September CPI was 0.5%
- There will be a phasing in of negative Revenue Support Grant (RSG) as part of the business rates baseline reset with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go

- Council Tax limits for District Councils will remain at the higher of £5 or 1.99%. In terms of the overall council tax bill, the County Council are able to increase their proportion of the council tax bill by up to 4.99% for 2021/22, to include a 3% precept for adult social care. This could lead to further requests for relief through Council Tax Support. Police and Crime Commissioners will be able to increase their share of the council tax bill by £15. No council tax referendum principles will apply to Town and Parish Councils in 2021/22.
- There will be one more year of the New Homes Bonus payments for 2021/22
- A modest business rates pooling gain of £125,000 has been modelled for 2021/22 with no further gains for 2022/23 onwards. Business rates income is assumed to be down by 3%.
- Normally the Council receive a surplus share of around £60,000 per annum. The Collection Fund will be in deficit in 2021/22 by £30,397.
- Rural Services Delivery Grant has been assumed to continue at the same level with a slight inflationary increase across the 5 years of 3%.
- The last pay award offer for 2020/21 was 2.75%. A 1% pay increase has been modelled from 2021/22 onwards (1% equates to £70,000). Although setting pay levels in Local Government falls outside Central Government control, this freeze will have informed the setting of funding for Local Government and is likely to be a significant factor in determining the outcome. The Government has implied that it expects local government to exercise restraint about pay, given the wider macro-economic climate.
- No permanent reductions to the Council's income streams (such as ferry income, car parking income, planning income etc. as a result of the Covid pandemic) have been built into the Base Budget for 2021/22. This will be regularly monitored over the next few months. The Government's income compensation scheme for sales, fees and charges for Councils has only been extended for the first three months of 2021/22. The Month 7 Revenue Budget Monitoring report for 2020/21 recommended to transfer £100,000 into a Covid Earmarked Reserve, to protect against future COVID losses in 2021/22.

## OVERALL POSITION – BUDGET GAP

- 3.3 Financial modelling has been undertaken for the next five years to predict the Council’s financial situation for the short and medium term.
- 3.4 **Appendix A** to the Medium Term Financial Strategy sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **Appendix B** illustrates the overall financial forecast for the forthcoming five years. The Council’s Net Budget is £9.4 million in 2020/21.
- 3.5 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 the Council Tax is increased by £5 per annum (shown in Appendix B).
- 3.6 The report attached sets out proposals for the Council to achieve a balanced budget in 2021/22, as shown in Appendix B. South Hams District Council is currently forecasting a £510,835 budget gap by the following year, 2022/23. The cumulative aggregated Budget Gap by 2025/26 is £3.9 million, if no action has been taken in each individual year to close the budget gap annually.

Budget Gaps	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total Aggregated Budget Gap £
‘New’ Budget Gap each year	<b>0</b> <b>(Balanced Budget Proposal set out in this report)</b>	510,835	287,093	383,608	296,287	1,477,823
*Cumulative Budget Gap	<b>0</b>	510,835	797,928	1,181,537	1,477,823	3,968,123

\* (Cumulative Budget Gap assumes annual new budget gaps have not been addressed)

- 3.7 The Government’s Spending Review announcement on 25<sup>th</sup> November 2020 contained no real surprises for local government, and largely confirmed the assumptions previously made within the Medium Term Financial Strategy (MTFS) in October.

#### 4 BUSINESS RATES, COUNCIL TAX AND NEW HOMES BONUS

4.1 In the Medium Term Financial Strategy (MTFS), it has been assumed that the Settlement Funding Assessment (SFA) will increase in line with inflation. The SFA is essentially the business rates baseline and is the amount of money the Council retains from its share of the business rates income.

##### **Business Rates and Negative Revenue Support Grant (RSG)**

4.2 The Business Rates Reset will be delayed to 2022/23. A reset based on the current taxbase would have been badly distorted by the current economic crisis, and very unlikely to reflect the potential business rates that authorities can collect in future years.

4.3 There will be a one year 'rollover settlement' (with no negative Revenue Support Grant in 2021/22). This means the Council won'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 2021/22. Negative RSG is effectively the Council's further predicted funding cuts.

4.4 It is anticipated there will be a phasing in of negative RSG as part of the business rates baseline reset in 2022/23, with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. Some of the negative RSG is expected to be offset by growth being dispersed across as Local Authorities.

4.5 Estimates have been made of the business rates baseline funding levels for 2021/22 onwards and the relative deductions for negative RSG. For example in 2020/21, the £2.155m is the amount the Council retains from its business rates income collected of £30 million (the Council keeps about 7p in every £1 collected of business rates to fund its services). The Council responded to the Government consultation on the Call for Evidence on Business Rates Reform. A joint response was also sent by the Devon Business Rates Pooling partners. A final report setting out the full conclusions of the Government review on Business Rates Reform will be published in Spring 2021.

	<b>Business Rates Income projected in the MTFS (£m)</b>					
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Business Rates Income	2.155	2.325	2.360	2.370	2.380	2.390
Less: Negative RSG change to baseline need	0	0	(0.270)	(0.360)	(0.450)	(0.500)
<b>TOTAL</b>	<b>2.155</b>	<b>2.325</b>	<b>2.090</b>	<b>2.010</b>	<b>1.930</b>	<b>1.890</b>

### **Business Rates reliefs**

- 4.6 Aside from the retail relief, the other variance expected in business rates income in 2020/21 will be due to the businesses failing and subsequent reliefs. This is forecast at a -3% reduction in 2020/21, with a further 3% reduction in 2021/22. It is too early to tell the implications for the economy of COVID, other than the more general expectations of negative growth. See 4.19 on the Collection Fund.
- 4.7 The net collectable debt for Business Rates is £18.6 million for 2020/21. Prior to the pandemic, this was predicted to be £30million and the additional NNDR reliefs for the total value of the expanded retail discount and nursery discount for 2020/21 total £13.778million. Therefore over £13.7million worth of the Council's normal business rates bills issued of £30million (46%) are entitled to 100% business rates relief and have no business rates to pay in 2020/21 due to the coronavirus expanded retail discount and nursery discount. This amount is being reimbursed to the Council by the Government through a Section 31 Grant.
- 4.8 The Council and SWCouncils are lobbying the Government for these business rates reliefs to continue into 2021/22. The Spending Review referred to a freeze in the business rates multiplier next year, as the multiplier was going to increase by 0.5% but will now be frozen. Many businesses are asking whether the business rates reliefs in 2020-21 will be extended into next year to support retail, hospitality and leisure businesses. The Government will make a decision on this in the New Year to respond to the 'evolving challenges presented by COVID-19'. If the Retail Discount is discontinued, then this will place more pressure on business rates income for Councils in 2021-22.
- 4.9 By November 2020, the Council has collected 67.89% of the net collectable debt. This is 5.42% lower than November 2019 – a cash reduction of £970,000. The lockdown in November may have had an impact on payment profiles. Hence a reduction of 3% is assumed. The 2019/20 collection rate for South Hams for business rates was 98.67%. The national average was 98%.
- 4.10 The Government has stated that compensation will be provided for 75% of council tax or business rates income deemed to be irrecoverable. Further information is awaited on what criteria will be applied before tax is deemed to be irrecoverable, but this does at least provide some mitigation for losses that would otherwise feed into Collection Fund adjustments in 2022/23.
- 4.11 It was recommended to Council that South Hams District Council continues to be part of the Devon Business Rates Pool for 2021/22. Modelling has been carried out with the other Devon Authorities and Local Government Futures to inform this recommendation. A modest business rates pooling gain of £125,000 has been modelled for 2021/22 with no further gains for 2022/23 onwards. The Devon Business Rates Pool is one of 26 Pools nationally for 2021/22.

### Council Tax

- 4.12 The Draft Council Tax Referendum Principles for 2021-22 have been published with the Draft Local Government Finance Settlement. This confirms that the Council Tax Referendum limits for Shire District Councils is the higher of 1.99% or £5, for 2021/22. ***This would equate to a Band D council tax for South Hams of £175.42 in 2021/22 as shown in Appendix B (an increase of £5 for the year (10 pence per week) which equates to a 2.93% increase).*** The council tax for 2021/22, the SHDC share, will be set at the Council meeting on 11th February 2021. (A 1% increase in council tax generates £67,000 of extra council tax income).
- 4.13 The table below shows how an average Band D council bill is made up for South Hams District Council for 2020/21 as compared to the previous year. Of an average Band D Council Tax within the District of £1,990.82, an amount of £170.42 is the element of a council tax bill set by South Hams District Council. Therefore 9pence of every £1 paid (9%) in council tax is received by South Hams District Council to pay for our services. The rest of the council tax bill is set by Devon County Council, the Fire, the Police and Town and Parish Councils to fund the services they provide.

Precepting Authority	Band D 2019/20	Band D 2020/21	£ Increase	% Increase
<b>South Hams District Council</b>	<b>£165.42</b>	<b>£170.42</b>	<b>£5.00</b>	<b>3.02%</b>
Devon County Council Precept	£1,286.19	£1,313.73	£27.54	3.99%
Adult Social Care Precept	£98.10	£125.73	£27.63	
Devon & Cornwall Police & Crime Commissioner	£212.28	£221.64	£9.36	4.41%
Devon & Somerset Fire & Rescue	£86.52	£88.24	£1.72	1.99%
Average Parishes/Towns (*see Note below)	£64.53	£71.06	£6.53	10.12%
<b>TOTAL</b>	<b>£1,913.04</b>	<b>£1,990.82</b>	<b>£77.78</b>	<b>4.07%</b>

\*Note – The highest Parish Precept is Totnes with a Band D of £181.61 (which is £11.19 higher than South Hams District Council), giving an overall Band D council tax bill in Totnes of £2,101.37. The lowest Parish Precept is Woodleigh Parish with a Band D of £4.96, giving an overall Band D council tax bill of £1,924.72.

- 4.14 A 1% reduction in council tax collection rates has been assumed for 2021/22 onwards. As at the end of November 2020, 74.21% of the council tax has been collected. This is a decrease of 1.02% against the 2019/20 collection rates at the end of November. The 1.02% drop equates to £790,756 (SHDC share £71,168). See 4.19 on the Collection Fund.
- 4.15 The District Council is responsible for collecting all the Council Tax debt of £78m in 2020/21 as South Hams DC is the Billing Authority. After keeping 9% of the council tax collected to run the Council's services, the rest is paid over to Devon County Council, the Police, the Fire and Town and Parish Councils. The collection rate for Council Tax for South Hams was 98.3% for 2019/20. This was 1.5% higher than the national average of 96.8%.
- 4.16 On 15 December 2020, the Senior Leadership Team approved the calculation of the Council Tax Base for 2021/22 of 38,298.32. This is a decrease of 210.17 Band D properties (0.5%) in comparison to 2020/21. (Individual Town and Parish Councils have different levels of increases and decreases in their Taxbase which they have been notified of). Although there were 425 net additions of housing stock and empty homes brought back into use, the higher levels of council tax support in working age claimants have meant an overall reduction in the Taxbase as a whole. In 2019/20 the actual Council Tax collection rate was 98.3%. Historically a collection rate of 98% has been used in the TaxBase calculation, but due to the impact of COVID-19, a collection rate of 97% has been assumed in the 21-22 tax base calculation.
- 4.17 It has been assumed that the number of properties within the District will increase by 200 per annum from 2022/23 onwards. A low figure has been assumed to partly offset the impact of Council Tax Support on the Taxbase.
- 4.18 The Government is proposing to set no council tax referendum principles for Town and Parish Councils for 2021/22.

#### **The Collection Fund - Council Tax and Business Rates Income**

- 4.19 The Collection Fund holds all payments in and out relating to Council Tax and Business Rates. As such any losses incurred will be suffered by the Collection Fund in the year and then distributed to the Council and Precepting Authorities in future years. A large part of the reductions in income will affect the Council's financial position in 2021/22 onwards, although it does affect the cashflow position of the Council in 2020/21. In view of the exceptional conditions experienced in 2020/21, the Government has introduced Regulations requiring that the Collection Fund deficit this year be divided equally across 2021/22, 2022/23 and 2023/24. This is a one-off change to established practice.

- 4.20 Council Tax and Business Rates form a large share of the funding for the Council's budget and therefore these income streams are funding the essential services being delivered.
- 4.21 In the Spending Review 2020, the Government announced a Tax Income Guarantee Scheme for 2020-21. This new reimbursement scheme, worth £762m for 2020-21 local tax losses, will be launched to compensate councils for 75% of irrecoverable losses of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. This will be paid through an unringfenced grant. Details of this scheme and how irrecoverable losses will be calculated are being worked through.

### Rural Services Delivery Grant

- 4.22 SHDC's allocation will be £428,206 for 2021/22. This is £20,151 higher than in the latest Budget report to the Executive which showed £408,055. This is due to the national allocation being increased from £81 million to £85 million. This is Government grant to recognise the additional cost of delivering services in rural areas.

### New Homes Bonus (NHB)

- 4.23 The NHB allocation for South Hams for 2021/22 is **£1,068,274**. This is made up of a Year 11 payment of £422,522 and Legacy payments of £645,753. The Year 11 payment of £422,522 reflects 425 net additions in housing stock and empty homes brought into use and a payment of £50,120 for 179 affordable homes (at £280 per affordable home).

New Homes Bonus	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
2017/18 allocation	0.195			
2018/19 allocation	0.200	0.200		
2019/20 allocation	0.446	0.446	0.446	
2020/21 allocation	0.359	-		
2021/22 forecast allocation		0.422		
2022/23 forecast allocation			-	
<b>Equals NHB Funding</b>	<b>1.199</b>	<b>1.068</b>	<b>0.446</b>	<b>-</b>

*NHB is being replaced in 2022/23*

4.24 The table below shows the proposed allocation of New Homes Bonus for 2021/22:-

<b>New Homes Bonus (NHB)</b>	<b>Amount (£)</b>
New Homes Bonus 2021/22 allocation	<b>£1,068,274</b>
Current proposed allocation:-	
To fund the Revenue Base Budget	(746,000)
To fund the Capital Programme	(200,000)
<b>Amount remaining unallocated</b>	<b>122,274</b>

4.25 It is anticipated that £200,000 of NHB will be required to fund the Capital Programme for 2021-22. This would leave £122,274 of NHB remaining unallocated from the 2021-22 allocation.

4.26 There is also currently £235,016 of unallocated NHB from 2020/21. It was approved to put this 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. The Government consultation is now expected to be in Spring 2021, with a view to implementing reform in 2022-23. Note the Budget Forecast in Appendix B assumes that £546,000 from a NHB replacement scheme is used to finance the 2022/23 Revenue Base Budget. Details of the replacement scheme are awaited as this could have a significant impact on the 2022/23 Budget Gap due to the current assumption that £546,000 of funding will be available to fund the Revenue Base Budget in 22/23.

4.27 The Draft Revenue Budget Proposals for 2021-22 were considered by the Joint meeting of the Development Management Committee and Overview & Scrutiny Panel on 14<sup>th</sup> January. It was Resolved (Minute OSDM.15/20) that the Joint meeting support the allocation of £500,000\* for funding for the Recovery and Renewal Plan and a further £322,274\* funding for the Climate Change Action Plan, to be funded by:

- a. *withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
- b. *utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);*
- c. *using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and*
- d. *using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;*

(\*This funding is to be put into an Earmarked Reserve for the purpose stated)

## **Other assumptions within the Medium Term Financial Strategy (MTFS)**

- 4.28 The last pay award offer for 2020-21 was 2.75%. A 1% pay increase has been modelled from 2021/22 onwards (1% equates to £70,000). 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. See 3.2.
- 4.29 This report assumes inflation will run at 1% over the five year period. The Consumer Prices Index (CPI) was 1.0% in July 2020. RPI was 1.6%. CPI in September – the reference point for business rate increases and many welfare benefits – was 0.5%.
- 4.30 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.1% up to March 2024.
- 4.31 The Council is preparing its Corporate Strategy for adoption by Summer 2021, which will set out any additional resource requirements to deliver the Strategy.

## **SAVINGS**

- 4.32 On 24 September 2020 Council considered a report on strategic leisure options. It was agreed to continue with the Fusion contract as being the most appropriate means of supporting health and wellbeing objectives within the District. The savings from the re-profiled management fees from the leisure contract have been built within the Medium Term Financial Strategy. Management fees are repayable from 2021/22.
- 4.33 Members have a future opportunity as to whether to implement a charged garden waste service from April 2022. For example an annual charge of £40 for an opt in service, could release net income of £250,000 in the first year, rising to £400,000 in following years with a 20% participation rate. If participation rates are higher, income of up to £700,000 per annum could be achieved. These potential savings have not been reflected within the Medium Term Financial Strategy as Members have not yet taken a decision on charged garden waste.
- 4.34 Due to the rapidly changing financial position, the Council is now undertaking frequent revenue budget monitoring reports. The latest revenue budget monitoring report for Month 7 (end of October) predicts an underspend (surplus) of £69,000 for 2020/21. This report was presented to the Executive on 17<sup>th</sup> December 2020. This takes into account the Amended Budget for 2020/21 which was set by Council on 24 September 2020.

## 5 PARTNERSHIP FUNDING AND GRANTS

- 5.1 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. Therefore £7,000 is currently unallocated.

At Council on 13<sup>th</sup> February 2020, it was resolved:-  
That Partnership funding levels be as set out within Section 2.38 of the Revenue Budget Proposals to the Executive on 6 February 2020, with the addition of £10,000 to the South Hams CVS for 2020/21 only, subject to the organisation demonstrating that it meets the criteria set out at Section 2.38 of the Revenue Budget report, with the additional £3,000 required to be taken from Unearmarked Reserves in 2020/21.

At the Executive meeting in December 2020, some Members mentioned the CVS and whether funding could also be made available for 2021/22 (an extra £10,000 was made available for 2020/21). Cllr Hawkins and Cllr Hopwood held a virtual meeting with South Hams CVS in December 2020 and have asked them to submit their partnership funding proposals for 2021/22 by the end of January. Based on initial discussions, it is likely that the request will be for £10,000 as a contribution to central administrative overheads. Consideration can be given to this being for a two year period to align with the above partnerships (i.e. £10,000 in 2021/22 and £10,000 in 2022/23). Members' views are sought on this. A £10,000 contribution for the next two years for the CVS was supported by the meeting of the Joint Development Management Committee and Overview & Scrutiny Panel. This would require a £3,000 increase in the partnership funding base budget from 2021/22, as £7,000 is already unallocated of the partnership funding budget of £96,647.

## **6 Treasury Management and Borrowing Strategy**

6.1 The Council has taken external treasury management advice on the External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million in 2019. It is recommended that this limit is retained as the Council's circumstances and financial indicators have not changed since this advice was procured. In March, the Government launched a consultation on reforms to the Public Works Loan Board intended to prevent the trend, in a minority of local authorities, of taking on debt to buy assets primarily for income.

6.2 In the Spending Review 2020, the Government has announced the outcome of the consultation and has lowered the interest rate of Public Works Loan Board lending by 1%. This brings Public Works Loan Board interest rates back to the levels they were at before October 2019. Local Authorities will be asked to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB.

## **7 FEES AND CHARGES**

7.1 A Fees and Charges report was a separate agenda item for the meeting of the Joint Development Management Committee and Overview & Scrutiny Panel on 14 January 2021.

7.2 The recommendations within the report would generate additional income from fees and charges of £3,500, being £2,000 from boat storage fees and £1,500 from Street Naming and Numbering. This has been modelled as additional income (savings) in Appendix A. Minute OSDM.16/20 refers.

7.3 No permanent reductions to the Council’s income streams (such as ferry income, car parking income, planning income etc. as a result of the Covid pandemic) have been built into the Base Budget for 2021/22. This will be regularly monitored over the next few months. The Government’s income compensation scheme for sales, fees and charges for Councils will only run for the first three months of 2021/22, so any losses from July onwards will have to be addressed by the Council’s own finances.

## 8 FINANCIAL SUSTAINABILITY AND TIMESCALES

8.1 The Council will assess various options for closing the budget gap for 2022/23 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>Extended Leadership Team (ELT) Budget options</b>            The Extended Leadership (ELT) will continually look to identify budget options for Members to consider for income generation/savings/reduced expenditure for 2022/23 onwards, taking into consideration the Council’s corporate strategy and the latest budget monitoring position. Fees and Charges will be considered at the meeting of Joint Development Management Committee and Overview &amp; Scrutiny Panel on 14 January 2021.</p>	To be quantified	As per the Budget Timetable outlined in 12.3
<p><b>Monthly Revenue Budget Monitoring reports</b>            Regular Revenue Budget Monitoring reports also highlight possible areas of future savings and additional income</p>	To be quantified	Options to be assessed as per the Budget Timetable outlined in 12.3
<p><b>Asset and Accommodation Review</b>            Members and Officers are assessing options for the Council’s Asset review.</p>	To be quantified	On-going

Option	Possible Budget Impact	Timescale
<p><b>Charged Garden Waste</b> Members have a future opportunity as to whether to implement a charged garden waste service from April 2022. For example, a proposed annual charge of £40 for an opt in service, could release net income of £250,000 in the first year, rising to £400,000 in following years with a 20% participation rate. If participation rates are higher, income of up to £700,000 per annum could be achieved.</p>	<p>Net income could be as high as £250,000 in the first year, rising to £400,000 in the following years.</p>	<p>Future decision of the Council These potential savings have not been reflected within the Medium Term Financial Strategy as Members have not yet taken a decision on charged garden waste.</p>
<p><b>Funding Options</b></p>		
<p><b>Contributions to Earmarked Reserves</b> The Council could chose to change some of its contributions to Earmarked Reserves currently budgeted for 2021/22 as set out in Appendix D.</p>	<p>As set out in Appendix D</p>	<p>To be decided as part of the Budget Setting process for 2021/22</p>
<p><b>New Homes Bonus allocations for 2021/22 onwards</b></p> <p>The Council's NHB allocation for 2021/22 is <b>£1,068,274</b>. Further details are set out in 4.24 to 4.26.</p> <p>The Government consultation is now expected to be in the New Year (Spring 2021), with a view to implementing reform for NHB in 2022-23.</p>	<p>To be assessed. 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 consultation from the Government on a replacement scheme</p>

Option	Possible Budget Impact	Timescale
<p><b>Use of Earmarked Reserves as a temporary measure</b>  The Council could temporarily utilise an element of Earmarked Reserves to balance an element of the 2022/23 budget, whilst longer term solutions are being implemented.</p> <p>This would be a very short term solution though.</p>	To be assessed	To be decided as part of the Budget Process

8.2 Through the budget setting process, further measures will continue to be considered to balance future years' budget positions.

8.3 Financial Stability is one of the themes within the Recovery and Renewal Plan. The action plan, setting out the areas being progressed and the timescales within which this will take place, was set out in Appendix 1 of the Recovery Plan.

8.4 The Revenue Budget Monitoring report (Month 7) for 2020-21 is projecting an underspend of £69,000, which is 0.7% of the overall budget set for 2020/21 of £9.41 million.

## 9 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

9.1 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. The Capital Budget Proposals for 2021/22 is a separate report on this agenda, with capital bids totalling £2,380,000.

9.2 **Investment Property Strategy** – The Council has agreed an Investment Property strategy. To date, Investment Properties have a value of £19.156 million in aggregate as at 31.3.2020.

9.3 Purchases made within the strategy are capital expenditure. An income projection of £75,000 from the net ancillary income from investments in Investment property has been included within the 2020/21 Base Budget.

9.4 The Council's Asset Base is £99 million at 31 March 2020. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

## 10 Earmarked and Unearmarked Reserves Policy

10.1 As part of the Budget Workshop on 27<sup>th</sup> August, the Council also undertook a review of its Earmarked Reserves through reviewing the commitments against the Earmarked Reserves, its unallocated balance and the contributions to/from Earmarked Reserves for 2020/21 also.

- 10.2 A schedule of Earmarked Reserves is attached at Appendix C , which shows Earmarked Reserves have a projected balance of £10.254 million at 31.3.2021. Reserve levels will be kept under constant review.
- 10.3 The Council's level of Unearmarked Reserves currently stands at £1.898 million. The underspend projected for 2020/21 of £69,000 would be added to Unearmarked Reserves, increasing the Unearmarked Reserves to £1.967 million. However, as part of the 2020/21 Amended Budget, Council agreed to use £200,000 from Unearmarked Reserves to fund the Base Budget. This £200,000 was for this financial year (2020/21) and not next year (2021/22). Accordingly this gives a year end projected balance of £1.767 million.
- 10.4 As part of the Medium Term Financial Strategy and at Council in February 2020, Members have set a minimum balance for Unearmarked Reserves of £1.5 million, based on a risk assessment basis and a sensitivity analysis. Therefore the current level of £1.767m is still above the minimum level set of £1.5m.
- 10.5 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances (this was recommended at £1.5million being the minimum level). Since February 2020, the financial risks which all Councils face will have increased. Section 25 of the Local Government Act 2003 requires the S151 officer to report on the adequacy of the Council's financial resources on an annual basis. A risk assessment and sensitivity analysis on the level of reserves will form part of the report to Council on 11<sup>th</sup> February 2021.
- 10.6 Measures to replenish £200,000 of unearmarked reserves will be continually reviewed as part of the budget setting process.
- 10.7 As set out in the report to Council on the Amended Budget for 2020/21, all other uncommitted amounts in all other Earmarked Reserves (see Appendix C) will remain subject to review, with the exception of Reserves for the Salcombe Harbour Board, as these are subject to decisions by the Salcombe Harbour Board.
- 10.8 In view of the balanced budget position predicted for 2021/22 set out in this report (based on current assumptions), limited spending of Earmarked Reserves will be considered to support wider corporate objectives.

## **11 OTHER ANNOUNCEMENTS WITHIN THE SPENDING REVIEW 2020**

- 11.1 The compensation scheme for income lost from sales, fees and charges will continue for the first three months of 2021/22.
- 11.2 A further £1.55 billion in new funding for local government's COVID expenditure pressures was announced in the Spending Review. This is a 5th tranche of COVID funding which was announced with the Draft Local Government Finance Settlement. South Hams's allocation is £380,789. This is COVID grant payable in April 2021 and is for the 21-22 financial year (nationally it equates to £1.55billion).
- 11.3 There will be separate grant funding to help tackle homelessness amounting to £254 million – considerably more than the £103 million previously announced. Details of allocations and criteria are not yet available. The LGA has requested greater flexibility in the use of these funds than has previously been allowed.
- 11.4 Finally, there is a new, albeit small, £16 million grant programme to help local authorities improve their cyber security.
- 11.5 Many of the Spending Review announcements related to capital investment, which will extend beyond 2021-22. Of particular interest are the following proposals (details of which will follow at a later date):
  - a) a new Levelling Up Fund, allowing bids of up to £20 million to be made against a total allocation of £4 billion. Bids are to be evaluated jointly by the Treasury, MHCLG and Department for Transport. The inclusion of the latter department in evaluation suggests the likely focus of the overall fund. Bids must have real impact within the current Parliamentary term - which suggests a very short bidding and evaluation timescale if projects have to be complete and operational in less than four years' time - and must have local support, including that of the local MPs.
  - b) £2 billion each for the Affordable Housing Programme and the National Home Building Fund in 2021-22. Over the next five years the funding for these two programmes is expected to come to nearly £20 billion in aggregate.
  - c) £0.9 billion for flood and coastal defence projects. This is roughly double the previous provision, and is expected to continue at this level for at least a further four years.
  - d) £220 million as a transitional arrangement pending introduction of a new UK Shared Prosperity Fund. This new Fund is intended to take the place of EU regeneration funds, although the 2021/22 funding appears to be for preparatory work, rather than fully-fledged schemes.

## 12 NEXT STEPS AND PROPOSED WAY FORWARD

12.1 This report is a snapshot (a position statement) in January 2021 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 2021/22 Budget.

28 January 2021	Executive – To recommend Final Budget Proposals to Council for 2021/22
<b>8th February 2021 (9am)</b>	<b>Date which Council Procedure Rule 16 applies</b>
11th February 2021	Full Council – To approve Final Budget Proposals for 2021/22 and set the SHDC share of the Council Tax
23 February 2021	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2021/22 (This is SHDC share plus all other precepting authorities share).

**Note 1-** Council Procedure Rule 16 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 8th February 2021.

## 13. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Executive is responsible for recommending to Council the budgetary framework and for preparing initial budget proposals. The views of the Joint Development Management Committee and Overview and Scrutiny Panel are set out within the report.

		<p>The preparation of the Budget report is evidence of whether the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>
<p>Financial implications to include reference to value for money</p>		<p>The report attached sets out proposals for the Council to achieve a balanced budget in 2021/22, as shown in Appendix B. South Hams District Council is currently forecasting a £510,835 budget gap by the following year, 2022/23. The cumulative aggregated Budget Gap by 2025/26 is £3.9 million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>It is recommended to transfer £380,789 (the fifth tranche of COVID funding as set out in 11.2 of the report), into a COVID Earmarked Reserve, to protect against future COVID losses in 2021/22.</p> <p>The recommendations adopted and the annual budget setting process will ensure the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Council's auditors, Grant Thornton, provided an unqualified value for money opinion for the District Council for 2019-20, which was reported to the Council's Audit Committee in October 2020.</p>
<p>Risk</p>		<p>Each of the budget options taken forward by Members will consider the risks of the option.</p>
<p>Supporting Corporate Strategy</p>		<p>The Budget report supports all six of the Corporate Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>
<p>Climate Change - Carbon / Biodiversity Impact</p>		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and a Climate Change Action Plan was presented to Council in December 2019. Following this report, a strategy will be implemented as to how the Council could finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.</p> <p>The Council has Earmarked £400,000 in a Climate Change Earmarked Reserve as part of the 2020-21 Budget.</p>

		<p>On 17<sup>th</sup> December 2020, Council adopted the Climate Change and Biodiversity Strategy. The Council has committed to the following aims;</p> <ul style="list-style-type: none"> <li>a) to reduce its organisational carbon emissions (Scope 1, 2 and 3 emissions) to net-zero by 2030;</li> <li>b) to commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest;</li> <li>c) That the Council aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025;</li> </ul> <p>The report also set out the proposed initiatives for the £400,000 in the Climate Change Earmarked Reserve. (£20,000 has already been allocated to support the delivery of work to improve the energy efficiency of the existing housing stock in light of the successful Green Homes Grant bid – Minute E.31/20 refers).</p>
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		Equality Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

**Supporting Information**

**Appendices:**

- Appendix A – Budget pressures and savings
- Appendix B – Modelling of the Budget Position
- Appendix C - Schedule of Earmarked Reserves
- Appendix D – Contributions to & from Earmarked Reserves

**Background Papers:**

- Joint Development Management Committee and Overview and Scrutiny Panel – Draft Revenue Budget Proposals for 2021-22
- Council 17<sup>th</sup> December 2020 – Climate Change and Biodiversity Strategy and Action Plan update

Executive 17<sup>th</sup> December 2020 – Draft Revenue Budget Proposals for 2020-21

Executive 17<sup>th</sup> December 2020 – Revenue Budget Monitoring report (Month 7)

Council 24<sup>th</sup> September 2020 – Amended Budget Proposals 2020-21

Council 24<sup>th</sup> September 2020 – Climate Change and Biodiversity Strategy and Action Plan Update

Council 24<sup>th</sup> September 2020 – Strategic Leisure Options (Fusion Update)

**BUDGET PROPOSALS 2021/22**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

	(Amended Budget)					
	BASE 2020/21	Yr1 2021/22	Yr2 2022/23	Yr3 2023/24	Yr4 2024/25	Yr 5 2025/26
	£	£	£	£	£	£
<b>BUDGET PRESSURES</b>						
Inflation and increases on goods and services (Business Rates Multiplier is being frozen in 2021/22)	110,000	90,000	110,000	110,000	110,000	110,000
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)	140,000					
Salaries - provision for pay award at 1% for 21/22 onwards (the actual pay award for 20/21 was 2.75% and therefore 21/22 includes an extra 0.75% to build this extra amount for 2020/21 into the base budget as 2% was budgeted for 2020/21)	140,000	123,000	70,000	70,000	70,000	70,000
Waste collection, recycling and cleansing contract (estimate)	130,000	130,000	130,000	130,000	130,000	130,000
National Living Wage and National Insurance	70,000	70,000	70,000	70,000	70,000	70,000
Two planning enforcement officers (SHDC share of the cost - Council September 19)	50,078					
Localities service - seasonal staffing posts - Executive report 28.1.2021		25,000				
Employer's pension costs - Waste collection, recycling and cleansing contract	25,000					
Depot annualised costs - Waste collection, recycling and cleansing contract	60,762	60,761				
Devon aligned service for waste	175,000	175,000				
Implementation costs for Devon aligned service for waste (one-off) This is additional staffing support for implementation such as roadshows, communications and customer services support.	125,000	(125,000)				
Reduction in recycling income	95,000					
ICT future service provision	150,000					
Housing Benefit overpayment recoveries (to reduce income target to Nil in 21/22)	100,000	145,000				
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					
Partnership funding (increase in the base budget - as 5.1 of the report)		3,000				
<b>TOTAL BUDGET PRESSURES</b>	<b>1,600,640</b>	<b>696,761</b>	<b>330,000</b>	<b>355,000</b>	<b>380,000</b>	<b>380,000</b>
 <b>Changes to contributions to Earmarked Reserves</b>						
Reduce the contribution from the New Homes Bonus Reserve (assumes a contribution of £564,143 in 2020/21 and contributions in future years equating to £0.746m in 2021/22 and £0.546m in 22/23)	(64,143)	(181,857)	200,000	100,000	150,000	96,000
Dartmouth Ferry - increase annual contribution to reserve (except in 21/22 and 22/23)	30,000			30,000	30,000	30,000
Transformation Project (T18) - Approved at 11 December 2014 Council <i>Contribution to Strategic Change Reserve to meet pension strain costs</i>	(90,000)	30,000				
Funding from the Economic Regeneration (Business Rates Pilot Gain) Earmarked Reserve (one-off in 2020-21)	(127,000)	127,000				
Repairs and Maintenance Reserve - reduce annual contribution of £55,000 in 2020-21	(55,000)	80,000		25,000		
Cease making a contribution to the Planning Earmarked Reserve in 2020-21	(50,000)	50,000				
Funding from the Business Rates Retention Earmarked Reserve (one-off 20-21)	(343,000)	343,000				
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>(747,843)</b>	<b>448,143</b>	<b>200,000</b>	<b>155,000</b>	<b>180,000</b>	<b>126,000</b>

**BUDGET PROPOSALS 2021/22**  
**(This shows the changes to the existing Base Budget)**

**APPENDIX A**

**SAVINGS AND INCOME GENERATION IDENTIFIED**

	<b>BASE 2020/21</b>	<b>Yr1 2021/22</b>	<b>Yr2 2022/23</b>	<b>Yr3 2023/24</b>	<b>Yr4 2024/25</b>	<b>Yr 5 2025/26</b>
Savings from re-procurement of contracts (e.g. leisure contract)	(165,000)		(186,000)			
Procurement of waste collection, recycling and cleansing contract (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)	(129,674)	(129,672)				
Income from economic regeneration projects within the District			(40,000)	(58,000)		
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	(55,203)	(54,537)				
Senior Leadership Team - Interim arrangement (£34,000) - Restructure (£60,000) as per July 2019 Council report - a total of £94,000	(60,000)					
Review ICT contracts	(6,300)					
Digital Downloads of Planning applications	(3,500)					
Implement e-billing for Council Tax	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)
Council Tax Support Grant -Reduction by 50% per annum over two years	(37,000)	(37,000)				
Car parking pay & display fees - increase by 4%	(80,000)					
Commercial Investment Strategy	(75,000)					
Employment Estates income	(25,000)	(10,000)				
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 Street Naming and Numbering (£1,500)	(4,100)	(3,500)				
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)					
3rd tranche of COVID funding received from the Government (one-off in 20-21)	(121,000)	121,000				
Cease the 2020-21 annual contribution towards building up a budget for future years for the Follaton Roof and Follaton Lift (one-off in 20-21)	(80,000)	80,000				
Use of New Burdens Government grant funding received for the administration of the Business Rates Grants (one-off in 20-21)	(170,000)	170,000				
<b>TOTAL SAVINGS AND INCOME GENERATION</b>	<b>(1,275,877)</b>	<b>122,191</b>	<b>(228,100)</b>	<b>(60,100)</b>	<b>(2,100)</b>	<b>(2,100)</b>

Line	<b>Appendix B - Council Tax is increased by the higher of £5 or 1.99% each year</b>	<b>BASE</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>
		<b>Amended 2020/21 Budget £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
No.	Modelling for the financial years 2021/22 onwards						
1	Base budget brought forward	8,832,752	9,410,672	9,676,767	9,467,832	9,630,639	9,804,930
2	Budget pressures (as per Appendix A)	1,600,640	696,761	330,000	355,000	380,000	380,000
	One -off budget shortfall identified for 2020-21 (as per Amended Budget report)	1,313,000	(1,313,000)				
3	Savings already identified (as per Appendix A)	(1,275,877)	122,191	(228,100)	(60,100)	(2,100)	(2,100)
4	Changes in contributions to Earmarked Reserves (App A)	(747,843)	448,143	200,000	155,000	180,000	126,000
	Funding from Unearmarked Reserves (Amended Budget 2020-21) (£200,000 plus £112,000 Statement of Accounts for 2019-20 Accounts)	(312,000)	312,000				
7	<b>Projected Net Expenditure:</b>	<b>9,410,672</b>	<b>9,676,767</b>	<b>9,978,667</b>	<b>9,917,732</b>	<b>10,188,539</b>	<b>10,308,830</b>
	<b>Funded By:-</b> (See Note 1 below regarding New Homes Bonus funding)						
8	<b>Council Tax income</b> - Modelling a £5 increase in 2021/22 onwards	6,562,617	6,718,291	6,945,867	7,175,442	7,407,018	7,640,594
9	Collection Fund Surplus/(Deficit)	60,000	(30,397)	(9,087)	(9,087)	0	0
10	Localised Business Rates (estimate of business rates resources received in the year)	2,155,000	2,353,544	2,360,000	2,370,000	2,380,000	2,390,000
11	Tariff/Top Up Adjustment amount (negative RSG - phased in from 2022/23)		0	(270,000)	(360,000)	(450,000)	(500,000)
12	Business Rates Pooling Gain	225,000	125,000	0	0	0	0
13	Rural Services Delivery Grant (assumes a 3% increase in future years)	408,055	428,206	441,052	454,284	467,912	481,950
14	Lower Tier Services Grant	0	82,123	0	0	0	0
15	<b>Total Projected Funding Sources</b>	<b>9,410,672</b>	<b>9,676,767</b>	<b>9,467,832</b>	<b>9,630,639</b>	<b>9,804,930</b>	<b>10,012,544</b>
	<b>Budget Gap per year</b>						
16	(Projected Expenditure line 7 - Projected Funding line 15)	0	0	510,835	287,093	383,608	296,287
	<b>Actual Predicted Cumulative Budget Gap</b>	0	0	510,835	797,928	1,181,537	1,477,823
	<b>Aggregated Budget Gap</b> (if no action is taken in each individual year to close the budget gap annually)	0	0	510,835	1,308,763	2,490,300	3,968,123
	<b>Modelling Assumptions:</b>						
	Council Tax (Band D) (Modelling the higher of £5 or a 1.99% increase)	170.42	175.42	180.42	185.42	190.42	195.42
	Council Tax Base (Assumes an increase in Band D Equivalent properties of 200 per annum)	38,508.49	38,298.32	38,498.32	38,698.32	38,898.32	39,098.32

**Note 1 - New Homes Bonus Funding**

The modelling for 2021/22 includes a contribution of £746,000 from New Homes Bonus (NHB) funding to fund the Base Budget. This reduces to £546,000 in 2022/23 and a phased reduction in 2023/24 onwards. Although the NHB scheme is due to be replaced in 2022/23, it is assumed that a successor scheme will be implemented that will also be based on housing growth.

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX C
	Cost Centre	Opening balance 01.04.2020 £000s	Additions to Reserve 2020/21 £000s	Predicted Spend 2020/21 £000s	Projected balance 31.03.2021 £000s	Comments
<b>EARMARKED RESERVES</b>						
<b>Specific Reserves - General Fund</b>						
Affordable Housing	S0822	(706)	0	211	(495)	Funding of Capital Programme commitments and £40K set up costs of the Community Benefit Society, Wholly Owned Company (E.78/19)
Beach Safety	S0839	(14)			(14)	
Capital Programme	S0820	(26)	(182)	208	0	Capital Programme commitments
Community Housing Fund	S0854	(494)		351	(143)	Community Housing schemes
Community Parks and Open Spaces	S0826	(37)	(17)	25	(29)	South Devon Tennis Courts, Cycling Design Work Plym to Tavistock etc.
Covid Earmarked Reserve (subject to Council approval)	New code	0	(100)	0	(100)	It is recommended that the COVID-19 LA Support Grant (4th tranche of £100K) is put into a COVID Earmarked Reserve as per Recommendation 3 of the December Executive Revenue Budget Monitoring report. There is a further recommendation as part of this report for the fifth tranche of COVID funding of £380,789 to also be transferred into the COVID Earmarked Reserve. This funding will not be received until April 2021.
Dartmouth Ferry Repairs & Renewals	S0830	(446)	(117)	118	(445)	Dart Lower Ferry Workshops engineering (health and safety urgent works) £94k, additional fleet refurbishment works £24k
District Elections	S0838	0	(10)		(10)	
Economic Initiatives	S0831	(6)		4	(2)	Pop up Business School
Economic Regeneration (Business Rates pilot gain 2018/19)	S0858	(319)		280	(39)	Spend commitments include £65,000 for the Ivybridge Regeneration project (Executive 18th June 2020), £88,000 Fusion Leisure support payments July to Sept, and £127,000 contribution to Base Budget (part of Amended Budget 20/21)
Emergency Climate Change Projects Reserve	S0852	0	(400)	20	(380)	Set up of this reserve approved Exec 6th Feb 20 E74/19, funded by contribution from New Homes Bonus Reserve. As per the Executive report on 22nd October 2020, to utilise £20,000 to support the delivery of the Green Homes Grant scheme. There is a report on Council on 17.12.20 'Climate Change and Biodiversity Strategy and Action Plan update', which proposes initiatives for the £380,000.
Environmental Health Initiatives	S0857	(20)		11	(9)	EH student specialist salary costs
Homelessness Prevention	S0851	(112)			(112)	This reserve has been created following underspends on Homelessness Prevention Costs in previous years.
ICT Development	S0836	(122)	(50)	122	(50)	Commitments include £83,000 towards the Future IT Procurement, Council 13/2/20 E75/19
Innovation Fund (Invest to Earn)	S0850	(9)		9	0	Commitment to Community Housing Fund Reserve
Joint Local Plan	S0860	(21)			(21)	This is a new reserve for Joint Local Plan funding
Land and Development	S0829	(211)	(7)	104	(114)	Commitments include £103.5k Fusion Leisure monthly support due to temporary closure of leisure facilities during Covid 19 pandemic (April, May and June), £55k Follaton House Arboretum & Wedding Venue works
Leisure Services	S0858	(57)		14	(43)	Commitments include Playing Pitch Strategy £13k
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(8)	(29)		(37)	This is a new reserve set up to manage the ongoing maintenance costs of the Council's Commercial Property. The contributions to the reserve equate to 10% of the rental income, this is anticipated to be £29,000 in 2020/21.
Marine Infrastructure	S0828	(268)	(58)	0	(326)	Commitment of £200,000 relates to Batson Harbour Workshops (2019/20 £200K Capital Programme)
Members Sustainable Community Locality	S0846	(28)			(28)	This reserve holds the unspent balances.
New Homes Bonus	S0804	(1,696)	(1,199)	2,089	(806)	The NHB allocation for 20/21 was £1.199m. Commitments include £564k contribution to base revenue budget, £400k to Emergency Climate Change Projects Reserve and the Capital Programme budget 2018/19 & 2019/20. At Council in February 2020, it was approved to transfer the unallocated balance of £235,016 (from the 20/21 NHB allocation) 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. The uncommitted balance is £235,016.
On-Street Parking	S0834	(44)			(44)	
Pay & Display Equipment Renewals	S0833	(144)	(21)		(165)	This reserve provides for the periodic replacement of Pay & Display machines.
Pension Fund Strain Payments Reserve	S0810	(29)	(99)	99	(29)	This reserve is used to fund pension strain costs
Planning Policy & Major Developments	S0840	(187)			(187)	This reserve is for all planning matters and is also to meet appeal costs.
Renovation Grant Reserve	S0823	(7)			(7)	
Repairs & Maintenance	S0827	(203)	(13)	28	(188)	Commitment (£28K) relates to Mobile Phone Signal improvement works at Follaton House
Revenue Grants	S0821	(608)		54	(554)	This reserve comprises of government grants received for specific initiatives or new burdens and are held in the reserve for accounting purposes. The annual contribution of £48,700 from this reserve relates to the funding of three housing posts which were made permanent in the 2020/21 budget process and are funded from the Flexible Homelessness Support Grant.
Section 106 Deposits	S0842	(38)			(38)	This reserve comprises deposits with no repayment conditions - created as a result of IFRS

Section 106 Monitoring	S0929	(133)		22	(111)	This reserve funds the cost of an officer to oversee the administration of S106 deposits and how they are spent
Section 106 Technical Support	S0862	(16)		16	0	To meet the salary costs of a S106 technical support officer.
Strategic Change Reserve (T18)	S0849	(30)		30	0	Contribution to the Base Budget as per the Amended budget 20/21
Support Services Trading					(43)	Reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme. Reserve maybe required in the future.
Sustainable Waste Management	S0856	(43)				
	S0837	(54)	(25)		(79)	Reserve was created for one-off waste management costs
Vehicles & Plant Renewals						Earmarked for the Fleet Replacement Programme as part of the Waste Contract. An annual contribution of £550,000 is made to this reserve. All committed for new fleet.
	S0832	(1,183)	(550)	1,733	0	
<b>Sub Total excluding the Business Rates Reserve</b>		<b>(7,319)</b>	<b>(2,877)</b>	<b>5,548</b>	<b>(4,648)</b>	
Business Rates Retention	S0824	(6,192)	0	586	(5,606)	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. Commitments mainly relate to (a) £3.5m ringfenced for Employment for the creation of local jobs (Council Feb 2018) (b) employment land opportunities - Amended Budget 24.9.2020 (c) 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. As part of the Amended Budget for 2020-21, it was agreed to use £343,000 from this reserve towards the 2020-21 budget shortfall of £1.3million. In addition, at Council in September 2020, it was approved to use £243,000 from this Reserve for further financial support for Fusion (the Council's leisure operator), so as to deliver improved health and wellbeing outcomes.
<b>TOTAL EARMARKED RESERVES</b>		<b>(13,511)</b>	<b>(2,877)</b>	<b>6,134</b>	<b>(10,254)</b>	
<b>TOTAL UNEARMARKED RESERVES (General Fund Balance)</b>		<b>(1,898)</b>	<b>(69)</b>	<b>200</b>	<b>(1,767)</b>	Note: This Unearmarked Reserve has a minimum balance of £1.5million (set by Members as part of the budget process). The predicted underspend for 2020-21 of £69,000 (as set out in this report) would be added to this Unearmarked Reserve. The Amended Budget set for 2020-21 approved the use of £200,000 from this Reserve to fund the Base Budget in 2020-21.
<b>TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)</b>		<b>(15,409)</b>	<b>(2,946)</b>	<b>6,334</b>	<b>(12,021)</b>	

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

Amended Budget 2020/21 Estimate 2020/21			Estimate 2021/22		Estimate 2022/23	
To £	(From) £		To £	(From) £	To £	(From) £
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	
117,000		Ferry major repairs & renewals	117,000		117,000	
	(564,143)	New Homes Bonus (replacement scheme in 22/23)		(746,000)		(546,000)
	(48,700)	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	
0		Repairs and maintenance	80,000		80,000	
	(30,000)	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	
0		Planning Policy and Major Developments	50,000		50,000	
	(127,000)	Economic Regeneration (Pilot Gain)		0		0
	(343,000)	Business Rates Retention Reserve		0		0
2,000		Interest from Reserves	2,000		2,000	
1,079,300	(1,112,843)	<b>TOTALS</b>	1,209,300	(794,700)	1,209,300	(594,700)
<b>(33,543)</b>		<b>GRAND TOTAL</b>	<b>414,600</b>		<b>614,600</b>	

Shaded items denote one-off funding changes with regards to the Amended Budget for 20/21 (agreed by Council September 2020)

## OPTION 1a - (Minute OSDM.15/20 refers)

	Estimate 2021/22	
	To £	(From) £
Recovery and Renewal Plan	500,000	
Climate Change Action Plan	322,274	
Business Rates Retention Reserve		(450,000)
Reduce Planning contribution to the Reserve		(50,000)
New Homes Bonus funding		(322,274)
<b>GRAND TOTAL</b>	<b>822,274</b>	<b>(822,274)</b>

## OPTION 1b - (Minute OSDM.15/20 refers)

	Estimate 2021/22	
	To £	(From) £
Recovery and Renewal Plan	500,000	
Climate Change Action Plan	200,000	
Business Rates Retention Reserve		(450,000)
Reduce Planning contribution to the Reserve		(50,000)
New Homes Bonus funding		(200,000)
<b>GRAND TOTAL</b>	<b>700,000</b>	<b>(700,000)</b>

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Report to: **Executive**  
Date: **28 January 2021**  
Title: **Capital Budget Proposals for 2021/22**  
Portfolio Area: **Budget Proposals – Cllr Pearce**  
Wards Affected: **All**

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:**

### **1) The Executive recommends to Council:**

- a) The Capital Programme for 2021/22, which totals £2,380,000 (Appendix A)
  - b) The financing of the 2021/22 Capital Programme of £2,380,000 from the funding sources set out in Section 4.
- 2) The Executive gives consideration as to whether to also include a capital programme contingency budget of £200,000 for 2021-22 within the Capital Programme, to be funded by the New Homes Bonus scheme for 2021-22.

(Note: If a recommendation is approved as part of the Revenue Budget Proposals report to utilise £200,000 of New Homes Bonus funding from 2021-22 towards the Recovery and Renewal Plan and the Climate Change Action Plan, this will be instead of using £200,000 of New Homes Bonus funding for the capital programme contingency budget in 2021-22).

## **1. Executive summary**

**1.1** The report sets out the Capital Bids to the 2021/22 Capital Programme totalling £2,380,000 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 2021/22.

Consideration needs to be given to the funding options for the 2021/22 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 £500,000 PWLB borrowing) in 2021/22 to fund the bids which have been submitted by project officers within the Council.

## **2. Background**

**2.1** The capital programme for 2020/21 was approved by Council on 13 February 2020 (72/19 and E.75/19 refer).

**2.2** A new Capital Programme is proposed for 2021/22. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during October 2020 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.

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

Members are requested to give their views on the proposals for the Capital Programme for 2020/21. Appendix A sets out the capital bids which total £2,380,000.

#### **3.1 Capital Programme 2021/22**

#### **3.2 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. The Amended Budget for 2020/21, following the impact of Covid-19, removed the budgeted annual contribution for 2020/21. Approval is now sought to reinstate this contribution from 2021/22 and include the usual £50,000 for 2021/22 (as the Council now has more certainty of its financial position, following the Covid funding announced in Government support measures). The total bid for 2021/22 will therefore be £100,000 in total.

### 3.3 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. The Amended Budget for 2020/21 (following the impact of Covid-19) removed the budgeted annual contribution for 2020/21, approval is now sought to reinstate this contribution from 2021/22.

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. The building is on three levels and different sections of the building are leased to tenants. Replacements will be required in the next few years.

### 3.4 Coastal Asset repairs - 5 year planned programme

There is no capital budget required in 2021/22 as sufficient accumulated funds are available for the current programme of coastal asset repairs. The budget will be carried forward to 2022/23. 2020/21 is year 1 of a five year programme as shown below:

Capital budget for Coastal Asset repairs (2020/21 approved, 2022/23 to 2025/26 budgets to be confirmed)

2020/21 000's	2021/22 000's	2022/23 000's	2023/24 000's	2024/25 000's	2025/26 000's	Total 000's
£300		£300	£300	£300	£300	£1,500

There are also resources available from the previous 5 year programme in the sum of £458,000 giving a total budget of £758,000 for 2021/22.

Note: The resources carried forward from the previous 5 year programme were as a result of Environment Agency funding being secured by the Council for coast protection works.

### 3.5 Waste Fleet Replacement

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 Revenue Budget includes an annual contribution of £550,000 into the Vehicle Earmarked Reserve (as approved by Council on 6<sup>th</sup> December 2018: Frontline Services - Waste & Cleansing Procurement report – Minute CM41/18)

### **3.6 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.

### **3.7 Dartmouth Health and Wellbeing Hub – Car Parking Provision**

Progress with the Health Hub project is being made, with planning now approved in December 2020 and contractor tenders being analysed ahead of works starting in Q2 2021. The project approval and funding envelope has always been for the building works, not for any associated car park improvements to the existing overflow car park. This capital bid is for the cost of upgrading the overflow car park to a tarmac finish, with drainage, signage and white lining.

The price to undertake the works will be based on the tendered quote. The winning bidder for the building will also undertake the car park upgrade works. The car park will be used as a short stay car park during the week to support the Health Hub and a long stay car park at weekends to support the Park & Ride service. For consistency, the short stay tariffs will be aligned to the adjacent leisure car park and the long stay to the Park & Ride.

#### **Business Case:**

The Transport Statement supporting the planning application states 162 expected trips per day to the Health Hub once complete.

162 daily trips at 5 days per week, 52 weeks of the year is 42,120 trips per annum. At the hour tariff of 70p charged at the leisure centre, this equates to **£29,484** per annum.

Additionally, the upgrading and formalising of the existing overflow car park will see the facility being utilised more efficiently with a gain of circa 25 spaces. Furthermore, the car park will not be impacted by adverse weather conditions which make parking impossible.

The overflow is generally used in peak periods only. Assuming 18 weekends at full P&R car park capacity (summer plus Easter/Whitsun/Oct Half Term), equates to 25 spaces @ 36 days per year @ £5 per day = **£4,500**

In total, this equates to an annual additional car parking income of circa **£35,000** per annum.

Based on an estimated construction price of £500k, the estimated pay back period is approximately 14 years.

Aside from the financial position, the improved car parking facility will include EV charging points (3 No.) and allow the current summer P&R usage to be on an all-weather surface.

An extract of the Minute from the Executive meeting on 18 July 2019, on the Dartmouth Health and Wellbeing Hub Development is set out below as background information:

Extract of the Minute from the Executive meeting on Thursday 18 July 2019

E.16/19 DARTMOUTH HEALTH AND WELLBEING HUB DEVELOPMENT  
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. The Deputy Leader introduced the report. Members were generally supportive of the proposals and each of the local Ward Members spoke in support. The benefits of the scheme to the surrounding parishes was discussed. The Leader did advise that the facilities to be included within the Hub would be decided by the NHS Trust and would not be a matter for the District Council.

Page 18 Executive 18.07.19 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.

### **3.8 Replacement Payroll & HR Software**

Officers are currently looking at a replacement Payroll and HR system. The current software is outdated and nearing end of life resulting in additional support payments. The market has been tested and the costs benchmarked.

The cost is being shared 50/50 with West Devon Borough Council, £15,000 represents South Hams District Council's 50% share.

### **3.9 Replacement of IT Hardware**

The Hardware in need of replacement includes the existing servers and data storage. The existing equipment is approaching end of life and is subject to reliability issues and storage space limitations. Additional annual support payments will be required as the original supplier support has ended.

The servers were purchased in March 2017 and the current support and maintenance ends in early March 2021. Our existing servers are running more virtual servers than they are specified for. While a number of our applications are Cloud based, such as the Netcall LoCode platform, Goss Website, Northgate Land Charges and Concerto Asset Management, the Councils still have 146 virtual servers on the cluster including the new Northgate Assure solution and Northgate Information at Work document management system.

New servers and storage will be more reliable and more responsive. The new hardware will reduce the likelihood of system outages and recover quicker should the necessity arise. This approach is more cost effective than attempting to move all of our server and storage capacity to the cloud.

The cost is being shared 50/50 with West Devon Borough Council, £85,000 represents South Hams District Council's 50% share.

### **3.10 Slapton Public Conveniences**

Further to the closure of the Slapton Middle Car Park toilet, an allocation of £150,000 can be included within the Capital Programme for 2021/22, for the construction of a replacement toilet, if an appropriate site can be found. This figure excludes land values or other associated costs.

Officers will investigate where a replacement toilet could be located, recognising the former location is unsustainable due to coastal erosion. Should an acceptable location be found, a further report seeking approval will be brought to the Executive.

### **3.11 Batson Creek, Salcombe**

A report on the capital projects within Batson Creek, Salcombe has been included on the Executive Forward Plan for March 2021. This is just for noting purposes on the timeframe for these capital projects being reported to the Executive.

### **3.12 Contingency**

There is an option for a contingency budget of £200,000 to be included in the capital programme for 2021/22. If a contingency budget is included within the Capital Programme for 2021-22, it is recommended for this to be funded from the New Homes Bonus Scheme for 2021/22.

A contingency budget would 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.

3.13 The Draft Revenue Budget Proposals for 2021/22 were considered by the Joint meeting of the Development Management Committee and Overview & Scrutiny Panel on 14<sup>th</sup> January. It was Resolved (Minute OSDM.15/20) that the Joint meeting support the allocation of £500,000 for funding for the Recovery and Renewal Plan and a further £322,274 funding for the Climate Change Action Plan, to be funded by:

- a. *withdrawing the contribution to the Planning Earmarked Reserve in 2021-22 of £50,000;*
- b. ***utilising £200,000 of New Homes Bonus funding from 2021-22 (instead of using £200,000 of New Homes Bonus funding for the 2021-22 Capital Programme);***
- c. *using £450,000 of funding from the Business Rates Retention Earmarked Reserve; and*
- d. *using £122,274 of the remaining unallocated New Homes Bonus monies for 2021-22;*

3.14 The report on the Draft Revenue Budget Proposals for 2021-22 will be considered before the Draft Capital Budget Proposals for 2021-22 on the Executive agenda.

If a recommendation is approved as part of the Revenue Budget Proposals report to utilise £200,000 of New Homes Bonus funding from 2021-22 towards the Recovery and Renewal Plan and the Climate Change Action Plan, this will be instead of using £200,000 of New Homes Bonus funding for the capital programme contingency budget in 2021-22.

#### **4 FINANCING THE CAPITAL PROGRAMME**

**4.1** Capital bids shown in Appendix A total £2,380,000. Funding of £2,380,000 is therefore required. The table below shows the recommended way that these projects are financed:-

<b>Capital Programme 2021/22</b>	<b>£</b>
<i>Appendix A bids</i>	<b>2,380,000</b>
<b>Funded By:</b>	
Capital Programme Reserve (See Note 2 below)	130,000
Vehicle & Plant Renewals Reserve	550,000
Capital Receipts	100,000
Better Care Grant funding towards Disabled Facilities Grants (estimated)	1,100,000
Borrowing	500,000
<b>TOTAL</b>	<b>2,380,000</b>

Note 1 - There is a separate option to also have a Capital Programme contingency budget in 2021-22 of a further £200,000, funded by New Homes Bonus funding in 2021-22. Sections 3.12 to 3.14 give more detail.

Note 2 -This assumes the Council continues to make a revenue contribution to the Capital Programme Reserve in 2021/22 of £181,600.

## 5. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	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.
Financial Implications to include reference to Value for Money	Y	<p>The report sets out the Capital Bids to the 2021/22 Capital Programme totalling £2,380,000 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 £0.5m) in 2021/22 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>

Risk	Y	<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		<p>The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and a Climate Change Action Plan was presented to Council in December 2019. Following this report, a strategy will be implemented as to how the Council could finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.</p> <p>The Council has Earmarked £400,000 in a Climate Change Earmarked Reserve as part of the 2020-21 Budget.</p>

		<p>On 17<sup>th</sup> December 2020, Council adopted the Climate Change and Biodiversity Strategy. The Council has committed to the following aims;</p> <ul style="list-style-type: none"> <li>a) to reduce its organisational carbon emissions (Scope 1, 2 and 3 emissions) to net-zero by 2030;</li> <li>b) to commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest;</li> <li>c) That the Council aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025;</li> </ul> <p>The report also set out the proposed initiatives for the £400,000 in the Climate Change Earmarked Reserve. (£20,000 has already been allocated to support the delivery of work to improve the energy efficiency of the existing housing stock in light of the successful Green Homes Grant bid – Minute E.31/20 refers</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Summary of Capital Bids for 2021/2022

Background papers

Capital Programme for 2020/21 – Council 13<sup>th</sup> February 2020  
(72.19 and E. 75/19 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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<b>Proposed Capital Projects 2021/22 - 2023/24 - PART I</b>							
<b>Priority Criteria</b>							
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			
<b>Service</b>	<b>Site</b>	<b>Project</b>	<b>Lead officer</b>	<b>Proposed 2021/22 £'000</b>	<b>Proposed 2022/23 £'000</b>	<b>Proposed 2023/24 £'000</b>	<b>Priority code / notes</b>
HQ	Follaton House	Refurbishment of roof to old house and replacement guttering	ST	100	50	50	1,2
Page 8 of 21	Follaton House	Replacement Lifts	ST	30	30	30	1,2
	Assets	SHDC Coastal Assets Repairs	5 year planned programme based on marine survey	LW/DF		300	300
Commercial Services		Waste Fleet Replacement	JS	550	550	550	1,2,3
Public Sector Renewals (inc Disabled Facility Grants)			IL	1,100	1,100	1,100	1
Assets	Dartmouth Health and Wellbeing Hub	Provision of car parking adjacent to Hub	LW	500			1,3,4

<b>Support Services</b>		Replacement Payroll and HR Software (this cost is being shared 50/50 with West Devon Borough Council, £15,000 represents SHDC's 50% share of the cost)	NH	15			3
<b>Support Services</b>	Follaton House	Replacement of IT Hardware (this cost is being shared 50/50 with West Devon Borough Council £85,000 represents SHDC's 50% share of the cost)	MW	85			3,4
<b>Sub Total</b>				2,380	2,030	2,030	
<b>Capital Programme contingency budget for 2021/22</b>			(see	200	200	200	
<b>Totals</b>				<b>2,580</b>	<b>2,230</b>	<b>2,230</b>	

## **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: **28 January 2021**

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

Portfolio Area: **Support Services**

Wards Affected: **ALL**

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

Author: **Clare Scotton** Role: **Finance Business  
Partner**  
**Pauline  
Henstock** **Head of Finance Practice**

Contact: [clare.scotton@swdevon.gov.uk](mailto:clare.scotton@swdevon.gov.uk) 01803 861559  
[pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk) 01803 861377

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### **Recommendations:**

1. That the Executive notes the content of the Monitoring Report.
2. That a separate report will be produced for an All Member Briefing on Community Housing Projects and a future report to the Executive will be added to the Executive Forward Plan.

### **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 8 (end of November 20) 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 It is recommended that a separate report will be produced for an All Member Briefing on Community Housing Projects and a future report to the Executive will be added to the Executive Forward Plan.

## **2. Background**

2.1 The capital programme for 2020/21 was approved by Council on 13 February 2020 (72/19 and E.75/19 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 2019/2020 and prior years**

#### 3.2 Langage Business Park

Planning for the land north of Holland Road is anticipated in the spring of 2021. This timeline has been driven by the ecology survey timelines and ground water monitoring. The planning application is anticipated to include a detailed application for the starter units and outline application for other units on that part of the site. The exact mix and size is yet to be determined as it will need to respond to the market post Covid-19.

#### 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. This will be used as required for small top ups on schemes where viability is an issue. An application has been received from Newton & Noss CLT for £6,500 and another from South Dartmoor Community Energy for £25,000 toward pre-development costs for an application for up to 30 affordable homes in Ugborough parish.
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. Projects need to be worked up as part of the emerging housing strategy.

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

	<b>Narrative</b>	<b>Budget for Scheme</b>
<b>BUDGET</b> (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 costs of these affordable homes.	£150,000
Harberton Community Led Trust	The contribution has now been made to the Trust.	£104,500

	<b>Narrative</b>	<b>Budget for Scheme</b>
Community Housing Scheme	Council Minute 88/19 from 30 <sup>th</sup> April 2020 – that £100,000 be allocated from the Affordable Housing Capital Programme Budget towards delivering St Ann’s Chapel Community Housing Scheme	£100,000
Set up costs of the Community Benefit Society (CBS) – Wholly Owned Company	As per the report to the Executive and approved at Council on 13 February 2020	£40,000
Funding set aside for the Tenants Incentive Scheme	Amount set aside from the Affordable Housing Earmarked Reserve	£30,000
<b>Remaining Uncommitted Balance</b>		<b>£495,500*</b>
<b>*(This is the uncommitted balance on the Affordable Housing Earmarked Reserve)</b>		

There is currently an uncommitted balance on the Affordable Housing Budget of £495,500. ***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 Community Housing team 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.

**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.

Members will be aware of work on the Housing Strategy, updates to capital monitoring may be required in 6-12 months when Members have approved the emerging Strategy.

### 3.4 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.

### 3.5 Cemetery Expansion, Ivybridge

A budget of £30,000 was approved for this project as part of the 2018/19 capital budget. An S106 contribution of £35,000 has recently been received by the Council in relation to a housing development in Ivybridge. Officers will commence preliminaries with the project in 2020/21 with the bulk of works and spend anticipated in 2021/22. Initial discussions are taking place with the Town Council about the approach to the project.

### 3.6 Ivybridge Depot

Ivybridge depot has now been built and practical completion is expected during January/February 2021.

### 3.7 Car Parks – Resurfacing

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

### 3.8 Investing in Kingsbridge

Following the public consultation officers have worked up a number of housing layouts and looked at viability for such a scheme, although the project has had to suffer a slight decrease in priority reflecting the need to focus on projects in the delivery phase. At the current time, options that best suit the draft Housing Strategy are being reviewed and it is intended to bring back a report on options in the Summer of 2021.

### 3.9 Dartmouth Health and Wellbeing Hub Development

The scheme received planning consent in early December 2020. The development team (led by the NHS Joint Venture) will now look to procure a contractor to build the Hub and a tender has been issued for construction prices. The tender returns will inform the delivery programme but it is anticipated construction will start on site during summer 2021.

A Collaboration Agreement has been entered into with the NHS Trust and work is on-going to agree the required legal documents (subject to contract) with the Trust for the Health Hub lease.

### 3.10 Community Housing Schemes

At Council in September 2020, a report was presented on Community Housing Delivery (E.20/20).

It was resolved that approval be given to the Community Housing Development Expenditure of up to £5.9 million to build out the first two Community Housing Schemes (St Ann’s Chapel (13 units) and South Brent (17 units)) and that approval be given to funding of up to £5.9 million to build the schemes from a combination of internal borrowing and external borrowing (from the Public Works Loan Board).

Appendix D attached shows expenditure against the Community Housing Earmarked Revenue Reserve for each individual scheme. Members receive a regular newsletter detailing each of the community housing schemes.

It is recommended that a separate report will be produced for an All Member Briefing on Community Housing Projects and a future report to the Executive will be added to the Executive Forward Plan.

## **Capital Programme 2020/21**

### 3.11 Play Parks (owned by SHDC) – replacement of play equipment in SHDC owned play parks

2020/21 is the final year of a three year programme as shown below:

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

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

New/enhanced play areas have now been completed at nine 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
- Courtenay Park, Salcombe
- Apple Tree Close, Frogmore

Consultation with the community has been undertaken for Collapark and Westonfields in Totnes and Ermington play area. Tenders have been advertised for these three sites with tender evaluation scheduled for the end of January and contracts to be awarded in February. It is anticipated that these projects will be delivered in the late spring.

Marlborough play park transferred to the Parish Council in November 2020. Documents to transfer Parkfield Close play area to Berry Pomeroy Parish Council have been signed and completion is imminent. These transfers are associated with contributions from the capital programme to improve these sites. A further Parish led scheme on the South Hams District Council owned Yealmpton Stray Park is expected to be delivered in 2020/21.

The final sites requiring consideration in 2021/22 are Icy Park (Aveton Gifford), Gidley's Meadow (Dartington), Crowder Meadow and St Michaels Close (South Brent) and Beesands (Stokenham).

It is anticipated that once all the work detailed above is complete there will be a potential underspend of approximately £93,500 against the original £520,000 allocation. In the most part this is due to success in securing match funding for projects undertaken to date and those which will be completed this financial year. Executive Committee on 22 October (E.26/20) agreed that this underspend could be used to set up a Play Area Renewals revenue earmarked reserve to be used for replacement play equipment as required.

### 3.12 Coastal Assets

#### **5 year programme 2015/16 – 2019/20**

Approved budget and capital expenditure for Coastal Assets

	15/16 £000's	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's	Total £000's
Budget	300	300	300	300	300	1,500
Expenditure (financed by SHDC)	64	161	80	507	230	1,042
Balance remaining in 2019/20						458

There is a balance of £458,000 brought forward from the previous 5 year programme as shown above.

#### **5 year programme 2020/21 – 2024/25**

2020/21 is the first year of a 5 year programme of planned Coastal Assets repairs. Capital budget and capital expenditure for Coastal Assets (2020/21 approved, 2021/22 – 2024/25 budgets to be confirmed)

	Balance b/f £000's	20/21 £000's	Total £000's
Budget	458	300	758
Expenditure (financed by SHDC)		-	-
Balance remaining in 2020/21			758

### 3.13 Vehicle Fleet Replacement

As per the final accounts for 2019/20 the balance brought forward on the Vehicle and Plant Renewals Reserve is £1,183,148. The contribution into the Reserve in 2020/21 is £550,000 giving a total budget of £1,733,148.

The new recycling fleet is expected to be delivered in January and February along with other equipment such as a recycling bank lorry and the two telehandlers required for moving waste and recycling within the depots.

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

The budget for 2020/21 is £1.5m including budgets carried forward from the 19/20 programme. Expenditure to the end of November was £497,225. Due to the COVID-19 pandemic the number of DFG applications significantly reduced in the first part of the year. Following the relaxing of the lockdown measures the number of applications has started to increase.

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.

### 3.15 Ivybridge Regeneration

A separate report on Ivybridge Regeneration is included on the Executive agenda.

### 3.16 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 and B regarding the budgets for individual projects, there are grounds for the publication of these 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.</p> <p>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 8 (end of November 2020) 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 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</p>

		<p>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		<p>The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and a Climate Change Action Plan was presented to Council in December 2019.</p> <p>Following this report, a strategy will be implemented as to how the Council could finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.</p> <p>The Council has Earmarked £400,000 in a Climate Change Earmarked Reserve as part of the 2020-21 Budget.</p> <p>On 17<sup>th</sup> December 2020, Council adopted the Climate Change and Biodiversity Strategy. The Council has committed to the following aims;</p> <ul style="list-style-type: none"> <li>a) to reduce its organisational carbon emissions (Scope 1, 2 and 3 emissions) to net-zero by 2030;</li> <li>b) to commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest;</li> <li>c) That the Council aim for a 10% Biodiversity Net Gain in the habitat</li> </ul>

		<p>value of its green and wooded public open space by 2025;</p> <p>The report also set out the proposed initiatives for the £400,000 in the Climate Change Earmarked Reserve. (£20,000 has already been allocated to support the delivery of work to improve the energy efficiency of the existing housing stock in light of the successful Green Homes Grant bid – Minute E.31/20 refers).</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

Appendix D – CHF expenditure 2017-18 to 2020-21

**Background Papers:**

Capital programme for 2020/21 – Council 13 February 2020  
Capital programme for 2020/21 – Executive 6 February 2019  
(72/19 and E75/19 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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Classif. Code	Site	Date Received	Current Stage	Restriction/Committed End Date	Conditions	TOTAL S106 DEPOSITS £
<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	(51,458.77)
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)
<b>Other</b>						
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 27/10/2017	Under Development	5 years, interest at NatWest base rate	£38900 - OSSR, 48k employment land and £5k retaining wall. £35K restrictive covenant.	(38,900.00)
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)
2460	Loughrigg Coronation Rd, Salcombe (41/0652/11/F)	20/08/13	PIF	10 years, interest rate not specified	Affordable Housing contribution	(7,713.56)
2460	Loughrigg Coronation Rd, Salcombe (41/0652/11/F)	20/08/13	PIF	10 years, interest rate not specified	Open Space Sport and Recreation contribution	(11,389.85)
2652	Land Ven Farm Brixton (07/2022/12/F)	13/05/14	PIF	No restriction/committed end date	Sport & Recreation/Employment	(23,000.25)
2652	Land Ven Farm Brixton (07/2022/12/F)	13/05/14	PIF	No restriction/committed end date	Conservation of Tamar Estuaries Complex SPA	(967.30)
2652	Land Ven Farm Brixton (07/2022/12/F)	12/05/16	PIF	Capital spend, no interest specified	Open Space Sport and Recreation contribution - Open Space land commuted Sum	(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	(741.79)
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)
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	(58,401.25)
2716	Bonfire Hill, Salcombe (41/1915/13/F)	09/2016 & 09/01/20	Under Development	5 years, interest at 1% below Barclays base rate	Open Space and Play contribution	(14,595.20)
2716	Bonfire Hill, Salcombe (41/1915/13/F)	09/2016 & 09/01/20	Under Development	5 years, interest at 1% below Barclays base rate	Sports Provision contribution	(93,186.52)
2716	Bonfire Hill, Salcombe (41/1915/13/F)	09/2016 & 09/01/20	Under Development	5 years, interest at 1% below Barclays base rate	Open Space and Play maintenance contribution	(19,189.84)
2717	Old Grist Mill 53/1706/07/F	12/01/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(1,303.08)
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	(24,276.00)
2789	Marridge Farm, Ugborough (57/0633/07/F)	25/09/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(12,650.00)
2802	Riverside, Totnes (03_56/0447/12/O)	07/12/15	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(79,509.44)
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 N	(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	(318,406.87)
2835	Gara Rock Hotel, East Portlemouth (20/2104/13/F)	17/05/16	PIF	No restriction/committed end date	Open Space Sport Recreation contribution	(4,255.54)
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	(35.43)
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)	14/12/16	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)	23/11/16	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)
2868	Venn Barn, Venn Lane, Stoke Fleming (51/1771/07/F)	29/11/16	PIF	25 years, no interest specified	Open Space, Sport and Recreation within, or directly related to, the Parish of Dartmouth	(3,434.25)
2869	Waddeton Barton Farm (52/1249/10/F)	14/09/17	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)	14/09/17	PIF	Not specified	AH contribution of £52313.00	(49,697.35)
2894	Land at Ashburton Road (Meadowside), Totnes (14_56/2246/13)	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, Marldon (34/2184/13/O)	07/07/14	PIF	10 years, interest at 1% below Barclays base rate	Sports and Recreation Contributions	(103,850.07)
2944	Land at Moorview, Marldon (34/2184/13/O)	07/07/14	PIF	10 years, interest at 1% below Barclays base rate	Direct Play Contribution	(66,324.41)

Classif. Code	Site	Date Received	Current Stage	Restriction/Committed End Date	Conditions	TOTAL S106 DEPOSITS £
2945	Knighton Road, Wembury (58/1352/12/F)	19/05/17	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)	28/06/19	Under Development	5 years, interest at NatWest base rate	Footpath Contribution	(100,000.00)
2945	Knighton Road, Wembury (58/1352/12/F)	28/06/19	Under Development	5 years, interest at NatWest base rate	Foot Path Contribution - £9600k to be transferred to National Trust.	(9,600.00)
2946	Higher Hatch Farm, Kingsbridge (32/0215/11/F)	15/06/17	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)	23/08/2017 & 15/08/19	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)	9/07/2017 & 21/09/18	Under Development	No restriction/committed end date	Air Quality	(5,724.64)
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	Tamar Estuaries	(7,918.23)
2994	Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)	19/07/2017, 21/09/18 & 28/06/19 & 17/01/20	Under Development	No restriction/committed end date	Filham Park Contribution instalments 1,2 & 3 + BCIS	(489,503.15)
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	(44,126.45)
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	(0.22)
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	(60.00)
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 - £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	Under Development	5 years	Tamar European Marine Site contribution	(2,274.99)
3149	Land East of Allern Lane, Tamerton Foliot (04/1129/15/F)	13/02/20	Under Development	5 years	Sports and Recreation	(103,029.56)
3160	Brimhay Bungalows, Dartington - 14/0142/15/F	19/03/19	Under Development	None	OSSR - £44752.50 towards either Gidley Meadows, Dorothy Elmhist Recreation Field or provide a games area at Meadowbrook	(44,752.50)
3199	Land at The Fairway, Newton Ferrers - 1372/16/FUL	19/09/19	Under Development	10 Years	Open Space and Recreation	(19,211.11)
3224	Cornwood Road, Ivybridge - 2208/16/FUL	03/10/19	Under Development	5 years	Affordable Housing Contribution	(167,200.00)
3224	Cornwood Road, Ivybridge - 2208/16/FUL	03/10/19	Under Development	5 years	Off-Site Open Space	(46,539.85)
3233	Great Court Farm - 03/2163/14/O	04/10/19	Under Development	None	50% Bridge Town Corridor Contribution	(72,613.44)
3233	Great Court Farm - 03/2163/14/O	04/10/19	Under Development	10 years	80% Sports and Recreation Contribution	(75,631.18)
3256	Land at Marlborough Park (0549/17/OPA)		Under Development	7 years	1st Instalment of OSSR	(63,723.63)
3258	Land at Rivermaid Marine - (4140/16/Ful)	09/03/20	Under Development	10 Years	Sports and Recreation Contribution	(18,050.00)
3262	West Palm Cross Phase 2 (S106 -1391/18/F)	17/02/20	Under Development	10 Years	Public Play Space	(54,943.93)
3262	West Palm Cross Phase 2 (S106 -1391/18/F)	17/02/20	Under Development	10 Years	Sport Contribution	(30,804.48)
3271	Land at the Royal British Legion Club, Brixton - 1884/18/FUL & 2771/16/FUL		Under Development	5 Years	£13,337.58 for pitches at Horsham Playing Fields	(12,670.70)
3271	Land at the Royal British Legion Club, Brixton - 1884/18/FUL & 2771/16/FUL		Under Development	5 Years	£8,518.12 for play facilities on the Brixton Play Trail	(8,092.21)
3282	Land at Cornwood Road Ivybridge (Phase 2) -3954/17/Ful	15/05/20	Under Development	10 Years	50% Open Space, Sport and Recreation Contribution	(97,231.11)
3287	Land at Town Farm - French Furze - 06/0992/14/F				50% Sports pitch and Community Facilities	(32,739.51)
3380	Land Adj Sea View Heybrook bay (1165/20/VAR)	22/06/20			Plymouth sounds and Estuaries EMS recreation mitigation and management scheme	(36.76)
3385	Paignton Road Stoke Gabriel - 52/1503/15/F				100% OSSR Contribution to improve football facilities in Stoke Gabriel	(92,825.65)
3407	Telecom Mast West Hill Wembury post (3612/19/Ful)				AONB Mitigation Contribution	(108,636.30)

**Subtotal (5,910,813.24)**

**Sherford**

2603	Fees - Monitoring					(66,267.10)
2604	Economy - Economy & Training					(24,219.84)
3161	Sherford Design Review Body					(9,846.27)

**Subtotal (100,333.21)**

**TOTAL S106 DEPOSITS (WITH CONDITIONS) (6,011,146.45)**

**S106 DEPOSITS (NO CONDITIONS)**

PG28	Rathvendon, Bigbury (1023)				No conditions	(7,312.50)
PG36	Sedgewell Sands, Marine Drive				No conditions	(7,372.00)
2726	St Johns Ambulance, Dartmouth 15/1389/12/F				Affordable Housing - provision, enhancement, management	(23,000.00)

**TOTAL S106 DEPOSITS (WITH NO CONDITIONS) (37,684.50)**

**Capital Grants Unapplied**

	Fallapit House, East Allington				Affordable Housing	(87,124.50)
	Tesco Site, Kingsbridge					(30,000.00)

**TOTAL CAPITAL GRANTS UNAPPLIED (117,124.50)**

**Capital Grants Receipts in Advance**

	Penn Torr, Salcombe				Affordable Housing	(84,000.00)
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**TOTAL CAPITAL GRANTS RECEIPTS IN ADVANCE (84,000.00)**

**Notes:**

- The amounts shown above are before any monitoring fee has been deducted, where this is set out in the S106 Agreement. (See Section 3.16 of the covering report which explains this in more detail)
- The deposits as at 31st December 2020 reflect income already received by the Council or where a debtor has recently been raised to a third party.

Community Housing Fund Reserve - South Hams  
Expenditure as at 31/12/2020

Appendix D

	South Brent £	St. Ann's Chapel £	Stoke Gabriel £	Modbury £	Brixton £	Kingsbridge £	Dartmouth £	East Prawle £	Thurlestone £	Employee Costs £	Transition Town Totnes/Other Grants £	General Expenditure Covering All Schemes £	Adjustments	Totals £
<b>Year 1 2017/18</b>														
Employee costs										8,959				8,959
Other costs											192,000			192,000
Stage 1 Strategic, Brief	1,785	2,295	3,032	2,040										9,152
<b>Total</b>	<b>1,785</b>	<b>2,295</b>	<b>3,032</b>	<b>2,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,959</b>	<b>192,000</b>	<b>0</b>		<b>210,111</b>
<b>Year 2 2018/19</b>														
Employee costs										35,089				35,089
Other costs												24,744		24,744
Stage 1 Strategic, Brief			512			5,999								6,511
Stage 2 Concept Design	46,113	10,740	8,496		7,562	1,999								74,910
Stage 3 Developed Design	46,046	126,527			989		6,150							179,712
Stage 4 Technical Design	64,683													64,683
<b>Total</b>	<b>156,842</b>	<b>137,267</b>	<b>9,008</b>	<b>0</b>	<b>8,551</b>	<b>7,998</b>	<b>6,150</b>	<b>0</b>	<b>0</b>	<b>35,089</b>	<b>0</b>	<b>24,744</b>		<b>385,650</b>
<b>Year 3 2019/20</b>														
Employee costs										47,557				47,557
Other costs												11,647		11,647
Stage 1 Strategic, Brief						480		10,361						10,841
Stage 2 Concept Design			13,142	25,024	670	52,410	950	61,587	14,190					167,973
Stage 3 Developed Design		1,853			50,181	37,819	3,977	14,915						108,745
Stage 4 Technical Design	79,980	2,448			29,117	71,568								183,113
Stage 5 Construction PM	4,725	64,919				16,722								86,365
Land Purchase	175,552													175,552
<b>Total</b>	<b>260,257</b>	<b>69,219</b>	<b>13,142</b>	<b>25,024</b>	<b>79,968</b>	<b>178,999</b>	<b>4,927</b>	<b>86,862</b>	<b>14,190</b>	<b>47,557</b>	<b>0</b>	<b>11,647</b>		<b>791,793</b>
<b>Year 4 2020/21 (to 22.12.20)</b>														
Employee costs										43,737				43,737
Other costs												7,950	(14,809)	(6,859)
Stage 1 Strategic, Brief														0
Stage 2 Concept Design				2,055					420					2,475
Stage 3 Developed Design					1,140			18,834	5,000					24,974
Stage 4 Technical Design	2,942				500	21,640	1,651							26,732
Stage 5 Construction PM	20,488	22,037		750	29,757	8,793								81,825
<b>Total to 22.12.20</b>	<b>23,430</b>	<b>22,037</b>	<b>0</b>	<b>2,805</b>	<b>31,397</b>	<b>30,433</b>	<b>1,651</b>	<b>18,834</b>	<b>5,420</b>	<b>43,737</b>	<b>0</b>	<b>7,950</b>	<b>(14,809)</b>	<b>172,884</b>
<b>Total Expenditure to date per scheme</b>	<b>442,314</b>	<b>230,818</b>	<b>25,182</b>	<b>29,869</b>	<b>119,916</b>	<b>217,430</b>	<b>12,728</b>	<b>105,696</b>	<b>19,610</b>	<b>135,342</b>	<b>192,000</b>	<b>44,342</b>	<b>(14,809)</b>	<b>1,560,437</b>
Date schemes started	2017/18	2017/18	2017/18	2017/18	2018/19	2018/19	2018/19	2019/20	2019/20		2017/18		2018/19	

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(includes  
land purchase  
of £175,552  
in 2019-20)

Government Grant received in 2017/18 (1,881,308)

Remaining balance (see Note 1) (320,871)

**Note 1:** All of these revenue scheme costs can be capitalised and funded by borrowing (and the revenue costs are therefore recyclable) if the schemes proceed to fruition. This will mean that the Community Housing Revenue Reserve will be reimbursed with these revenue costs when the schemes are built. This provides a revolving and recyclable fund for the Community Housing Earmarked Revenue Reserve for other schemes.

**Note 2:** A separate report will be produced for an All Member Briefing on Community Housing Projects and a future report to the Executive will be added to the Executive Forward Plan.

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Report to: **Executive**  
Date: **28<sup>th</sup> January 2021**  
Title: **Ivybridge Regeneration Project - Update**  
Portfolio Area: **Enterprise – Cllr Bastone**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and **Y**  
clearance obtained:

Date next steps can be taken:

Author: **Laura Wotton** Role: **Head of Assets**

Contact: **Email: [laura.wotton@swdevon.gov.uk](mailto:laura.wotton@swdevon.gov.uk)**

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## **Recommendation**

**The Executive recommend to Council:**

- 1) To approve the Ivybridge Regeneration project through to planning, tender, construction and lease (subject but not limited to the regulatory statutory planning process and the total scheme cost being within the £9 million financial envelope),**
- 2) To approve the financial case as set out within this report and the borrowing of £9 million from the Public Works Loans Board (PWLB) to finance the regeneration project,**
- 3) To approve the spend of up to £450,000, funded from the Business Rates Retention Earmarked Reserve, recognising these will be abortive costs if the project does not proceed at any given stage pre-construction,**
- 4) To approve the procurement strategy and any associated contract awards,**
- 5) To approve variation of parking tariffs in principle, subject to final tariff design by the Head of Assets in consultation with the Commercial Portfolio Holder and Leader of the Council**
- 6) To delegate authority to the Head of Assets in consultation with Director of Place & Enterprise and Monitoring Officer to enter the Agreement for Lease (and subsequent lease of 25 years + 15 years) with the proposed Foodstore tenant.**

## 1. Executive Summary

This report makes recommendations with respect to the Ivybridge Regeneration Project at Leonards Road.

Following previous reports to the Executive (June & September 2020) regarding the Ivybridge Regeneration Project at Leonards Road Car Park proposed to boost footfall to the town, the following recommendation was made:

*To spend a further £65,000 from the Economic Regeneration Earmarked Reserve, on commissioning further work to provide advice in order to move the project forward in the following areas:*

- *Planning*
- *Ecology*
- *Automated Number Plate Recognition (ANPR) & car park lease structure to facilitate a pay on exit solution*
- *Agreement to lease documents*
- *Treasury management advice*

*Request that officers bring a subsequent report back to the Executive and Council in December 2020 (delayed to January 2021) with a recommendation for the project to move to the planning and tender stage, on the satisfactory conclusion of the work commissioned in Recommendation 3.*

**N.B. Prior to this approval, £50,000 approved (Minute E.14/19 July 2019) plus £65,000 above = Total Approved Spend of £115,000**

Since this time, work has been ongoing by the Ivybridge Regeneration Project team. This report will serve to provide an update and make recommendations to the Executive as to the progression of the project to the planning, tender, construction and lease stage of the Ivybridge Regeneration scheme.

The decision to delay the full recommendation until the December 2020 (now January 2021) date was made in order to allow the following actions:

- Commission an economic assessment of Ivybridge Town Centre
- Consult with Key Stakeholders.
- Provide the Executive with greater confidence as to the likely success of the project.

This report should be read in conjunction with the Executive Reports of **18 June 2020 and 17<sup>th</sup> September 2020**.

## 2. Background

Enhancing Ivybridge town centre as a retail and social destination is important for the growing community who live in the town and wider catchment area.

The Council in response to the challenges Ivybridge high street faces, wish to reinvigorate the town and create a vibrant, thriving centre widely used and enjoyed by the populous. The project aims not only to provide an anchor retail

unit but to improve the town centre parking provision, town centre access, wheeled sports facility and the public realm.

This multi benefit approach aligns with our adopted commercial investment strategy of inward investment in the district where the following tests are met:

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

A proposed site layout plan can be found in Appendix 1 of this report.

### **3. Outcomes/Outputs**

The previous Executive recommendation focussed on the completion of a number of key areas of work, prior to a return to the Executive for consideration of the viability and desirability of the Ivybridge Regeneration Scheme.

The outcome of this report will be the provision of a project update to Executive. It will give consideration to the technical and economic viability of the project and whether it will succeed in regenerating Ivybridge town centre. It will also provide detail of continued risk areas and associated mitigation to be considered when deciding whether to continue further with the project.

Ultimately, having considered the benefits and challenges set out, it will be a political decision as to whether or not this Council wishes to commit to the regeneration project with an investment up to £9m for one of the district's key towns.

### **4. Technical Viability**

#### **4.1 Planning Position**

A pre-planning application was submitted by our independent planning consultant Bell Cornwall. Advice was received on 23<sup>rd</sup> December 2020 and is included within Appendix 2.

In summary, the pre planning advice concluded as follows:

*'The proposal is to take place on a sustainable brownfield site, allocated for regeneration in the Ivybridge Neighbourhood Plan. Whilst there is some policy conflict as noted above, the proposal is considered broadly policy compliant.'*

Specific areas of consideration and associated comments are summarised below.

#### **4.1.2 Layout , Design and Landscape**

The current layout balances the design requirements for store size and parking allocations. It is a tightly constrained site but a number of points were raised as part of the pre-application advice which will need to be addressed:

- Concern in relation to the design of the proposed Foodstore. It was noted a standard 'box' design does not respond to the local character nor nearby buildings and does not enhance the wider site. The store would have to

have a high quality bespoke design. In particular the blank Gable end with refrigeration facing the public realm next to the B3213 should be reviewed.

- Care being taken with lighting to minimise the impact to protected species and to ensure the building does not cause a loss of light to the Town Hall.
- Seeking advice in relation to pedestrian access and with regards the lower floor of the car park.
- Provision of detailed elevations for the car park, noting it is important to create a good view from the Town Centre side back into the site.

It is considered these can be adequately addressed within any planning application.

#### **4.1.3 Highways**

Following discussions with the DCC Highways Officer the initial concerns regarding the safe access of delivery lorries have been overcome. Remaining concerns are the impact of the development on the existing cycle path network and ensuring new safe routes linking the new developments to the town centre are provided. However, it is considered these can be adequately addressed with an S106 agreement following a successful planning application.

DCC have quoted **a figure of £60,000 to be secured in the s106 legal agreement.**

#### **4.1.4 Amenity**

There are no nearby residential properties affected, although care must be taken to not unduly impact upon Town Hall users. A noise report for the refrigeration units has been requested and will be provided within any planning application.

#### **4.1.5 Drainage/Flood Risk**

Detailed feedback has been provided direct from the EA who have raised an objection with regard to flood risk. The two main concerns are the location of the new store within flood zone 2 and 3 and construction of the new car park in close proximity to the river Erme.

The NPPF requires all new developments in flood zone 2 or 3 will need to pass the Sequential and Exception tests to demonstrate there are no preferable sites which could deliver this scheme in an area of lower flood risk.

The pre-planning advice stated due to the regeneration aims of the development and its inclusion in the INP as a site allocation, the LPA are happy to adopt a more flexible approach and the sequential test can conclude the development, as it is site specific regeneration, cannot take place anywhere else; this will be covered in more detail in the application Planning Statement. Supermarkets are classed as less vulnerable so the Exceptions Testing is not necessary (clarification should be sought from the EA), however, the EA's concerns must be addressed and demonstrate the development will be safe for its lifetime and not increase the risk of flooding elsewhere.

Due to the high water table the surface water drainage will have to be an attenuated discharge to the river. An uncontrolled discharge to river Erme was requested but DDC have confirmed this is only permitted for tidal waters. The site is also within a Critical Drainage Area (CDA) so the discharge will have to be limited

to the Green Field Runoff Rate. This means the drainage costs will be higher than normal but as expected for a site within a CDA.

It is considered these issues can be adequately addressed within any planning application.

#### **4.1.6 Ecology**

Stage 1 and 2 ecology surveys have been undertaken, to date no problems have been identified but final surveys will be carried out in 2021. Pre-application advice from the LPA:

*'In line with JLP Policy DEV26, development is expected to protect and enhance biodiversity. The SPD requires major developments to provide a 10% Biodiversity Net Gain; the DEFRA matrix will be needed to accompany any application submission. Consideration should be given as part of this to seeking the improvements suggested by the EA (fish migration, improvements to the riparian corridor)*

*The area indicated on the plans for such enhancements should be included in the application site red line, and it is anticipated its maintenance would need to be secured in an s106 legal agreement.'*

A full mitigation plan will be worked up with the design and submitted with the planning application.

#### **4.1.7 Trees**

To construct the new car park there are number of trees to be felled. To ensure support from the Council's Tree Specialist these will need to be adequately replaced as part of the site wide landscaping scheme.

The project team have also been working with the town council and local groups to provide a landscaping scheme which improves the public realm. A number of options have been identified and talks are ongoing, the final options will be worked up as part of detailed design prior to planning submission.

#### **4.1.8 Contaminated Land/Ground Investigations**

Phase 1 and 2 Geotechnical investigations have found no evidence of contamination on the site and no adverse comments have been received from the Environmental Health Team.

#### **4.1.9 Retail Impact Assessment**

Discussions are ongoing regarding sequential testing and the necessary RIA. It is considered these can be adequately addressed within any planning application.

#### **4.1.10 Other matters**

- **Skate Park** - The development involves the loss of the skate park. Adequate replacement provision or a contribution towards its replacement will be needed.
- **Signage** - Details for signage is requested to be submitted alongside the application.
- **Car Parking** - Concern has been raised in relation to the car parking regime in particular, whilst providing more total parking than currently on

site it resulting in significantly less public parking to serve the Town Centre. It is considered this can be adequately addressed within any planning application.

## **4.2 Site Assessment**

### **4.2.1 Utility Service Enquiries**

The necessary utility service checks have been undertaken with the following result:

- Wales & West – No gas within the site
- WPD – No main electric within the site
- BT – No telecoms within the site
- SWW – No Sewers or mains supplies within the site. However there is a large Surface water sewer on the northern boundary with a 3.8m No Build easement.

Due to the diameter of the large surface water drainage pipe identified running between the town hall and proposed Upper Tier Car Park, the pipe has a wide easement which restricts development. To address this, rather than a diversion, the Upper Tier Car Park has been realigned to accommodate the pipe in its existing locality. Whilst this has reduced the number of available spaces slightly, the cost and programme implications of a diversion were significant and a revised design mitigates this.

### **4.2.2 Ground investigation**

John Grimes Associates carried out borehole investigations during October/November 2020. The presence of granite boulders required additional testing to find bedrock level. These boulders and the high water table pose a risk to the project and are likely to add additional cost,

- Large granite boulders may need to be removed or structural supports move to avoid them
- High water table mainly poses a problem during construction. Dewatering will be required to keep the excavations dry and stable.

Provision has been made within the project cost residual risks to account for additional costs which may be incurred through construction.

## **5 Economic Regeneration**

### **5.1 Discount Foodstore**

Negotiations are ongoing with the potential occupier of the foodstore element of the project. The proposed occupier, discount retailer Aldi, was selected after a competitive tender process and draft Heads of Terms for an Agreement to Lease are provisionally agreed.

The further development of the project and some continued negotiation over key items have resulted in revisions to the original Heads of Terms (HoTs). They have also been subject to legal review and scrutiny by both our internal and external legal teams. Positive negotiations are continuing. The latest draft of the HoT's are included in Appendix 3.

In order to understand the impact of a discount retailer on Ivybridge and following discussions with Ivybridge Town Council (ITC), an economic impact study was commissioned.

The final report has now been provided and can be found in Appendix 4. This report has been shared and discussed with ITC.

Some of the key conclusions are as follows:

- There is capacity for Ivybridge to grow the proportion of value brands, of which Aldi would satisfy.
- Placing an Aldi in Ivybridge would encourage a greater proportion of shoppers to visit the town. This in turn would encourage cross shopping with the existing offer and independents.
- 92% of all households in the catchment index above average on visiting Aldi at least once a month, indicating brand affinity in the area will be very strong.
- Households across the catchment will continue to use butchers and bakers in the town as they index above average for choosing quality over price. They will then use Aldi for their everyday supplies.
- Ivybridge sits in the top half of all retail centres in the South West and has risen up the ranking since 2017 (and since the ITC commissioned report of 2013). It is important to introduce new brands to the area to ensure Ivybridge does not drop in future rankings.

In summary, the draft report provides positive outcomes and supports the proposal to let the Foodstore element of the regeneration scheme to a discount foodstore operator.

Key benefits expected from a discount food retailer are as follows:

- Acts as a catalyst for regeneration in an underperforming area
- Provide choice and accessibility for shoppers which form part of a wider weekly food shop. Shoppers continue to support other convenience store provisions including niche and larger stores
- Stores encourage linked trips to other stores, services and businesses.
- Stores are modest in scale so town centres thrive and function side by side
- Creates economic regeneration with jobs in stores, logistics and construction
- Local contractors benefit from new stores
- Many customers live within walking distance of new stores
- Locally sourced produce benefits local suppliers
- Serve local communities thus complying with national planning policy by encouraging local sustainable developments

## **5.2 Regeneration Benefits**

There are a number of key regeneration benefits to the scheme which support the likelihood of successful economic regeneration.

### **5.2.1 Significant Council Investment**

This aligns with Central Government's message to "get the economy moving". There may be opportunities to attract funding from Central Government for this scheme although no opportunities have been identified to date.

## **Local Employment**

Each Aldi store employs between 30- 40 people. Aldi voluntarily enters into local labour agreements, as they are committed to recruiting people locally and do not use zero hour's contracts.

### **5.2.2 Increased trips**

An Aldi store of this size in this location will regularly have 100 shoppers at any one time, who in turn can take advantage of the leisure centre and high street. This is further supported by the 90 minute parking regime. An average store visit lasts 30 minutes with remaining time available to visit the town centre.

### **5.2.3 Sustainable Travel**

In similar stores, over 20% of customers travel by sustainable modes of transport to the store demonstrating accessibility to the immediate community. The scheme aims to improve pedestrian and cycle access.

### **5.2.4 Inward Corporate investment**

Opening/long term commitment from Aldi, projected over a term of 25 years (without any increase/inflation) is estimated to be **£21 million**. This spend is in addition to the initial construction costs invested by the Council.

### **5.2.5 Construction Multiplier Effect**

Using the "GLEK Consulting Multiplier" of £2.84 of economic activity investment for every £1 of construction cost represents £18.5m of economic activity in the local area.

### **5.2.6 Business Rates**

This development will increase the business rates received in the area for the Council and Devon County Council. This is set out within the Financial Case in Appendix 5. It is recommended the additional business rates income generated is put into the Risk Mitigation Earmarked Reserve for the project. This forms part of the financial business case.

## **5.3 Proposed Car Park Regime**

As previously reported, a car park regime utilising ANPR (Automatic Number Plate Recognition) technology allowing "Pay on Exit" for customers is not possible due to legislation relating to the issue of enforcement notices by local authorities.

An alternative car park regime has been identified, as follows. This has been subsequently discussed with Aldi who are in support.

- **Upper Tier Car Park** – 100 dedicated spaces let to Aldi to be used as 90 minute free car parking within the demise of their fully repairing and insuring lease. The remaining 20 or so spaces will be segregated from the Aldi spaces (coloured hatching and possible physical barrier i.e. bollard system) to be SHDC administered Reserved Parking Permit Bays.
- **Lower Tier Car Park** – SHDC long stay car park with circa 125 spaces with a range of tariff options (short & long stay and permit holders). It is proposed to mirror this regime in all SHDC car parks in Ivybridge.

The proposed solution will offer a more balanced car park tariff with a blend of long and short stay uses as well as some permit availability and reserved parking.

The availability of free parking will encourage visitors to Aldi to make shared trips. The 90 minute free parking available will allow visitors to visit the store (Aldi store visit time average is 30 minutes) and utilise and remaining time to visit Ivybridge high street and other retail offerings within the town.

Furthermore, the scheme will offer an enhanced user experience with a new car park facility, associated landscaping and better access provisions. Two electric charging points have already been installed within the car park at Ivybridge and are now operational.

#### **5.4 Improved Public Realm**

The project will provide improvements across the public realm.

##### **5.4.1 Wheeled Sports Facility**

Whilst the existing skate park within Leonards Road car park will be lost, work is ongoing to determine the best way to mitigate for this loss with improved wheeled sports facilities for Ivybridge.

The project makes an allowance of up to £100,000 to be spent either to mitigate the loss of the existing provision on a like for like basis or to make a contribution to another facility within the town. Discussions are ongoing with the town council and other key stakeholders with regard to a possible investment into a larger wheeled sports provision at Filham Park. It is recognised by the project, the best solution will be found by working with the TC and other key stakeholders. This may extend through to the actual delivery of the scheme.

##### **5.4.2 Youth & Community Space**

The project team are working with ITC to develop plans to create an outside meeting space for use by the young people and wider community of Ivybridge. A suitable space may already exist adjacent to Ivybridge leisure centre.

##### **5.4.3 Town Centre Access Bridges**

From our discussions, we are aware the owners of Glanvilles Mill are progressing plans in relation to the existing bridges which connect the town to Glanvilles Mill and Leonard's Road car park.

As a key outcome of this regeneration project we will be supporting their works as much as possible, to include access via our land for cramage, repairs etc.

##### **5.4.4 River Corridor Enhancements**

The project team are looking at opportunities to enhance the existing river corridor. There may be opportunities to create some enhanced planting, open up of views along the riparian corridor along a wider length of the River Erme than adjacent to just the development site itself. These proposals will be developed with other key stakeholders such as PL21 and the town council.

## **6. Economic Viability**

### **6.1 Project Cost**

A thorough assessment of the project costs has been undertaken and the full project cost summary can be found in Appendix 6.

A tender process for the detailed design and construction has not yet been undertaken which will provide greater certainty over the full cost of delivery. However, the project team are confident the project can be delivered within the £8.5 million previously identified as there remains is significant residual risk and contingency included which should reduce as certain project increases.

Whilst this is an £8.5m project which already includes significant contingency, factors such as Brexit, indications of significant (20%) increase in steel prices during 2021, early stage cost estimates and significant ground works (high water table identified), a further client contingency of 5% would provide comfort.

At £9.0m the Council is still able to repay the debt in full over 50 years (as set out within section 6.3 Financing Position), build up a Risk Mitigation Earmarked Reserve against future risks and generate £100k per annum of revenue income towards the cost of front line services.

It is therefore a recommendation of this report, £9 million be approved by Council as the maximum full project spend. If costs are projected to exceed this amount, a further report will be brought back to the Executive and Council.

The project has the previously approved budget of £115,000. £50,000 of which was agreed in July 2019 (Minute E.14/19) plus £65,000 as approved in June 2020.

## **6.2 Income Generation**

The occupation of the proposed Foodstore will generate an annual income for the Council. As previously highlighted, draft HoT's are now largely agreed but some negotiations continue. With regard to the commercial rent position and the lease term and any associated breaks these elements are agreed (subject to contract and Council approval).

This allows for a comprehensive model to be produced with consideration of cost and income.

## **6.3 Financing Position**

In order to complete the project, it is proposed up to the figure of £9 million is borrowed from the Public Works Loans Board. An illustration as to the costs, repayments, rental income and the Risk Mitigation Earmarked Reserve is provided under Appendix 5 of this report.

The Council's treasury management advisors, Link Services, have provided advice and modelling on the optimum loan structure for long term borrowing of £9million. This is a mixture of annuity and maturity loans.

The project would require the Council undertaking capital expenditure for economic regeneration purposes using the Localism Act. Such expenditure may deliver a positive contribution to the revenue budget but it is not the primary purpose.

The financial case illustrates the Council's ability to repay the borrowing of £9 million within 50 years in full (interest and capital repayments (MRP)). Furthermore, it allows for a 1% return on investment with circa £100,000 per

annum of revenue income generated as an ancillary benefit. Alongside this, the financial case allows for the creation of a Risk Mitigation Earmarked Reserve made up of 5-10% of rental income per annum plus the additional business rates income generated (see Appendix 5).

This Risk Mitigation Earmarked Reserve provides a contingency at year 5 of £385,000 and year 20 of £721,000. Thereby, providing a fallback should the foodstore operator cease to trade or exit the lease as provided within the lease terms. Specifically, a tenant only break in Year 20, lease end date in Year 25 if option to extend is not exercised, or if exercised, lease end date in Year 40.

The reserve will be sufficient by year 5 to cover a 6 month rent void, 12 months of interest & principle repayments on the borrowing whilst new tenants are found.

It is recommended to capitalise the 'interest only' costs of the borrowing through the construction phase (up to two years) and fund this from within the £9million project cost, as shown in Appendix 6.

The Council has set an overall borrowing limit of £75million and to date has current borrowing of £14.5million. The Council has also approved Community Housing projects of a further £5.9 million for St Ann's Chapel and South Brent. There is sufficient headroom within the Council's overall limit of £75 million to fund this £9 million scheme.

There is no certainty the proposals will proceed to construction. The predicted expenditure, prior to a decision on the planning application is estimated to be up to £450,000. This funding is at risk if the project does not proceed to construction, as identified in the risk register found in Appendix 7.

These initial costs cannot be capitalised if the project does not proceed. In this event, they will become abortive revenue costs which the Council would need to finance from its revenue reserves. It is recommended are financed from the Business Rates Retention Earmarked Reserve which has a projected balance of £5.6 million. An amount of £3.5 million of this Earmarked Reserve was ring fenced for Employment for the creation of local jobs (Council February 2018) but there are sufficient funds to meet these costs.

#### **6.4 Car Park Revenue**

With regard to the revenue position, the proposals are considered to have a cost neutral impact upon the existing revenue stream.

Based on independent advice, it is anticipated circa 65% of the existing ticket sales currently achieved within the short stay element of sales will be lost to the 90 minute free parking available from Aldi.

However, this loss of revenue is offset by the following:

- The introduction of a 30 minute tariff for those not using the Aldi store who wish to visit the high street solely,
- An increase in the all day tariff, currently set at £2.10 to £5 per day. There is an anticipated loss of 20% of ticket sales to the mid dwell tariff (between 90 mins and 240 mins) and a complete loss of 30% of users who may

currently use the car park as a park and ride facility (commuting to other places) and will not be prepared to pay a £5/day tariff,

- A decrease in business rates liability of 100 spaces.

In addition, there is a likely impact upon car park revenue as a result of project construction works. This would be a revenue cost and as such it is accounted for within the financial business case in Appendix 5 and funded from the future business rates income generated by the scheme.

## **7.0 Procurement**

### **7.1 Procurement Review**

The project team along with our procurement officer have been reviewing the procurement of the project to identify the best route for the detailed design and construction of a new foodstore and car park comparing both traditional routes and frameworks.

### **7.2 Procurement Options**

After some research, the most appropriate route is to use a framework to deliver all design, planning and construction elements in one package. We have identified the best framework is the Southern Construction Framework (SCF). Other options were considered as follows:

- Use an Alternative Framework - potentially viable but no other framework found which uses design and build to deliver the complexity of this project. SHDC have met with alternative framework providers and have concluded we may not achieve our objectives or potential savings through these.
- Run a tender via our Procurement Portal - viable but introduces a longer programme, increased procurement costs and greater uncertainty of outcome than using a Framework with a robust set of pre-qualified, competent, financially robust contractors.
- Continue with current procurement route - not considered a compliant route to market as the project develops and moves forward.

### **7.3 Chosen Procurement Strategy**

The SCF allows the appointment of one contractor for both the design and build elements of the project. The framework offers support to the client and usually delivers projects within 1% of the Contract Price so gives increased cost certainty.

The SCF Levy is 2.5%. This cost is built in to the contract price so it will not be seen as an extra cost in addition to the final contract price. The Framework has a commitment from suppliers to subcontract to local SME's, crucial to providing a local economic boost to the District during the construction phase. The next stage of procurement is expected to take 15 weeks.

### **7.4 Sustainable Procurement**

All procurement will be in line with our Sustainable Procurement Strategy. We will work with our procurement officer and SCF Framework representatives to ensure necessary weighting is included within the scoring of tenders. This will result in adequately prioritised, exemplar sustainable design and construction processes within our evaluation and ultimate award of any chosen contractor.

## **7.5 Delivery Programme**

If the Executive and Council make the recommendation to approve this procurement strategy, a mini-bid procurement process will commence shortly thereafter. As a design and build contract award, the submission of any planning application will be delayed. However, this method does not require further procurement subsequent to the planning decision and prior to awarding a construction contract, so does not impact the project programme overall. A project programme can be found in Appendix 8.

The project team have worked with SCF representatives to run an early engagement exercise to gauge availability and interest from the market. All 6 contractors involved in the exercise have confirmed they have the experience to deliver the project and intend to bid for the project design and build.

## **8.0 Project Support**

As set out within the previous reports to Executive the views of the public, stakeholders and business community are crucial to this project's success.

### **8.1 Public Consultation**

A public consultation was carried out in January & February 2020 to ensure the views of the public both living in Ivybridge and the South Hams was captured. The public consultation had a good response rate, with 43% of the 2000 homes written to responding. A further ~1100 people also responded to the open online survey.

The Public Consultation results showed over two thirds (69%) of respondents support the new supermarket proposals with 66% of respondents telling the Council they felt a new supermarket would improve footfall into the town centre.

### **8.2 Business Community**

There is support from the Ivybridge business community as exemplified below:

*"All retail small businesses face huge uncertainties at the moment and the regeneration project at Ivybridge when it gets delivered should help re-balance lost footfall from Tesco at Lee Mill and rejuvenate Ivybridge town for the benefit of businesses and the local economy."*

Pat White – Ivybridge Chamber of Commerce Chairman

*"We're pleased to see the high street boosted with a new Aldi store, which will also help to bring additional footfall to Fore Street in Ivybridge and Glanvilles Mill. At a time when regional shopping centres are struggling, it is good news for both shoppers and the local community to have a variety of offers on their doorstep."*

Howard Roddis – LCP Properties (Glanvilles Mill)

### **8.3 Local Councillors**

There is support from the Ivybridge local members as exemplified below:

*"I am pleased about the investment due to come into Ivybridge. The outcome of the questionnaire put to residents of Ivybridge and nearby homes was*

*overwhelmingly in support of the discount supermarket. Whilst time remains before final commitment, options for change and refinement may still be considered."*

Cllr Victor Abbott

*"I have long been an advocate of the Ivybridge Regeneration Plan and I believe it is a necessity for the town given the challenges that its businesses are facing. I am convinced that an Aldi would increase footfall in the town centre and that the majority of people in the town would definitely want the plan to go ahead."*

Cllr Lance Austen

*"The outcome of the questionnaire put to residents of Ivybridge and nearby homes was overwhelmingly in support of the discount supermarket and as a result of that I am happy to support this investment coming to Ivybridge."*

Cllr Karen Pringle

#### **8.4 Town Council**

Following a meeting on 11th January 2021, the Town Council have affirmed their support for the principle of a supermarket development in order to promote regeneration of the town centre, subject to satisfactory outcomes and conclusions in relation to various matters. These include quality of design, landscaping detail, wheeled sports & youth facility provision and enhanced public open space and pedestrian & cycle access.

The project team will continue to work with the town council throughout detailed design to address these matters.

#### **8.5 Other Stakeholders**

- Leisure Centre Operator, Fusion – design proposals will be such visibility to the leisure centre is improved not reduced, by moving the store away from the site entrance. Car parking provision is also a key concern for Fusion, who welcome the 90min free parking, which as part of a linked trip to Aldi there customers would be able to benefit from.
- PL21 – Ongoing engagement with PL21 in relation to cycle routes, pedestrian access and river frontage. Initial feedback provided from the group and engagement will continue throughout detailed design.

### **9.0 Project Risk**

#### **9.1 Costs associated with Non Delivery**

If the decision is made to progress the project, there will be additional costs incurred as we work through the tender, detailed design and planning process and the legal work to enter into the agreement for lease. Historically, this has been identified as a figure up to £450,000 if the project secures planning but is abandoned pre-construction. There may be some scope to reduce this figure however, it is likely to be in excess of £350,000 at the point a planning submission is made.

#### **9.2 Construction Costs**

As previously highlighted, we cannot be entirely certain of external factors or long-term trends, as we move forward with the project.

We are in uncertain times, with a global pandemic, Brexit and indications of significant (20% increase) in steel prices during 2021 which may have an impact upon assumptions made within the project pricing.

In the event there is an increase to the project costs which renders the project unviable, the lease with the proposed foodstore operator, is conditional upon a satisfactory viability test. Therefore, if the construction costs are such as to render the project unviable, we will not be required to proceed to construction.

### **9.3 Occupation of Foodstore & Associated Car Park**

While the discount retail market has seen an upward trend, we cannot be sure of how these trends will develop over the whole project life cycle.

In turn, there cannot be certainty of the occupation of the foodstore and associated car park throughout the whole life cycle of the project. There are exit points within the lease at year 20 and year 25. There is also always the possibility an occupier ceases to trade, albeit the proposed foodstore operator is an extremely strong covenant.

However, in order to address the possibility of a void period, a risk reserve will be established. By year 5 this will be sufficient to cover a 6 month rent void and 12 months of interest & principle repayments.

### **9.4 Clean Title**

We are working with our legal team to identify any title issues and address them before progressing the agreement for lease with the proposed foodstore operator.

Entry into the agreement for lease is conditional upon securing clean title of our land.

### **9.5 Entry into Agreement for Lease**

As is usual in these circumstances, the Council is to construct the foodstore and car park before granting the Lease to Aldi. In order to protect both parties, the Council and Aldi will enter into an Agreement for Lease which commits the Council to grant and Aldi to take the lease once the construction of the foodstore and car is completed.

The Agreement for Lease will be conditional upon the following conditions:

- I. The submission of the Planning Application  
If SHDC is not able to submit a satisfactory detailed and implementable planning application for the Scheme the Agreement for Lease will be terminated.
- II. Satisfactory Planning Consent  
If a satisfactory planning consent cannot be obtained the Agreement for Lease will be terminated.
- III. Satisfactory Viability Test

If, having obtained Planning Consent, the project does not meet industry standard viability test the Agreement for Lease will be terminated.

***These are the only conditions which would allow the Council to stop the project.***

***Once the conditions are met and construction is completed, the Lease will be entered into.***

## **10.0 Key Questions & Answers**

### **1) How will this project benefit residents of Ivybridge?**

The project delivers a better shopping choice for residents and provides a local offer which can be accessed without a vehicle. It will provide linked trip opportunities, which in turn improve the sustainability and vitality of the businesses in the high street and improve the local shopping and leisure offer to the benefit of local residents.

### **2) How will this project benefit businesses in Ivybridge?**

This project will boost footfall to the town through improved public realm, bridge access and linked trips from Aldi. Increased footfall leads to increased trade.

### **3) What would this project do for local employment and the economy?**

Each Aldi store employs between 30-50 people directly. These jobs range from casual work to well paid, highly skilled jobs. Aldi offer an excellent career programme and are judged to offer a very good graduate programme (The Times Graduate Employer of Choice Award 2020, ranked 63 by the Guardian in UK Top 300 Employers of Choice). The independent CACI Economic Impact report stated:

- **ALDI WILL BRING IN MORE FREQUENT VISITORS**

*In CACI's Shopper Dimensions, shoppers to a discount grocery in an In Town Centre or High Street had an annualised frequency of 76 visits per year, this is compared to an average frequency of 58 visits per year.*

- **ALDI WILL BRING NEW SHOPPERS WHO WILL CROSS-SHOP WITH THE EXISTING OFFER**

*Aldi is unlikely to cannibalise the current offer at Ivybridge as it **doesn't feature in house bakeries or butchers etc.** Independent brands on the high street and in Glanvilles Mill Shopping Centre will appeal to more affluent and middle income households in the catchment who **prefer to buy locally produced and UK sourced***

### **4) Investing up to £9m in this project is significant, why not just sell the site to Aldi or another retailer?**

The Council could sell the car park and there would no doubt be willing buyers. However whilst a shopping facility with sufficient parking for the stores needs may be provided, overall a hugely reduced car parking capacity and minimal place based public realm and connectivity benefits would be realised.

A foodstore on its own, without the infrastructure works to create the extra parking capacity (100+ spaces) lost through the footprint of the building would not be

supported by the key stakeholders, the Town Council, local businesses, Fusion and the elected Councillors of Ivybridge.

By using a long term borrowing and rental model, the Council is able to afford to deliver the car parking infrastructure works it could not otherwise fund. These additional car parking infrastructure and public realm improvements “unlock” this regeneration project.

In addition to this, Councils should take a (very) long term view on the control of its land and assets. Securing a long term income, whilst retaining control of its land provides a stronger legacy foundation for Councils of the future.

**5) What happens if the foodstore operator goes into liquidation during the lease term or if notice is given by the operator at the end of their Lease?**

The lease is a long one. While the Council collects rent, it will put away an amount into a risk reserve. This money can then be used to fund a gap between tenants as and when it may occur. To ensure the risk reserve builds up quickly, a proportion of the early year’s business rates income will be put into it.

**6) What about the environment and the Council’s declaration of a Climate Emergency?**

The Climate Change Emergency central in all aspects of this project. There will no doubt be an impact from the project but the Council will aim to be as transparent as we can on what those impacts are and reduce, design out and mitigate those impacts. This will be done in the following ways:

- End user – Aldi  
Aldi UK are 100% carbon neutral as an operator<sup>1</sup>
- Procurement & quality assessment  
The procurement process set out in this report will include a qualitative assessment criteria on the sustainability approach of the contractor and project team.
- Building and infrastructure design  
The brief set by the project team will be to reduce embodied energy in material choices where opportunities to do so exist. This may include recycled materials or aggregates and low carbon concrete.
- Carbon Assessment  
We will work with our chosen contractor (design & build) to measure the embodied carbon of the construction phase of the project. We can then make accurate and informed design choices as well as implement appropriate mitigation within the project delivery constraints.
- Renewable Energy  
It is the ambition of the project to incorporate solar PV on the roof of the building to provide renewable energy to the store and the grid. This may need

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<sup>1</sup> <https://www.edie.net/news/6/Aldi-achieves-carbon-neutrality-for-UK-and-Ireland-operations/>

to be subject to a separate business case to the Executive if it falls outside of the affordability window proposed.

**7) Isn't the geology of the area quite unusual and doesn't it feature large granite boulders? Will this be a problem?**

The geology of the locality is unusual and include large granite boulders and a high water table, both of which could present challenges for the construction of the car park and foodstore foundations.

To mitigate this, John Grimes Partnership (based in Ivybridge) have been commissioned to do a full geotechnical investigation of the site. This was finished in December 2020. The design and construction of the project can therefore take account of the unique geological conditions and mitigate the risk accordingly.

**8) What happens if the contractor goes bust during construction?**

The Council will work through the procurement phase to ensure only financially viable companies are able to bid. However, should this occur, the contract will incorporate necessary performance bond and step in rights, should the contractor cease trading. In this event, the Council could call in the bond (typically 10% of the contract value) and deliver remaining works with another contractor.

**9) Is traffic flow along Western Road a problem?**

The Council has worked with Devon County Council to resolve the air quality and congestion along Western Road. This issue is being resolved at the time of writing, with the implementation of a new road and parking scheme.

Whilst Aldi are likely to attract visitors from outside Ivybridge, many journeys out of and back to Ivybridge along Western Road are to Tesco Lee Mill or other retail centres. A number of those will not now occur. The net change in traffic is therefore far less than it might otherwise be. This traffic will be modelled in detail as part of the planning application and agreed with the Highway Authority.

**11.0 Conclusion**

This project provides an opportunity to regenerate Ivybridge town centre and offer significant benefits to the local economy and public realm. It also carries with it the requirement to make a significant investment with which comes some risk, not least through the construction of a major infrastructure project.

There is strong support for this project from residents, the business community, local members, town council and key stakeholders.

If the project proceeds there will be a period of disruption within the town centre, albeit the project will be phased as far as possible to minimise the impact.

Having set out the benefits and challenges, it is now a political decision as to whether or not this Council wishes to invest up to £9m in a regeneration project for one of the districts key towns.

## 12.0 Impact Assessment

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>Appendices 2, 3, 5, 6, 7, 8 to this report are exempt from publication because they contain information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> <p>The public interest test has been applied and it is considered the public interest lies in not disclosing this report at this time because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</p> <p>These proposals are consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence).</p> <p>Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</p> <p>There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer, owe a fiduciary duty in relation to given transactions.</p> <p>The Council has the power under Section 123 of the Local Government Act 1972 to dispose of land in any manner they wish, including granting a lease for the best consideration. Legal due diligence will be carried out as part of the development process.</p> <p>Any future development will be subject to the normal Council planning process and any decision by Executive does not infer planning permission for the proposed developments would be granted.</p>
Financial implications to include reference to value for money	Y	<p>Council have previously approved spend of £115,000 from the Economic Regeneration report to fund the project to date. Minute E.14/19 (July 2019) agreed expenditure of £50,000 plus £65,000 as approved by the June 2020 Executive.</p> <p>A recommendation of this report, is £9 million be approved by Council as the maximum full project spend.</p>

	<p>It is the view of the S151 Officer the primary purpose of the scheme is regeneration, which is one of the four categories permitted for PWLB borrowing (the others being service delivery, housing and refinancing).</p> <p>The project would require the Council undertaking capital expenditure for economic regeneration purposes using the Localism Act. Such expenditure may deliver a positive contribution to the revenue budget, but it is not the primary purpose.</p> <p>The financial case in Appendix 5 illustrates the Council's ability to repay the borrowing of £9 million within 50 years in full. Furthermore, it allows for a 1% return on investment with circa £100,000 per annum of revenue income generated towards the cost of frontline services as an ancillary benefit. Alongside this, a Risk Mitigation Earmarked Reserve of 5-10% of rental income per annum plus the additional business rates income generated will be created.</p> <p>The 'interest only' costs of the borrowing through the construction phase (up to two years) will be financed from the whole project cost of £9 million.</p> <p>The Council has set an overall borrowing limit of £75million and to date the Council has current borrowing of £14.5million. The Council has also approved Community Housing projects of a further £5.9 million for St Ann's Chapel and South Brent. There is sufficient headroom within the Council's overall limit of £75 million to fund this £9 million scheme.</p> <p>There is no certainty the proposals will be granted planning approval. The predicted expenditure, prior to a decision on any planning application, is estimated at up to £450,000. The amount spent prior to the planning decision is at risk if the project cannot proceed.</p> <p>It is recommended any abortive costs up to £450,000 are financed from the Business Rates Retention Earmarked Reserve which has a current balance of £5.6 million (as set out in 6.3). An amount of £3.5 million of this Earmarked Reserve was ring fenced for Employment for the creation of local jobs (Council February 2018) and costs of up to £450,000 could be met from this reserve.</p> <p>There is a break clause within the lease at Yr 20 and a risk the tenant may not renew the lease at Yr 25 and Yr 40. This risk is noted within the risk register at Appendix 7. At this point (Year 20), £2.79m would have been repaid on the £9m borrowing and at Year 40, an amount of £6.6m would have been repaid on the borrowing of £9m.</p>
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Risk	Y	All development projects carry risk. These are as previously reported, as reported above and in the Risk Register appended in Appendix 7.
Supporting Corporate Strategy		Commercial Investment Policy and Treasury Management Policy
Climate Change - Carbon / Biodiversity Impact		Aldi's UK and Ireland operation is carbon neutral. The council will utilise its procurement policy allows the tender process to consider the carbon footprint of the supply chain when awarding contracts. Furthermore, the Council will challenge the design team to utilise best practice in the design of the project (including material choices) to minimise embodied energy in the construction phase.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		There are no Equality and Diversity implications
Safeguarding		There are no Safeguarding implications
Community Safety, Crime and Disorder		There are implications crime and disorder reduction
Health, Safety and Wellbeing		There are no implications on Health, Safety and Wellbeing
Other implications		There are no other implications

### **Supporting Information**

#### **Appendices:**

- Appendix 1 - Site Layout Plan
- Appendix 2 - Pre-Planning Application Advice (EXEMPT)
- Appendix 3 - Draft HoT's with proposed foodstore operator (EXEMPT)
- Appendix 4 - Economic Impact Assessment CACI
- Appendix 5 - Financial Business Case (EXEMPT)
- Appendix 6 - Project Cost Summary (EXEMPT)
- Appendix 7 - Risk Register (EXEMPT)
- Appendix 8 - Project Programme Summary (EXEMPT)

#### **Background Papers:**

Ivybridge Regeneration Project – June & September 2020 Executive Report

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

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed/sign off	<b>Yes/No</b>
SLT Rep briefed/sign off	<b>Yes</b>
Relevant Head of Practice sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
Accessibility checked	<b>Yes</b>



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Client	South Hams District Council
Project	South Hams Portfolio
Document	Residential Floor Plans
Drawn	WJ
Checked	JW
Scale	1:500
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 Galloway  
 Smith

Stuck Hill, South Devon, Plymouth, CV31 4BL  
 Tel: 01508 555444 www.corstorphinewright.com

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# IVYBRIDGE MARKET SUMMARY

August 2020

Alice Church

Senior Consultant

Tom Fletcher-Wilson

Commercial Consultant



# INTRODUCTION & BRIEF

## PROJECT BRIEF & APPROACH

- CACI have been instructed by South Hams District Council to provide a strategic and independent analysis to assess the value of opening an Aldi in Ivybridge and how it will help to future proof the town.
- This report will provide insight into:
  - Ivybridge's current position (inc. expenditure, competition, rankings)
  - Historic rankings and retail provision in the town
  - Benchmarking and tenant audit to understand missing gaps and potential targets
  - Demographic Profile
  - Impact of doing nothing to Ivybridge
  - Benefits that Aldi will bring to Ivybridge

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## CACI PRODUCTS:

- **Retail Footprint (RF)** is CACI's UK gravity model that predicts the catchments of all UK retail destinations and accounts for the attractiveness of the centre's mix, the location of competing schemes and the level of demand in the area.
- **Acorn** is CACI's consumer segmentation model. Acorn combines geography with a wide range of demographics and lifestyle data sources to group the entire population into 5 Categories, 18 Groups and 62 Types.

A full methodology can be found in the appendix of this report.



# SUMMARY & CONCLUSIONS

Residents across Ivybridge's catchment have a Convenience Goods household spend which is higher than the regional average. In its current state, the **town centre is not fully capitalising on this high spend**, something that Aldi will enable Ivybridge to do.

An ALDI in Ivybridge would reduce the Convenience Goods spend leakage to other nearby supermarkets. **Opening an ALDI would keep 16% more spend within the town centre**, with the out of town Tesco Extra currently dominating.

Ivybridge has an affluent to middle-income catchment with three quarters classed as family groups; this strongly aligns with the Aldi offering indicating that the **brand will be favoured by local users and prevent them spending their Convenience Goods spend elsewhere**.

Placing an Aldi in Ivybridge would encourage **more frequent visitation from catchment residents to the town**, which in turn would drive more cross shopping with the existing offer and independents.

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There will be **minimal cannibalisation with the current town centre offer**; affluent households will continue to use butchers and bakers in the town as they index above the UK average for choosing quality over price. They will then use Aldi for their everyday supplies.

Aldi would become the **anchor for Ivybridge town centre and boost opportunities to attract new brands and improve the high street offer**. This in turn would enable Ivybridge to compete with Comparison Goods focussed competitors across the catchment

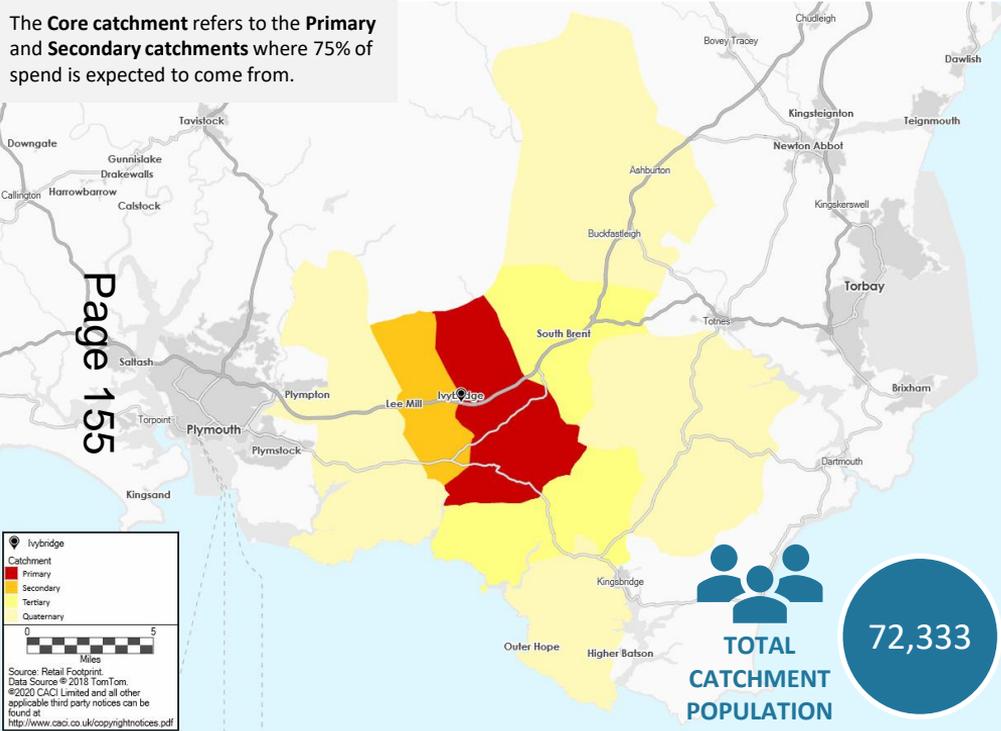
Introducing Aldi which has a limited online presence will **future proof the town and make it less susceptible to the threat of online**, as the stores Convenience Goods offering is offline only.

# IVYBRIDGE: TODAY

# IVYBRIDGE: CATCHMENT

Ivybridge sits inside the top 25% of all Regional Towns in the UK, with a total Retail Goods spend potential of £22 million. Within its Total catchment of 72k people, Ivybridge attains a market share of 5.7%.

The **Core catchment** refers to the **Primary** and **Secondary** catchments where 75% of spend is expected to come from.



**£22.0m**  
TOTAL RETAIL  
GOODS  
SPEND POTENTIAL

**%**

MARKET  
SHARE

**5.7%**  
TOTAL  
CATCHMENT

**8.7%**

REGIONAL  
TOWNS  
AVERAGE

TOTAL RETAIL  
GOODS SPEND  
(UNWEIGHTED): **£383.2m**

**UK  
REGIONAL  
TOWNS:**

TOP  
**24%**  
RETAIL CENTRE IN UK  
(174<sup>TH</sup> OUT OF 731 CENTRES)

**ALL CENTRES  
SOUTH  
WEST:**

TOP  
**42%**  
RETAIL CENTRE IN UK  
(OUT 190<sup>TH</sup> OF 456 CENTRES)

*Note: Regional Towns, often called market towns, have small populations and are generally found more than 20 minutes drive time away from primary or major centres and tend to be dominant within their vicinity. A number of these centres do not reflect the affluence in surrounding residential areas with their retail offer, having fallen behind bigger and better centres nearby.*

## WHY IVYBRIDGE?

- Ivybridge's catchment covers a significant proportion of the South Hams area and beyond, limited to the east by Torbay and west by Plymouth.
- It is a strong centre in its own class, Regional Towns, sitting in the top quarter of all comparable centres. A number of these already have an Aldi present among their retail offering, indicating it could be sustained in Ivybridge.

Source: Retail Footprint 2020

Note: rankings are based on weighted catchment Comparison Goods spend potential

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# IVYBRIDGE: UK & REGIONAL RANKING

Regionally, Ivybridge sits alongside Malmesbury and above the likes of Saltash and Verwood, the latter which is in the same class. There is scope for an Aldi at Ivybridge given the brand already operates in the majority of comparable Regional Towns.

## UK REGIONAL TOWNS RANKING

KEY: Aldi open in town or opening soon

UK 'Regional Towns' Rank	Centre Name	Residential Comparison Goods Market Potential (£m)
170	Crook	£10.0
171	Malmesbury	£9.8
172	Barton-upon-Humber	£9.7
173	Fleetwood	£9.7
174	<b>Ivybridge</b>	<b>£9.6</b>
175	Spennymoor	£9.4
176	Uppingham	£9.4
177	Formby	£9.4
178	Verwood	£9.3
179	Bacup	£9.3
180	Cranbrook	£9.2
181	Princes Risborough	£9.1
182	Merthyr Tydfil	£9.1
183	Immingham	£9.0

Note: total number of UK Regional Towns is 731

## SOUTH WEST RANKING

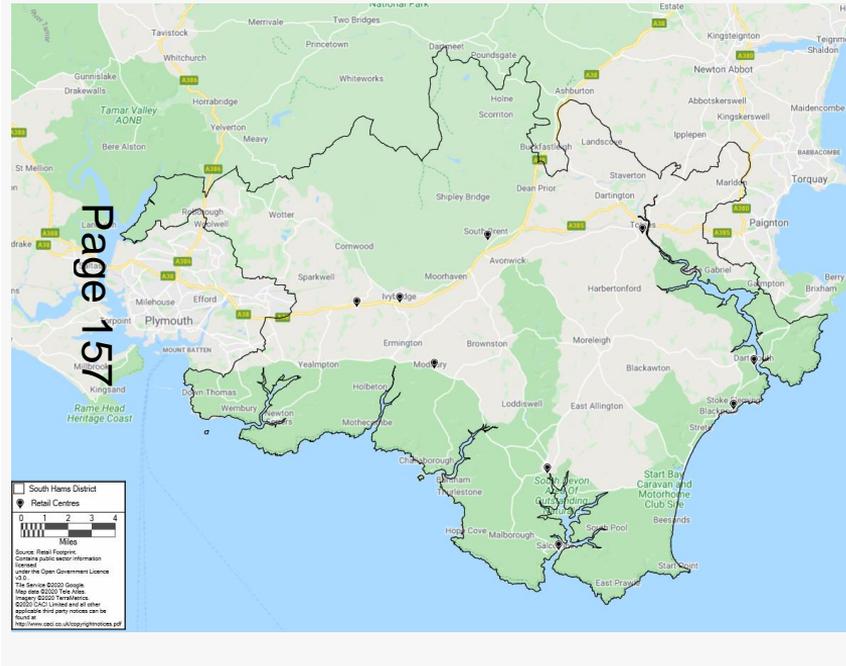
Regional Rank	Centre Name	Residential Comparison Goods Market Potential (£m)
185	St Austell - Stadium Retail Park	£10.1
186	Exeter - Honiton Road	£10.1
187	Exeter - Stone Lane Retail Park	£10.1
188	Torquay - St Marychurch	£10.0
189	Malmesbury	£9.8
190	<b>Ivybridge</b>	<b>£9.6</b>
191	Bristol - Fox Den Road	£9.5
192	Saltash	£9.5
193	Cirencester - Cirencester Retail Park	£9.5
194	Poole - Branksome	£9.3
195	Verwood	£9.3
196	Wincanton	£9.1
197	Amesbury	£9.0
198	Coleford	£8.8

Note: total number of retail destinations in the South West 456

# IVYBRIDGE: LOCAL RANKING

Of the 9 retail destinations in South Hams, Ivybridge sits 4<sup>th</sup>, indicating it is a key retail centre in the area and should focus on the everyday need rather than directly competing with tourist towns such as Salcombe. Aldi locating to Ivybridge would make it the first store in the district.

## SOUTH HAMS RETAIL OFFERING



## SOUTH HAMS RANKING

Tesco Extra is classed as its own centre as it is located out of the town and is therefore a competitor.

Rank	Name	Minor Class	Attractiveness Score	Residential Comparison Goods Market Potential (£m)	Convenience Goods Market Potential (£m)
1	Totnes	Regional Towns	178	£25.8	£26.3
2	Dartmouth	Regional Towns	176	£17.8	£18.8
3	Kingsbridge	Rural Towns	126	£15.8	£16.3
<b>4</b>	<b>Ivybridge</b>	<b>Regional Towns</b>	<b>67</b>	<b>£9.6</b>	<b>£9.2</b>
5	Salcombe	Rural Towns	121	£5.3	£5.3
6	Tesco-Extra, Ivybridge	Regional Towns	57	£4.2	£4.0
7	Modbury	Rural Towns	15	£0.7	£0.7
8	South Brent	Rural Towns	4	£0.2	£0.2
9	Stoke Fleming	Rural Towns	1	£0.02	£0.0

Note: rankings are based on weighted catchment Comparison Goods spend potential

Source: Google; Retail Footprint 2020

# IVYBRIDGE: HISTORIC SOUTH WEST RANKINGS

Ivybridge has grown in size and therefore moved up the South West ranking since 2017. Nearby towns, Dartmouth and Salcombe, have fallen down the ranking indicating scope for Ivybridge to take advantage of available spend which would have previously gone to these areas.

## 2017 RANKING

SW Rank	Name
4	Plymouth
21	Torquay
23	Newton Abbot
59	Paignton
96	Totnes
114	Dartmouth
129	Brixham
152	Kingsbridge
199	Torbay
200	Plymouth - Plympton
214	Torquay - St Marychurch
218	Plymouth - Mutley Plain
221	Plymouth - Estover
<b>225</b>	<b>Ivybridge</b>
231	Salcombe
240	Plymstock
255	Plymouth - St Budeaux
256	Plymouth - Crownhill
266	Ivybridge - Tesco-Extra

## 2018 RANKING

SW Rank	Name
4	Plymouth
20	Newton Abbot
24	Torquay
58	Paignton
96	Totnes
118	Dartmouth
130	Brixham
149	Kingsbridge
199	Torbay
201	Plymouth - Plympton
202	Plymouth - Estover
209	Torquay - St Marychurch
213	Plymouth - Mutley Plain
<b>229</b>	<b>Ivybridge</b>
235	Plymouth - Crownhill
236	Salcombe
245	Plymstock
261	Plymouth - St Budeaux
269	Ivybridge - Tesco-Extra

## 2019 RANKING

SW Rank	Name
3	Plymouth
23	Newton Abbot
30	Torquay
73	Paignton
87	Totnes
95	Brixham
119	Dartmouth
134	Torbay
136	Kingsbridge
170	Plymouth - Estover
197	Torquay - St Marychurch
<b>199</b>	<b>Ivybridge</b>
224	Plymouth - Mutley Plain
232	Plymouth - Crownhill
236	Plymouth - Plympton
240	Salcombe
241	Plymstock
245	Plymouth - St Budeaux
266	Ivybridge - Tesco-Extra

## 2020 RANKING

SW Rank	Name
3	Plymouth
25	Newton Abbot
32	Torquay
78	Paignton
88	Totnes
98	Brixham
126	Dartmouth
122	Torbay
140	Kingsbridge
204	Plymouth - Estover
188	Torquay - St Marychurch
<b>190</b>	<b>Ivybridge</b>
201	Plymouth - Mutley
233	Plymouth - Crownhill
247	Plymouth - Plympton
245	Salcombe
246	Plymstock
239	Plymouth - St Budeaux
254	Ivybridge - Tesco-Extra

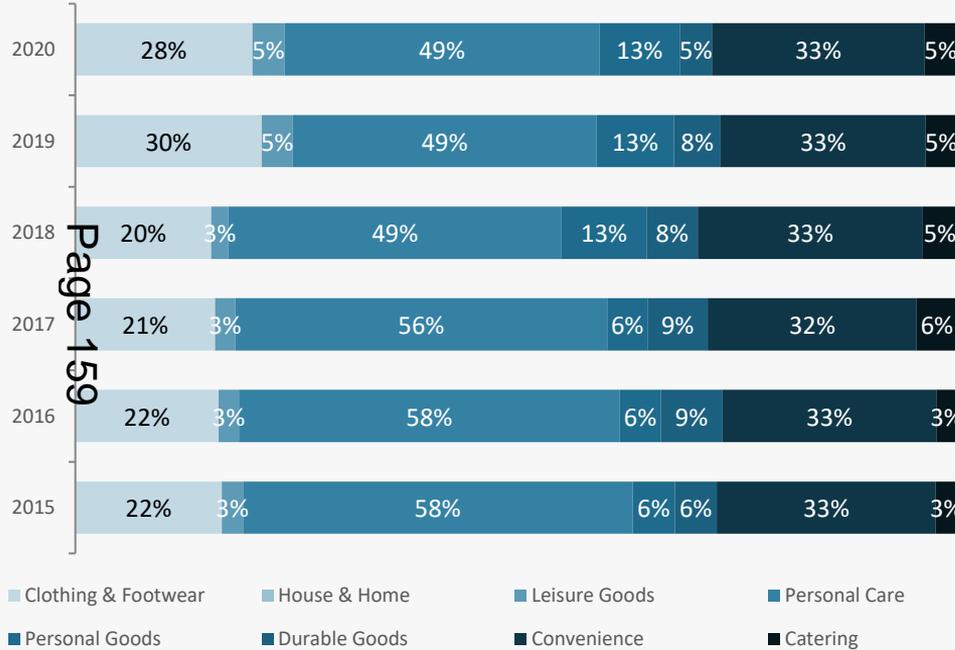
Source: Retail Footprint 2017/18/19/20

Note: Ranking is based on Comparison Goods market potential; Methodology changes will have influenced historic rankings.

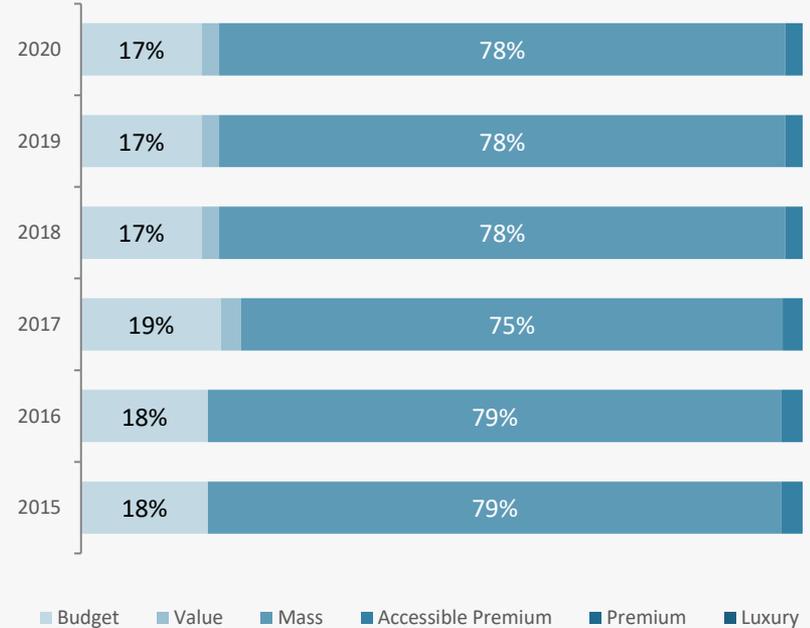
# IVYBRIDGE: HISTORIC RETAIL OFFERING

Ivybridge's retail make up has changed in the last five years, with a higher proportion of Clothing and Footwear at the expense of Leisure Goods. In terms of market position, Ivybridge has historically always been mass focussed; introducing an Aldi would grow the volume of Value brands.

## RETAIL MIX



## MARKET POSITION



Source: LDC 2015/16/17/18/19/20

Note: See appendix p28 for products within each product category

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# IVYBRIDGE: LOCAL COMPARISON GOODS COMPETITION

Locally, Ivybridge faces fierce competition, with Plymouth dominating the area and attaining a quarter of the market share. Ivybridge achieves 19% of the market share in the Core, indicating that it has a strong hold over local shoppers which will only increase with an Aldi present.

## LOCAL COMPETITION

Centre Name	Minor Class Name	Attractiveness Score	Distance (Miles)	Market Share (Core)	Market Share (Total)
Plymouth	City Centres	1,231	9.8	28.7%	28.2%
Plymouth - Marsh Mills Retail Park	Small Retail Parks	276	7.5	19.1%	15.1%
<b>Ivybridge</b>	<b>Regional Towns</b>	<b>67</b>	<b>-</b>	<b>18.7%</b>	<b>5.7%</b>
Totnes	Regional Towns	178	10.7	0.6%	4.0%
Singsbridge	Rural Towns	126	9.6	0.2%	2.8%
Newton Abbot	Value Major Town Centres	477	16.8	No Core	2.6%
Ivybridge - Tesco-Extra	Regional Towns	57	1.8	7.2%	2.5%
Plymouth - Plympton	Regional Towns	81	5.8	1.6%	2.1%
Plymouth - Coypool Retail Park	Retail Parks (in Towns)	74	7.1	2.0%	2.1%
Ashburton	Rural Towns	35	11.3	No Core	1.9%
Kingsteignton - Newton Road Retail Park	Medium Retail Parks	190	17.7	No Core	1.3%
Buckfastleigh	Rural Towns	18	8.9	No Core	1.1%
Plymstock - Morrisons	Suburban Centres	60	8.2	0.7%	0.8%
Dartmouth	Regional Towns	176	15.3	No Core	0.8%

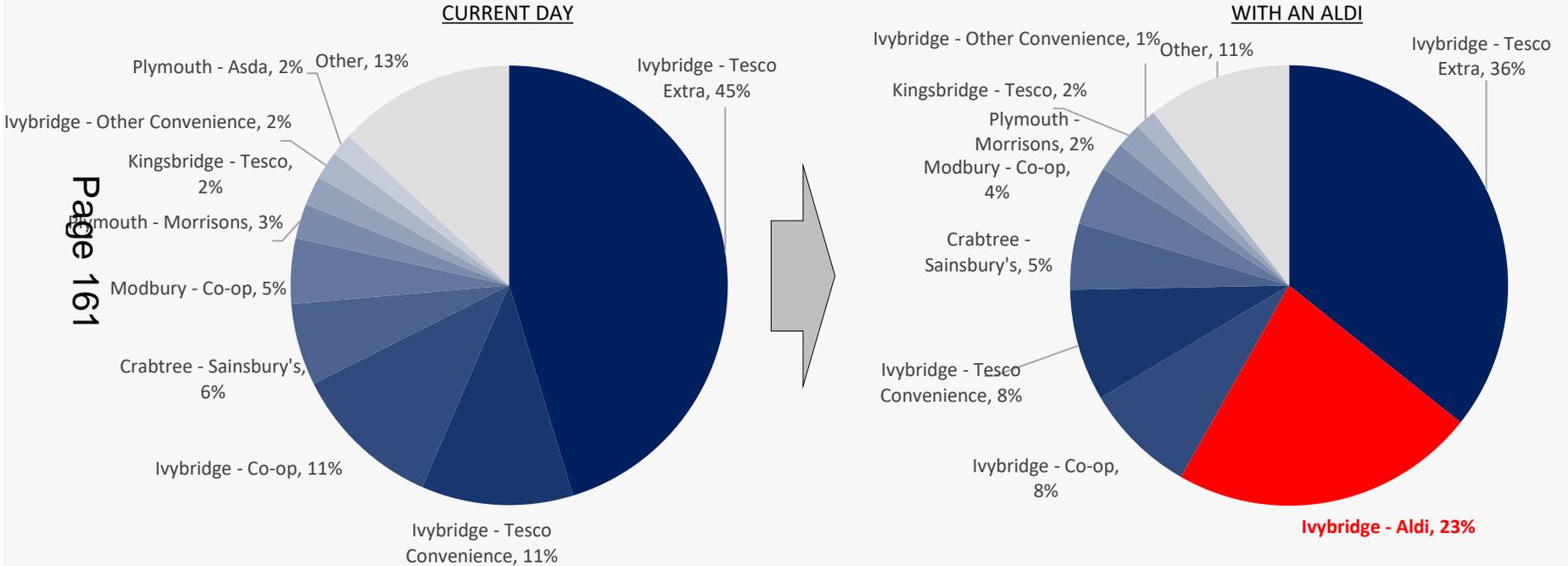
Source: Retail Footprint 2020

# IVYBRIDGE: LOCAL GROCERY COMPETITION

Currently three quarters (76%) of convenience spend from the Primary catchment is being spent outside of Ivybridge's town centre, primarily at Tesco Extra. Introducing an Aldi to the town would reduce leakage to 60%, with Aldi achieving 23% of the Primary catchment spend.

## PRIMARY CATCHMENT CONVENIENCE COMPETITION

Only the Primary catchment spend leakage has been shown as this is where the majority of spend comes from.



Source: Provision

# IVYBRIDGE: EXPENDITURE BY CATEGORY

Reflective of the affluence of Ivybridge residents, household spend sits well above the South West average on all product categories. This is particularly true for Convenience spend, which also sits 4pp above the UK benchmark.

## CATEGORY SPEND

TOTAL SPENDING (£M)

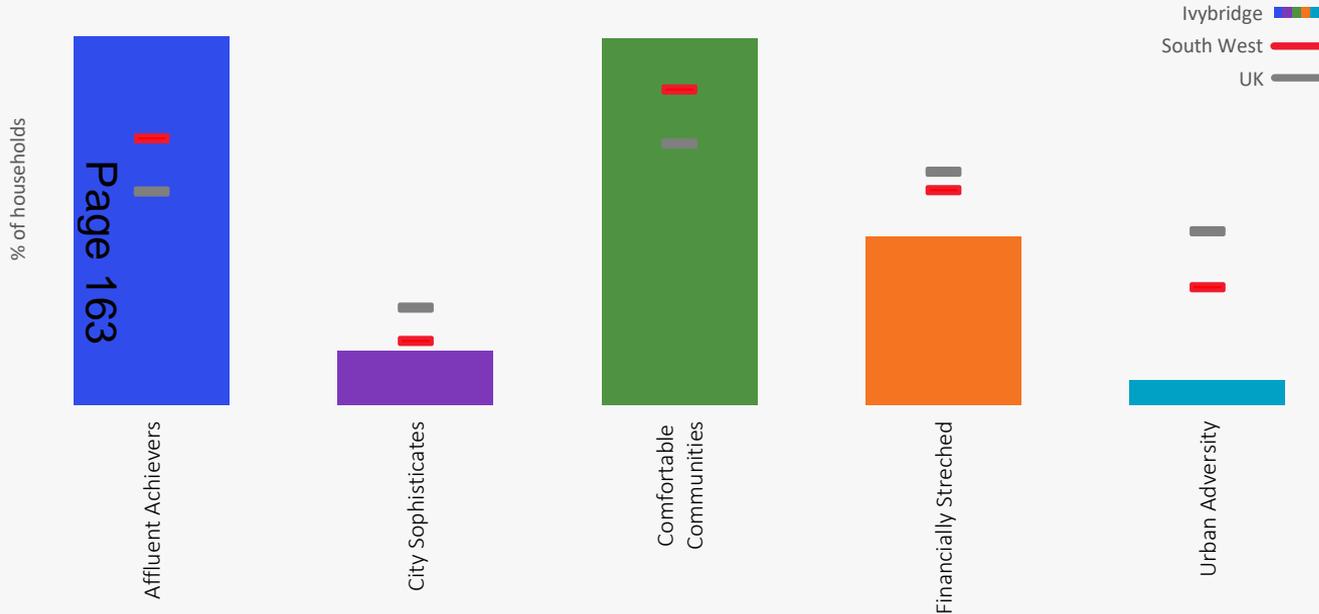
		EXPENDITURE PER ANNUM (£M)	ANNUAL HOUSEHOLD SPEND	HHD SPEND VS UK AVG.	HHD SPEND VS SOUTH WEST AVG.
Page 102	 Convenience	£9.2	£5,424	+4pp	+5pp
	 Comparison Goods	£9.6	£,667	+3pp	+7pp
	 Catering	£3.1	£1,843	+2pp	+7pp
	<b>TOTAL</b>	<b>£22.0</b>	<b>£12,934</b>	<b>+4pp</b>	<b>+6pp</b>

Source: Retail Footprint 2020

KEY: HHD spend above average  
HHD spend below average

# IVYBRIDGE: CUSTOMER

Ivybridge has an affluent to middle-income catchment with a large number of family groups present which will align with the Aldi offering. Almost all households in the catchment index above the UK average on visiting Aldi at least once a month indicating brand affinity in the area.



**AFFLUENT ACHIEVERS**

Almost **double** the UK average of Affluent Achievers households

**SHOP IN ALDI ABOVE UK AVERAGE**

**92%**  
more likely to shop in Aldi 1+ times a month vs UK avg.

## WHY IVYBRIDGE?

- Compared to the South West and UK, Ivybridge has a higher volume of Affluent Achievers and Comfortable Communities households in the catchment. These are core family groups who are likely to engage with an Aldi as well as cross-shop with independents already in Ivybridge.

Source: Retail Footprint 2020; Acorn Knowledge

# BENCHMARKING

# BENCHMARKING

A number of different benchmark groups have been used to understand the areas of opportunity for Ivybridge in the future. This includes centres nationally which are similar to Ivybridge but already have an Aldi present, local benchmarks and city centre competitors.

## BENCHMARK CENTRES

■ Convenience Goods market potential (£m)  
■ Total Population ('000s)

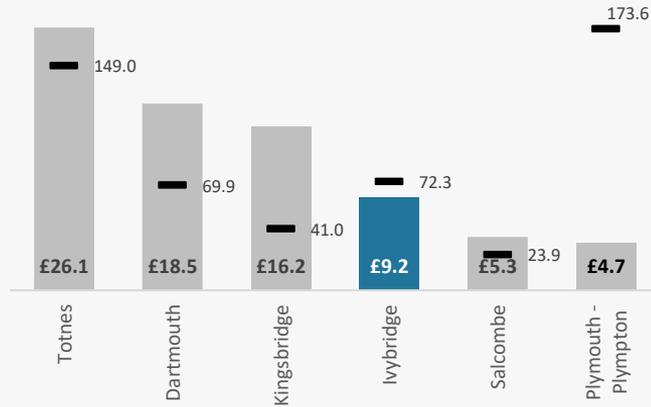
### NATIONAL BENCHMARK CENTRES WITH AN ALDI

These centres have been used as national benchmarks as they sit in the **same 'Regional Towns' class as Ivybridge** but **all have, or are due to have, an Aldi in the town. Ivybridge outperforms** all but Verwood in terms of **Convenience Goods spend potential and population showing capacity for an Aldi in the town..**



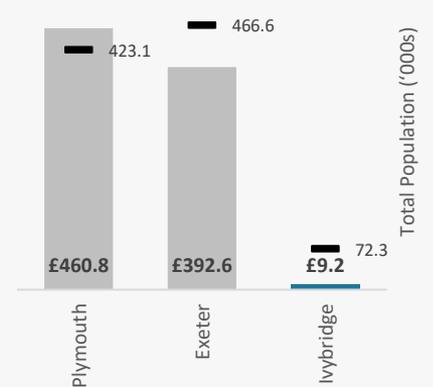
### LOCAL BENCHMARKS

Compared to local competitors, **Ivybridge sits above Salcombe and Plympton based on Convenience spend potential, almost double the smallest centre.** A new Aldi is due to open in Plympton shortly, **indicating that there should also be capacity for the brand to succeed in Ivybridge.**



### CITY CENTRE COMPETITORS

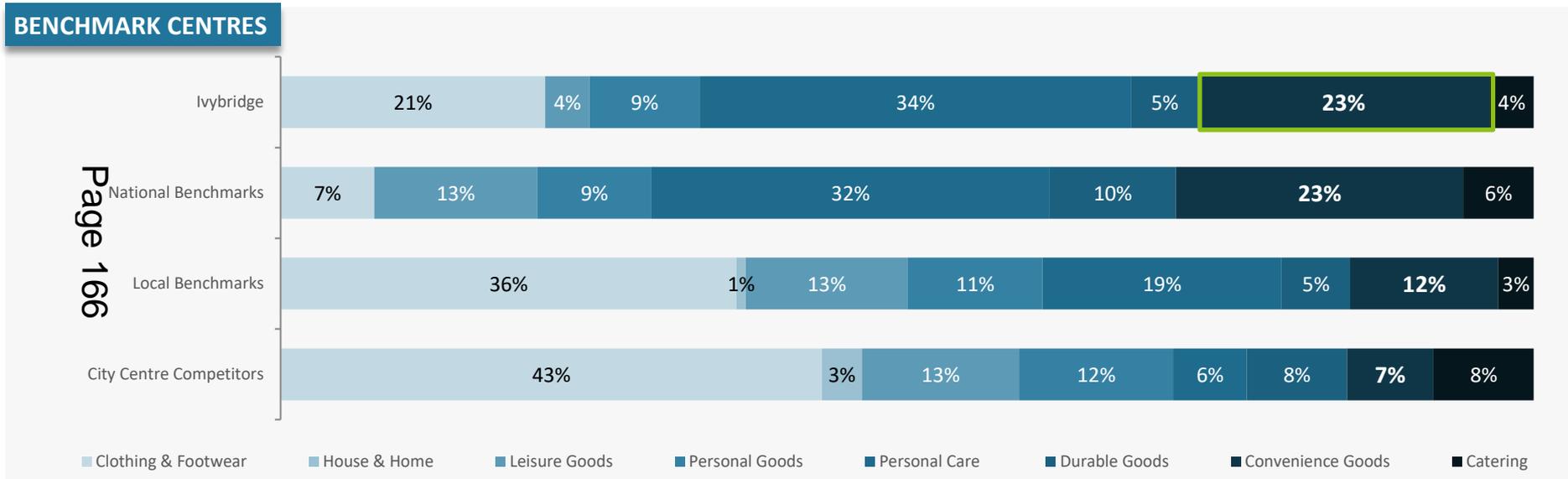
Local city centre schemes have also been shown in the benchmarking section to **understand why spend is being lost to these areas and how Ivybridge can better compete.**



Source: Retail Footprint 2020

# BENCHMARKING: RETAIL MIX

Ivybridge is dominated by Personal Care brands to a much greater proportion than the local and city centre competitors. The town's retail mix is far more similar to the national benchmark centres where Aldi's already operate indicating it would fit in well with the existing offer.



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## WHY IVYBRIDGE?

- City centre benchmarks have a much higher proportion of Clothing and Footwear, reflecting that shoppers visit these schemes for a high value, big day out trips.
- For Ivybridge to hold its own against the local and city centre competition, it needs continue to adopt a similar profile to the national benchmarks with a high proportion of Convenience Goods, through both independent bakeries and butchers as well as key supermarkets. This will encourage households in the area to perceive it as a local destination for the everyday need.

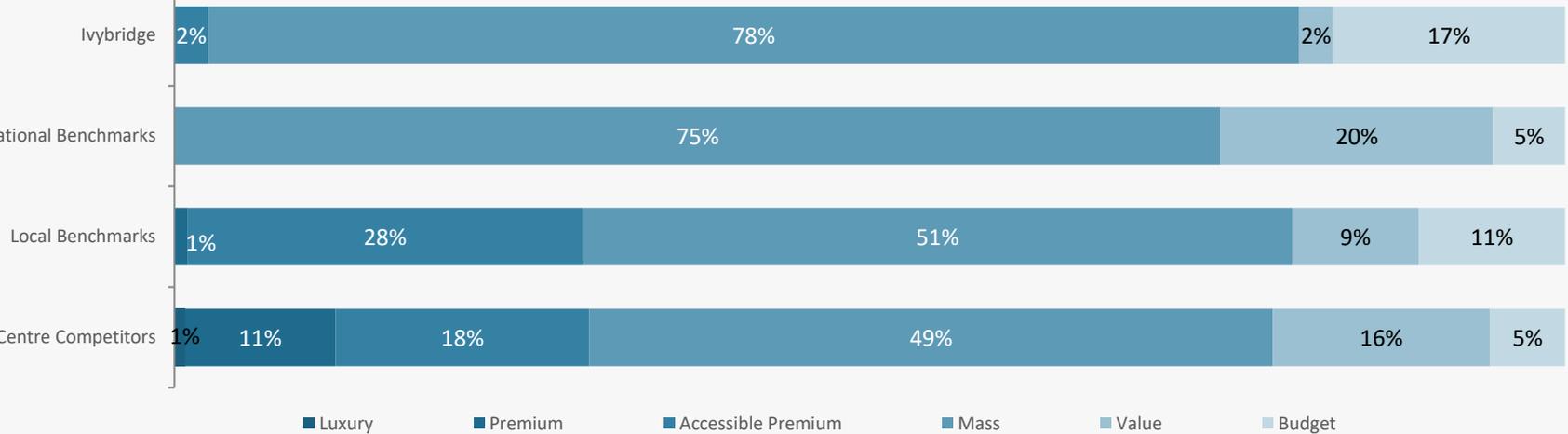
Source: Retail Footprint 2020, Local Data Company

# BENCHMARKING: MARKET POSITION

Ivybridge is predominantly mass focussed and to a significantly greater extent than nearby benchmarks. Given that Ivybridge needs to satisfy the everyday need to differentiate from larger and tourist destinations nearby, ensuring a varied market positioning of brands is key.

## BENCHMARK CENTRES

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## WHY IVYBRIDGE?

- Introducing an Aldi to the town would grow the proportion of value brands at the centre to be more in line with national benchmarks and help to satisfy the everyday need of shoppers.
- There is also scope to introduce more accessible premium and premium brands to Ivybridge given the affluent nature of households in the catchment. Clothing brands which are either independent or accessible premium brands already present in some of the local benchmarks would resonate well with affluent groups.

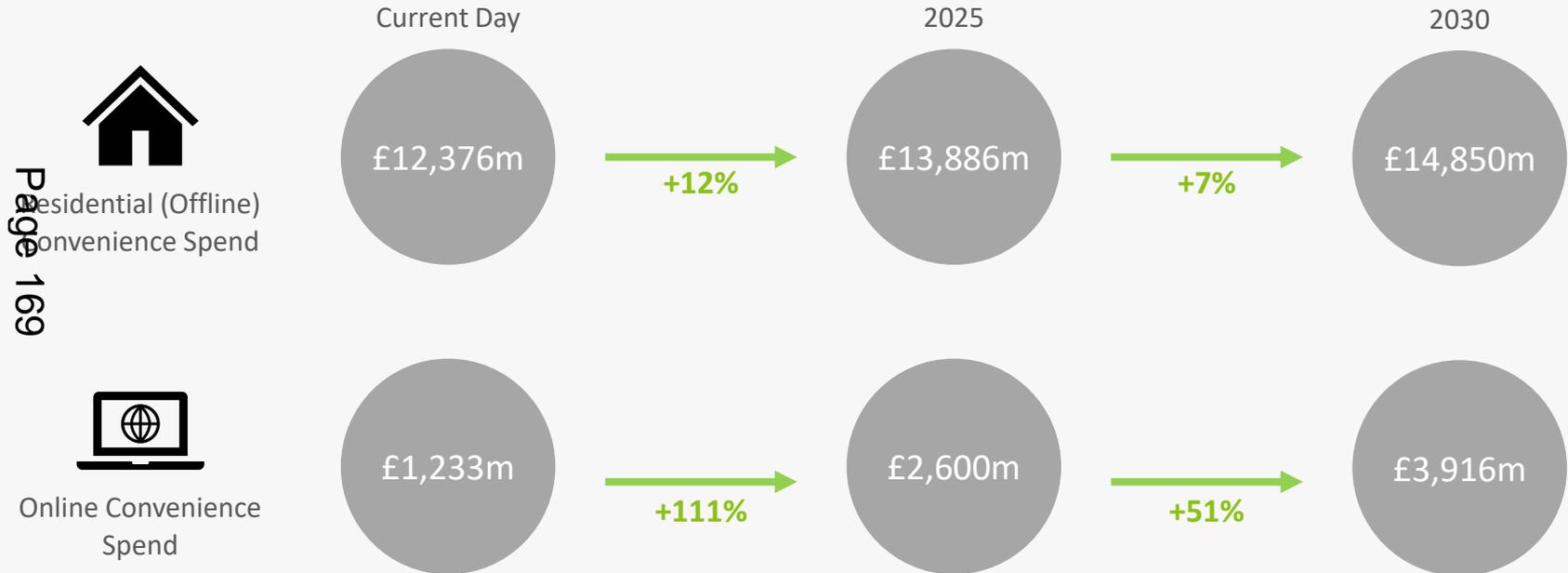
Source: Retail Footprint 2020, Local Data Company

# IVYBRIDGE: FUTURE

# WHAT HAPPENS IF WE DO NOTHING?

While across the South West there is likely to be organic growth in offline spend, the huge growth in online convenience spend highlights the need to introduce a brand with a limited online presence, reducing leakage to online. Opening an Aldi in Ivybridge will future proof the town and make it less susceptible to the threat of online as the stores convenience goods offering is offline only.

## UNWEIGHTED CONVENIENCE SPEND PROJECTIONS: SOUTH WEST (£M/ANNUM)



Source: CACI Spend Projections

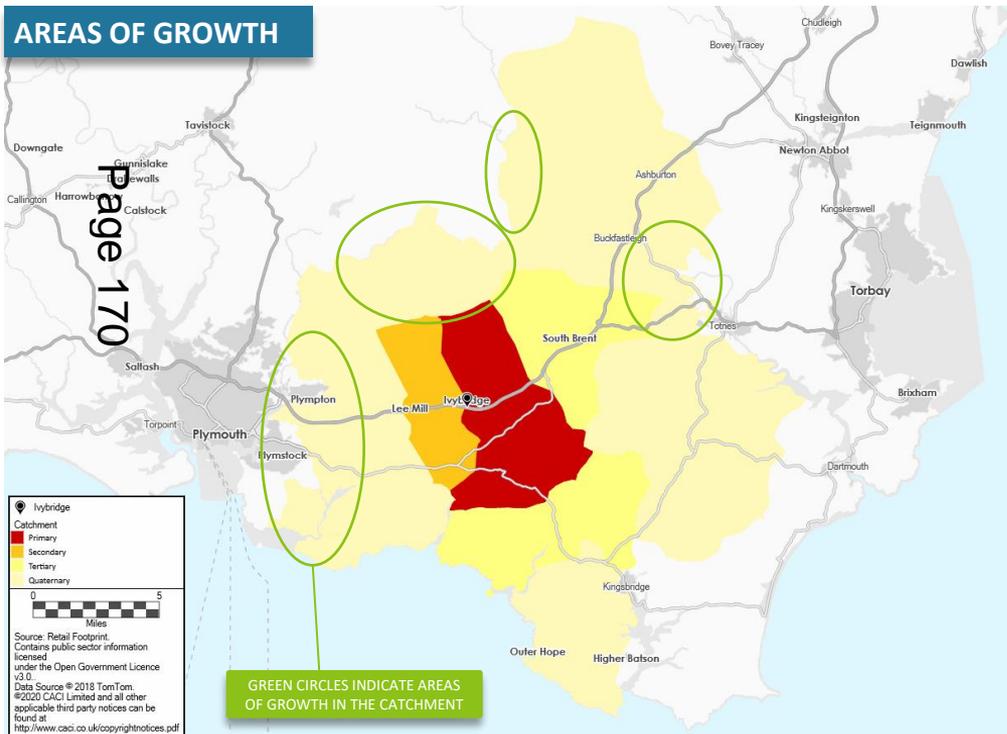
Note: Current Day is 2019 figures to exclude the impact of Covid-19 on spend

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# BENEFITS OF AN ALDI IN IVYBRIDGE

Opening an Aldi in the town would grow Ivybridge's catchment; while trips from this area will be drawn in by the Aldi, there is scope to encourage cross shopping with the existing offer. Affluent shoppers are more likely to purchase at independent bakeries and butchers alongside Aldi for essentials.

## AREAS OF GROWTH



## BENEFITS TO IVYBRIDGE

### WILL BE THE FIRST DISCOUNTER IN THE AREA

Currently the nearest Aldi is in Plympton. Introducing a new Aldi to the area will not only make it the **first discounter in the area** but also encourage more local shopping and in turn a more **sustainable shopping experience**.



### ALDI WILL BRING IN MORE FREQUENT VISITORS



In CACI's Shopper Dimensions, shoppers to a discount grocery in an In Town Centre or High Street had an **annualised frequency of 76 visits per year**, this is compared to an **average frequency of 58 visits per year**.

### ALDI WILL BRING NEW SHOPPERS WHO WILL CROSS-SHOP WITH THE EXISTING OFFER

Aldi is unlikely to cannibalise the current offer at Ivybridge as it **doesn't feature in house bakeries or butchers etc.** Independent brands on the high street and in Glanvilles Mill Shopping Centre will appeal to more affluent and middle income households in the catchment who **prefer to buy locally produced and UK sourced goods**.



### ALDI WILL CONTRIBUTE TO EMPLOYMENT IN THE LOCAL CATCHMENT



**15% aged 16-74** in Ivybridge's catchment are economically inactive (exc. retired). Aldi needs **between 30-50 staff in its new stores**, employing the majority from **within 2.5 miles of store**.

### ALDI CAN BENEFIT FROM THE INCREASING LOCALISM POST COVID-19

Post-lockdown local centres are seeing a greater return in activity compared to city centres. **Ivybridge has seen a greater uplift in shoppers post-lockdown** vs. Plymouth and Exeter; highlighting the opportunity for Aldi to take advantage of this shifting trend.



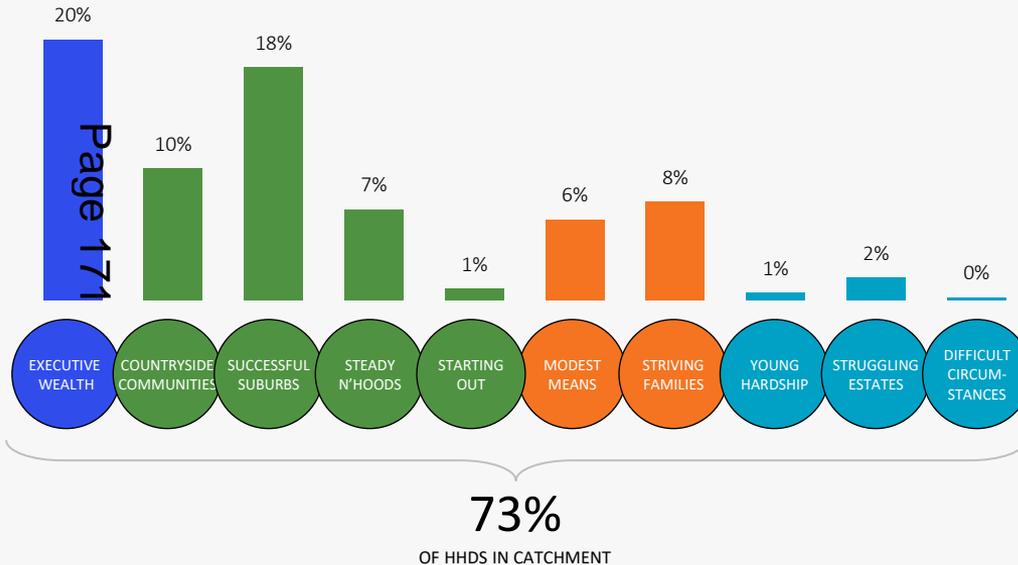
Source: Retail Footprint 2020, ProVision, Aldi Community Document, Acorn Knowledge; Shopper Dimensions

# KEY SELLING POINTS FOR AN ALDI IN IVYBRIDGE

Almost three-quarters of households across the catchment are classed as family groups, across a range of affluence, who will be likely to shop in Aldi. Added to this, the area is almost exclusively made up of households from white ethnic backgrounds. A Tesco Extra within a 10 minute drive will also allow a large proportion of cross shopping between the two stores to occur.

## ALIGNED DEMOGRAPHIC

% OF FAMILY GROUPS:



## EXISTING SUPERMARKET OFFERING IN IVYBRIDGE



**10 MINUTE**  
DRIVE AWAY

**TESCO**  
*Extra*

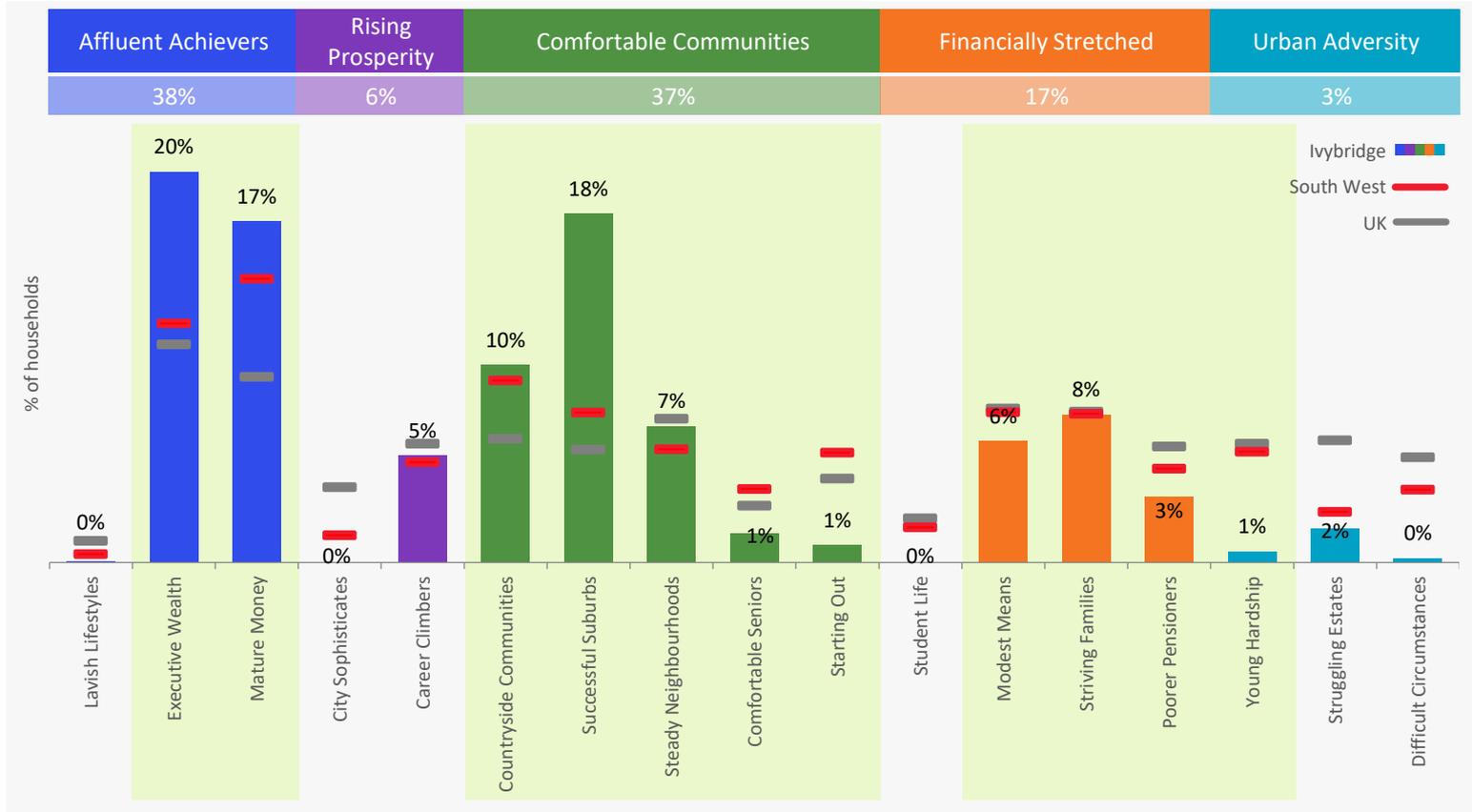
### WHY IVYBRIDGE?

- Tesco's close proximity to the town centre is a positive for Aldi, as it will encourage cross-shopping to take place between the two supermarkets. This is particularly true for affluent households who won't be able to buy everything they need from Aldi and will like that they can top up their shop in the nearby Tesco. An Aldi will also appeal to Tesco shoppers already in the area on a supermarket trip.
- Tesco and the Co-op are the only other major supermarket brands in the town. This means that Aldi would be the first discounter in the area, allowing it to gain a strong foothold.

# APPENDIX

# IVYBRIDGE: CUSTOMER

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Source: Retail Footprint 2020; Acorn

# IVYBRIDGE: CORE CUSTOMER GROUPS

## EXECUTIVE WEALTH

Wealthy families living in larger detached or semi-detached properties either in the suburbs, the edge of towns or in semi-rural locations. High spenders across retail and catering, due to good household incomes, preferring to go for premium goods and services over the standard. This group represents the core Marks & Spencer and John Lewis shopper. They are likely to shop in independents such as bakeries, butchers and greengrocers.

### DEMOGRAPHICS



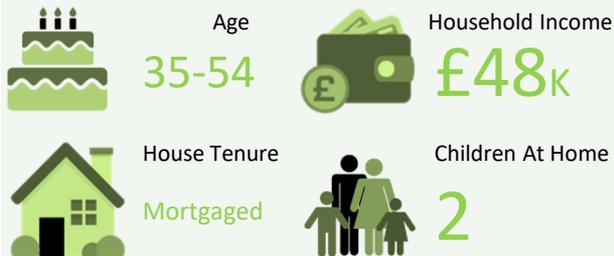
### ALIGNED BRANDS WITH EXECUTIVE WEALTH



## SUCCESSFUL SUBURBS

Home-owning families living comfortably in stable areas in suburban and semi-rural locations. They mainly live in three or four bedroom detached and semi-detached homes of an average value for the locality. These are households with high car ownership. As such, this group are likely to shop in Out of Town centres, such as shopping parks, retail parks and outlet centres.

### DEMOGRAPHICS



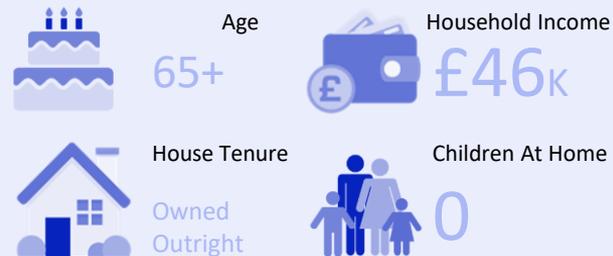
### ALIGNED BRANDS WITH SUCCESSFUL SUBURBS



## MATURE MONEY

Older, affluent people with the money and time to enjoy life. These people tend to be older empty nesters and retired couples, many live in rural towns and villages, in larger detached or semi-detached houses. Given their high levels of disposable income and living on the outskirts of urban areas, they are prepared to travel to shop. They regularly shop at Waitrose, Marks & Spencer and John Lewis.

### DEMOGRAPHICS



### ALIGNED BRANDS WITH MATURE MONEY



Source: Acorn

# TARGET BRANDS FOR IVYBRIDGE

The below highlights brands which are present in benchmark centres but not yet in Ivybridge. These brands would resonate well with the affluent and middle-income demographic of Ivybridge's catchment as well as cement the town as catering for the everyday need.

## BENCHMARK CENTRES

### NATIONAL BENCHMARK CENTRES WITH AN ALDI



National benchmarks are more mass focussed with target brands including Aldi, WHSmith's and Clarks. Introducing either an Aldi or Greggs to the brand line up in Ivybridge would bring the market position breakdown closer to the national benchmark average.

### LOCAL BENCHMARKS



Clothing and Footwear brands are more prevalent in local benchmark centres. These target brands are more aspirational but will appeal to the affluent demographic across the catchment, particularly Executive Wealth and Mature Money.

### CITY CENTRE COMPETITORS



The nearby city centres, unsurprisingly host a large proportion of well known mass market brands which Ivybridge can look to minimise spend leakage. The likes of Superdrug, Flying Tiger and Waterstones would help to encourage shoppers to visit the town for their everyday needs.

Source: Local Data Company

In order to perform this analysis CACI have used a range of tools including:

## RETAIL FOOTPRINT

- Retail Footprint (RF) models the flow of people and spend across the UK to define catchments for over **4,400 retail destinations**.
- The model accounts for the retail **attractiveness** of a centre, the **location** of competing schemes, the **accessibility** of the centre and the level of demand in the area.
- The model\* is **calibrated** using real world transactional (credit & debit card) data as well a mobile phone data.

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## ACORN

- Acorn is CACI's consumer **segmentation** model.
- Acorn combines geography with a wide range of **demographics and lifestyle** data sources to group the entire population into:
  - 5 Categories;
  - 17 Groups;
  - 62 Types.



## RETAIL ACORN

- CACI conduct consumer surveys in over **200 retail locations across the UK**.
- Data on visits and spend recorded at an **individual retailer level** offers a detailed understanding of how different **Acorn groups** interact with **specific brands**
- Retail Acorn covers **over 280 top brands** in the UK, offering insight into the **brand engagement** by shopper group and **average spend**



## CENTRE FUTURES

- Using **Retail Footprint (RF)**, CACI has the ability to model **retail catchments in the future**.
- In order to **accurately reflect the future retail landscape** a database of future retail developments is recorded. Their assumed size and attractiveness is then used to **model the impact on existing retail catchments/flows of spend across the UK**.
- In this report a Centre Futures (CF) model of 2022 has been used to reflect the assumed opening date of the development.



# RETAIL FOOTPRINT GRAVITY MODELLING: OVERVIEW

A gravity model replicates customer behaviour using three main elements:

## 1. DEMAND

The location of the customer when they start their shopping journey and the money they have available to spend on retail. This is distributed by the smallest geographical zone available (Postcode).

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**POSTCODE A**  
Retail Spend Potential:  
£500

## 2. INTERACTION

The way in which retail spend is distributed is allocated based on centre attractiveness and the time/cost it takes to travel from the demand location to the retail supply.

60%

40%

## 3. SUPPLY

Retail points of supply, typically shopping destinations. Centre class and centre score determine their attractiveness to consumers. The class takes into account how different types of centres interact with their catchment. The score is a function of tenants in a centre's average turnover.



**CENTRE B**

10 Stores  
RF Score: 25  
£200



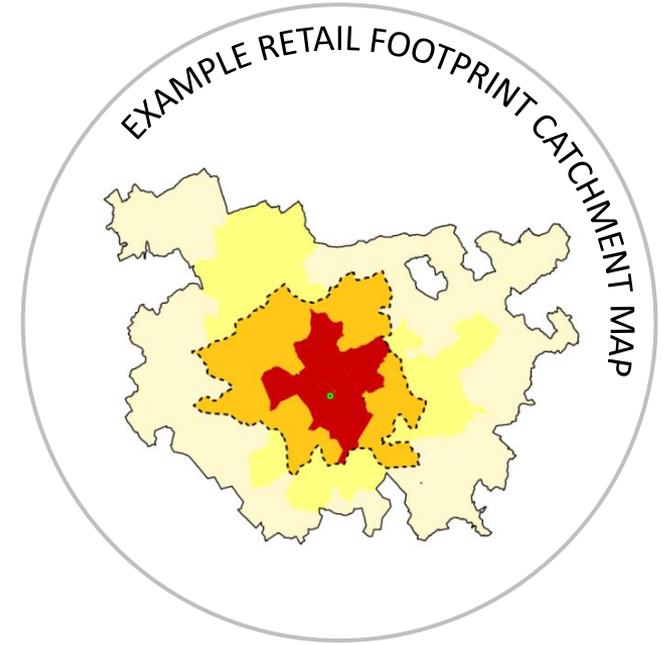
**CENTRE A**

100 Stores  
RF Score: 100  
£300

# RETAIL FOOTPRINT CATCHMENT AREAS

## 75% of spend is expected from the Core catchment

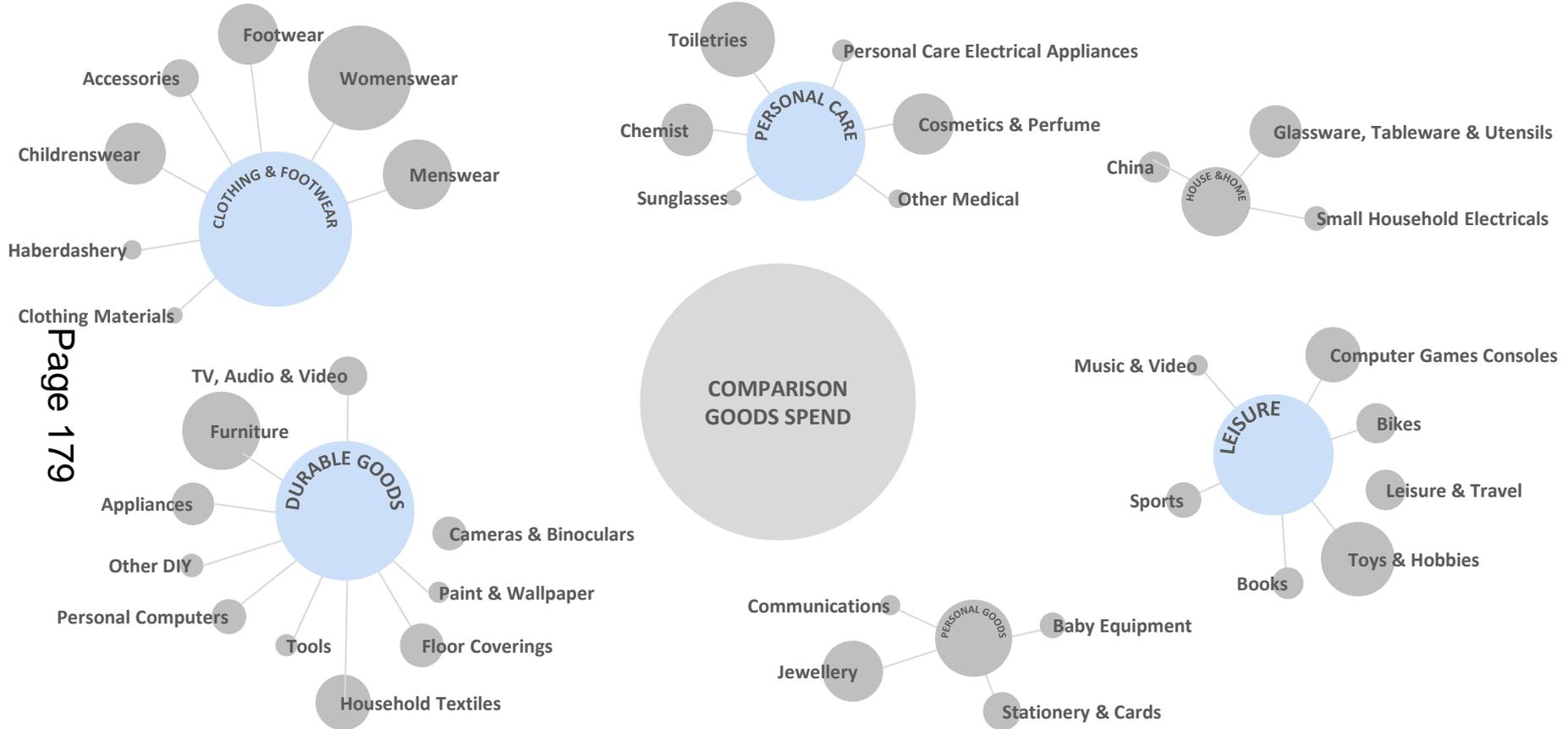
- Each catchment defined by the gravity model is split into four; Primary, Secondary, Tertiary and Quaternary. This is based on the proportion of trade expected to originate from each catchment area.
- The model expects 50% of trade/shoppers to originate from the Primary catchment area, the following 25% to originate from the Secondary catchment and the following 15% from the Tertiary.
- The final 10% of trade is expected to originate from the Quaternary catchment. This catchment area contains less frequent shoppers and as such covers a much larger geographical area. With 90% of trade expected to originate from the Primary, Secondary and Tertiary catchment areas it is this Major Catchment that should be the focus.



% Percentage of Trade



# RETAIL SPEND CATEGORIES



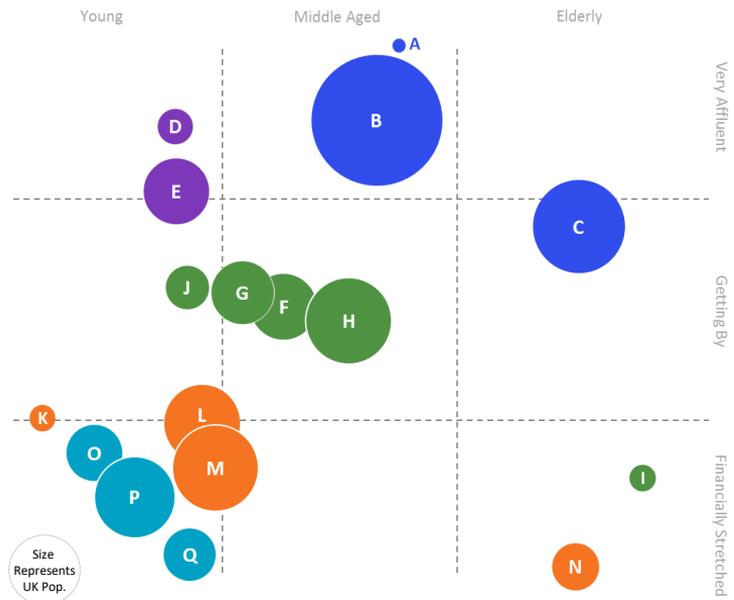
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# ACORN IS THE INDUSTRY STANDARD CONSUMER SEGMENTATION



Acorn is a geo-demographic classification that segments the UK population according to their lifestyle, lifestage and affluence.

- A Lavish Lifestyles
- B Executive Wealth
- C Mature Money
- D City Sophisticates
- E Career Climbers
- F Countryside Communities
- G Successful Suburbs
- H Steady Neighbourhoods
- I Comfortable Seniors
- J Starting Out
- K Student Life
- L Modest Means
- M Striving Families
- N Poorer Pensioners
- O Young Hardship
- P Struggling Estates
- Q Difficult Circumstances



Classifies every UK postcode

Available at 3 levels:  
6 Categories, 18 Groups  
& 62 Types

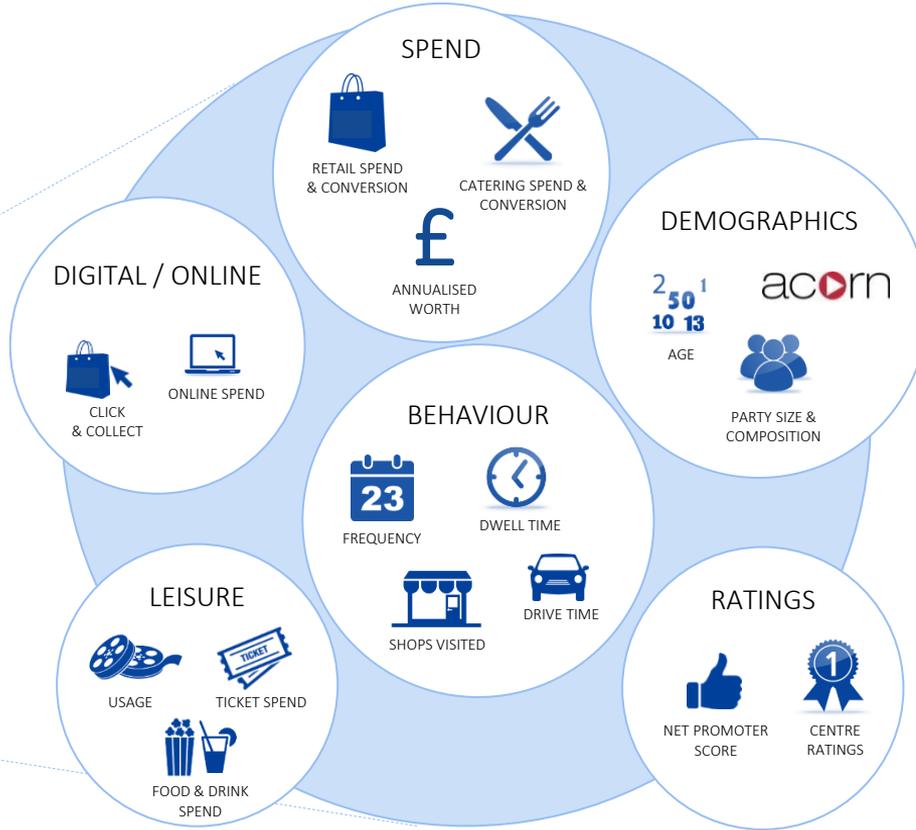
Common language across media, agencies and marketing organisations

# SHOPPER DIMENSIONS



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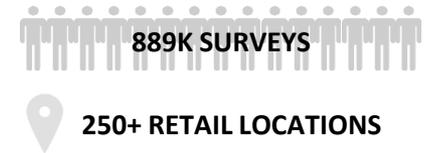
Shopper Dimensions Coverage



## WHAT IS SHOPPER DIMENSIONS?

- ✓ CACI conduct **standardised consumer interviews** in all types of **retail centre** throughout the **UK**. Shoppers provide information on all aspects of their trip on that day.
- ✓ Shopper Dimensions aggregates the data, enabling you to **benchmark a centre** against the **class average** and assess **how the centre is performing**.
- ✓ Shopper Dimensions is the most **comprehensive in-centre research study** and provides an unprecedented **view of the UK consumer**.

## LATEST NUMBERS:



# CACI

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Report to: **Executive**  
Date: **28<sup>th</sup> January 2021**  
Title: **South Brent Community Housing**  
Portfolio Area: **Leader of the Council – Cllr Pearce**  
Wards Affected: **South Brent**

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

Date next steps can be taken:

Author: **Rob Ellis** Role: **Community Housing Lead**  
Contact: **01803 861903 / rob.ellis@swdevon.gov.uk**

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**Recommendations:**

**That the Executive approves:**

- 1) The modification of the term of a previously approved, secured loan to South Brent Community Land Trust of up to £360,000 from 2 years to 7 years.

## **1 Executive summary**

- 1.1 This Report sets out the following proposals:
- 1.2 To lend South Brent Community Land Trust (SBCLT) [up to] £360,000 representing 20% of the construction cost of 12 affordable custom-build houses. This is required to
  - Meet SBCLT's equity contribution as the lender to the scheme cannot exceed an 80% loan to value percentage and SBCLT as a community group has insufficient funding available.
  - To enable the lender to SBCLT (Ecology Building Society), to meet their lending requirements
  - The loan will be secured against the land plots being transferred to SBCLT and be made available for up to 7 years and will be funded as part of the overall capital project budget for Community Housing
- 1.3 This is an amendment to the previously approved decision by the Executive to offer the loan to South Brent CLT, extending the loan term from 2 years to 7 years.
- 1.4 This change is required to meet the building societies conservative approach to Loan to Value ratios and the need to keep them at 80% post construction for 5 further years, for the mortgages it is providing to the CLT.

## **2 Background**

- 2.1 On 30th April 2020 the Council approved:
  - *Providing a secured loan to South Brent Community Land Trust (SBCLT) for up to £360,000, representing 20% of the construction cost of 12 affordable custom-build houses. This was required to meet SBCLT's equity contribution as the lender to the scheme (Ecology Building Society) cannot exceed an 80% loan to value percentage and SBCLT has insufficient funding available to cover the 20% balance*
  - *The loan to be secured against the land plots being transferred to SBCLT and repaid upon completion of the houses.*
  - *The loan to be made available for up to 2 years and funded as part of the overall capital project budget for Community Housing*
  - *The loan to enable construction works to be contracted for the two components of the scheme (a) SHDC funded comprising infrastructure & 5 open market units and (b) SBCLT funded comprising 12 affordable units. The entire*

*project to be overseen by Arcadis (project management / engineering consultants)*

2.2 Further to the above, on 24th September 2020 the Council approved:

- *Signing of construction contracts (JCT) to complete the St Anns Chapel and South Brent Developments*
- *Community housing development expenditure of up to £5.9m to build out the first two community housing schemes (St Ann's Chapel (13 units) and South Brent (17 units), as set out in this report*

In the report to members, it was noted that proceeding with the South Brent project was dependent upon:

- a) The proposed lenders to SBCLT (Ecology Building Society) completing financial due diligence on prospective occupants of shared ownership property within SBCLT and
- b) SBCLT concluding a Shared Ownership Affordable Housing (SOAHP) grant application with Homes England.

- 2.3 Since September 2020, the Community Housing team have progressed Homes England SOAHP grant funding for SBCLT amounting to £520,000, which is due to be signed off in January 2021. This is in addition to a Homes England Infrastructure Grant award of £400,000.
- 2.4 Lenders (Ecology Building Society) have progressed their financial due diligence on SBCLT. There are three parts to the funding arrangements; a) construction finance b) the rental portion of shared ownership and c) mortgages being providing to shared ownership property purchasers.
- 2.5 Ecology Building Society have advised that SBCLT are insufficiently financed to fund the rental portion of the shared ownership affordable units. However, they have agreed that if SHDC extend the term of a secured loan to South Brent Community Land Trust to 7 years, this will meet their lending criteria.

### **3 Proposal and Consideration of risk**

- 3.1 The loan from the Council to the CLT is a fundamental requirement for the scheme, as without it, the CLT cannot access the majority (80%) of the funding it needs to construct the custom build properties.
- 3.2 It was for this reason that the Council previously approved the 20% loan. Extending the term of the loan by 5 years will allow facilitate the project moving forward, however it is not without risk.
- 3.3 The loan will be secured through a second charge against the properties (the first charge being held by the building society). Should the CLT default on a particular property then a mechanism would be in place to force a sale of the property to recover the money owed, once the building society's debts were cleared.
- 3.4 Whilst there is little risk that the value of the property wouldn't cover both the outstanding debt to the building society and the Council, forcing a sale of the property is not an action the Council would do unless it was absolutely necessary and should be considered as a last resort. A payment plan or alternative arrangements with the CLT may be more appropriate.

### **6. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Providing the loan to SBCLT will be subject to legal

		advice on the powers to lend monies and associated due diligence. A loan agreement with SBCLT covering the terms of the loan and securitisation is to be completed (a loan agreement has been drafted).
Financial	Y	<p>To lend South Brent Community Land Trust (SBCLT) £360,000 representing 20% of the construction cost of 12 affordable custom-build houses. This is required to meet a) SBCLT's equity contribution as the lender to the scheme cannot exceed an 80% loan to value percentage and SBCLT as a community group has insufficient funding available and b) support borrowing required by SBCLT to fund the rental portion of shared ownership finance.</p> <p>The loan will be secured against the land plots being transferred to SBCLT. The loan will be made available for up to 7 years and will be funded from internal borrowing.</p>
Risk	Y	<ul style="list-style-type: none"> <li>▪ SBCLT are unable to meet their obligations to repay the loan. This is mitigated through the lending being secured on SBCLT's interest in the 12 land plots and development effectively providing the Council with "step in rights"</li> <li>▪ Construction cost escalation mitigated through fixed price build contract and professional project management via Arcadis</li> <li>▪ Adverse impact on cost of finance mitigated through locking down finance rate upon placing build contracts</li> <li>▪ Corvid 19 delay – factored into contract and financial appraisal</li> </ul>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Projects need to address accessibility issues to ensure access to all wherever reasonable and practicable.
Safeguarding	N	There are no safeguarding implications.
Community Safety, Crime and Disorder	N	There are no community safety, or Crime and Disorder implications as a result of these recommendations.
Health, Safety and Wellbeing	Y	Increasing the provision of affordable housing is closely linked with improved health and wellbeing.
Other implications	N	



Report to: **Executive**

Date: **28 January 2021**

Title: **Devon Districts Procurement Strategy**

Portfolio Area: **Cllr Judy Pearce  
Leader**

Wards Affected: **All**

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

Date next steps can be taken:

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

Contact: [Rosanna.wilson@teignbridge.gov.uk](mailto:Rosanna.wilson@teignbridge.gov.uk) – 01626 215120

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## **Recommendations:**

### **That Executive**

1. Note the progress made in delivery of the previous Devon Districts Procurement Strategy 2014-2018
2. Consider inclusion of South Hams specific objectives for inclusion within the delivery plan as set out in Section 5.3
3. Recommend to Council to adopt the Devon Districts Procurement Strategy 2019-2022 (including the objectives set out in recommendation 2)

### **1. Executive summary**

1.1 South Hams District Council has been a member of the Devon District Procurement Group for a number of years.

1.2 The group are responsible for developing a joint procurement strategy for the councils' which has the benefit of ensuring that we are consistent in our approach and benefit from sharing of knowledge, expertise and resource to deliver the strategy action plan.

1.3 The previous Devon Districts Procurement Strategy expired in 2019. The refreshed Strategy has been delayed in coming forward to Executive due to

the Covid-19 pandemic and the need to prioritise the order of business considered by Members.

1.4 The four key themes contained within the Devon Districts Procurement Strategy ('DDPS') are:

- Contract Management
- Social Values
- Engagement with SMEs and Local Businesses
- Behaving Commercially

1.5 The DDPS includes an action plan which includes the outcomes to be achieved in the period 2019 – 2022. The views of Executive on any additional actions are invited through this report.

1.6 Each council is responsible for implementing and monitoring their own outcomes. Progress against the action plan will be reviewed quarterly by the DDPA. It is the intention that as new actions and outcomes are identified, they will be added to the action plan as part of the annual review.

## **2. Background**

2.1 South Hams District Council, West Devon Borough Council and Teignbridge District Council have a shared Corporate Procurement Officer to ensure compliant procurement processes and procedures. The Corporate Procurement Officer is employed by Teignbridge District Council.

2.2 A key part of the role of the Corporate Procurement Officer is to participate and contribute to the Devon District Procurement Authorities (DDPA) which consist of Exeter City Council, Mid-Devon District Council, North Devon District Council, South Hams District Council, Teignbridge District Council, Torridge District Council and West Devon Borough Council.

2.3 This group of Districts work collaboratively to ensure consistency in procurement approaches, explore opportunities for joint procurements and share knowledge and experience for the benefit of all the participating Councils. To direct their work, they develop a Devon Districts Procurement Strategy.

2.4 The previous Strategy covered the period 2014-2018. The final review of the action plan for that Strategy is included at Appendix A to this report. Key outcomes which were the result of the strategy are as follows:

- Implementation of a contract management toolkit
- Contract clauses clearly state payment terms and will ensure timely payment of monies owing.
- Responsible Procurement Strategy with supporting policies in place

2.5 In 2018 the Local Government Association (LGA) published the second version of the National Procurement Strategy (NPS) which built on councils' achievements under the previous Strategy.

2.6 The National Procurement Strategy has provided the basis for the Devon Districts Procurement Strategy 2019-2022 which is attached at Appendix B.

2.7 It is important to note that this Strategy does not replace the Sustainable Procurement Policy adopted by Council at its meeting on 19 December 2019. The Devon Districts Procurement Strategy sits alongside the Sustainable Procurement Policy, focusing on the actions and outcomes that we can jointly deliver.

2.8 By taking a collaborative approach and having a joint strategy, we can improve the quality of the goods, services and works which we purchase whilst still seeking to achieve value for money.

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

3.1 The Strategy Action Plan included within Appendix B sets out a number of outcomes that we aim to achieve under each of the following themes:

- Contract Management
- Social Values
- Engagement with SMEs and Local Businesses
- Behaving Commercially

3.2 The outcomes support a number of the Councils current priorities including:-

#### **Recovery Action Plan Item 5.15 – Identifying options for jointly procuring of supplies and services with other Devon Local Authorities**

3.3 In adopting the Devon Districts Procurement Strategy, we have the opportunity to participate in joint procurements with other Districts rather than undertaking our own.

3.4 This has the benefit of reducing the administrative and procurement activities required as we undertake it once for all Councils rather than each Council undertaking their own.

3.5 Another significant benefit is that in jointly procuring supplies and services, we can ensure better value for money than going to the market alone. Recent examples of joint procurements include Insurance, Adaptations, Stationery and the Parking Enforcement System

#### **Devon Carbon Plan Action R23 “Anchor institutions” to embed social and environmental value further into tendering processes to effect meaningful change and sustainable procurement**

3.6 Procuring goods and services makes up around 27% (18/19, excl leisure services) of South Hams District Council’s emissions and falls within Scope 3. However, these emissions are aligned with how much is spent rather than where that spend comes from.

3.7 Although a move to procuring more goods and services within the District and County will not change the way procurement is calculated from a greenhouse gas reporting perspective, the benefits of doing so are wholly aligned with the Climate Emergency as social resiliency is often linked to environmental resiliency.

3.8 As an anchor institution we have a great deal of purchasing power and the willingness to do this locally will improve the social resiliency of our communities and is a critical thread that runs through Section 7 of the Draft Interim Devon Carbon Plan (Economy and Resources).

3.9 The outcomes are outlined in more detail in the action plan section of the DDPS (Appendix B).

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

4.1 The Council has a number of options available to it:-

- 1) Adopt the Devon District Procurement Strategy and implement the action plan and continue to benefit from the shared opportunities for joint procurements and shared delivery of the action plan
- 2) Concentrate on developing our own Procurement Strategy but this would fail to deliver the current benefits of collaboration and would require an increase in costs as we would require additional capacity to develop and deliver the Strategy.

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

5.1 Given the benefits of collaborative working and ensuring consistency across Devon, It is recommended that the Devon Districts Procurement Strategy is implemented to meet the targeted themes in section 1.4.

5.2 Through development and delivery of our Climate Action Plan and new Corporate Strategy, the Council can consider any specific weightings and procurement requirements that it wishes to implement to support our new priorities. The adoption of this Procurement Strategy would not prevent this from happening in the future.

5.3 Some examples of measures that Executive may wish to implement are:

- Requirement for Officers to aim to seek a minimum of one quote from suppliers located within South Hams for spend of £10,000 and under when seeking quotes..
- Request that officers identify opportunities to increase local expenditure (within 50 miles of the South Hams border) on Council supplies, services and contracts from 23.8% to 30% (meaning an additional £1.2m per annum locally). This would both support local businesses and contribute to a reduction in our scope three emissions.

5.4 It is however important to note that the above target is subject to Heads of Service undertaking a detailed review of current spend to identify where local suppliers may be able to meet our requirements.

#### **6. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		All Procurement activity will be compliant with the Public Contract Regulations 2015 any other governing law (on a contract by contract basis).
Financial implications to include reference to value for money		There is a possibility of an increase in costs if The Council place too much emphasis on sustainability i.e. increased costs from using innovative environmentally friendly products. This should be explored on a case by case basis.
Risk		<p>Risk: Insufficient resource to deliver the outcomes set out within the strategy. Mitigation: The Corporate Procurement Officer will manage resources to ensure an optimum delivery of operational and strategic outcomes. These outcomes have been prioritised low, medium and high to reflect that not all participating Councils will be in a position to deliver all of them, due to differing levels of Procurement resource.</p> <p>Risk: Purchasing Departments continue to avoid compliance with procurement and contract management guidance provided in strategy roll out. Mitigation: Training will be provided to all relevant officers regarding contract management and compliance.</p>
Supporting Corporate Strategy		Council – Efficient and Effective Services Environment
Climate Change - Carbon / Biodiversity Impact		The previously adopted Sustainable Procurement Strategy encourages the consideration of a minimum weighting of 10% regarding environmental sustainability within tender evaluation criteria. This Devon Districts Procurement Strategy supports that approach.
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:**

Appendix A – Outcomes from previous strategy.

Appendix B – Devon Districts Procurement Strategy 2019-2022

#### **Background Papers:**

- Council Agenda Item 61/19 (19 December 2019) Sustainable Procurement Policy  
<https://mg.swdevon.gov.uk/ieListDocuments.aspx?CId=151&MId=1334&Ver=4>

#### **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/No</b>

**Theme A – Making Savings**

With growing pressure on Councils projected budgets, achieving value for money and making savings will play a key role in addressing the deficits which are faced in the medium term financial plans of each Council.

Ref	Council Outputs	Outcomes	One Year on	Final Review
<b>Use of Frameworks</b>				
1	Investigate suitability of existing contract and framework opportunities to meet Procurement needs before commencing own local tendering/		<b>One year on:</b> Achieved. This is in place where procurement activity across the Councils is referred to Corporate Procurement across all Districts.	
Page 203	Details of frameworks available through Professional Buying Organisations (PBO's) continue to be held on a central register on Huddle as a quick reference tools for procurement officers. Crown Commercial Services frameworks are accessed via <a href="http://ccs.cabinetoffice.gov.uk">http://ccs.cabinetoffice.gov.uk</a>	Both maximum value for money and efficient use of resources are achieved through utilising existing procurement options where they are appropriate and meet the required need.	<b>One year on:</b> A central register of framework agreements is held and maintained by the Devon and Cornwall Procurement Partnership on a shared workspace to which Corporate Procurement has access. Some Districts have also made this accessible to their internal stakeholders and have registered with framework providers to receive direct updates. <b>Further action</b>	This register is managed by Mid Devon DC and is available on a shared work space. All councils are committed to feeding into this work to ensure the integrity of the register.
<b>Collaboration/ Partnering</b>				

3	Councils will engage with and support the work of the Devon & Cornwall Procurement Partnership.	The partnership will continue to flourish and to provide benefits for all members as set out in their mission statement.	<b>One year on:</b> All Districts, with the exception of Exeter City Council, are active participants at DCPD meetings. Mid Devon District Council's Procurement Manager and South Hams, Teignbridge and West Devon's Corporate Procurement Officer are the Chair and Deputy Chair respectively. All Districts receive the minutes of meetings. All Districts, with the exception of Exeter City Council, actively participate during collaborative procurement exercise, group events	All councils continue to actively participate in the progression of the work of the DCPD. Exeter CC now have a full procurement team in place and are attending meetings.
Page 204 4	Opportunities for sharing resources and developing contractual arrangements with neighbouring partner organisations are considered both in the management of the Procurement function and in the procurement of goods and services where appropriate.	Savings and efficiencies will be delivered through shared resources, alignment of contracts and economies of purchasing power.	<b>One year on:</b> South Hams, West Devon and Teignbridge Councils continue to run a have shared procurement resource and actively participate in and run collaborative procurement exercises. Mid Devon District Council is providing procurement resource to Torridge District Council to improve procurement best practice across the organisation. A range of networking activities has taken place over the last year during which the majority of Districts have participated. The Districts' Corporate Procurement departments have access to a shared workspace, which is used to share best practice and network with colleagues. Examples of collaborative procurements run by or participated in by Districts include: Temporary Agency	Torridge now have their own resource in place and support is no longer provided by Mid Devon. East Devon procurement support is currently provided by Devon County Council. The councils continue to explore opportunities for sharing resources and procuring collaboratively. Most recent examples of collaborative procurement are: Insurance, Adaptations, Stationary, Parking Enforcement System

Contract Management				
5	Implement a consistent approach to contract management which will allow contracts across the partner organisations to be monitored.	Reporting available on contract outputs and key performance indicators.	<b>One year on:</b> Outstanding. <b>Further action required:</b> Teignbridge District Council is working on developing a contract management toolkit, which will be shared with the Districts once	Teignbridge DC completed the work on the contract management toolkit and it was rolled out to the other councils.
6	Use Contract Monitor module on ProContract to support this process electronically.	Effective use of eProcurement tools.	<b>One year on:</b> Outstanding. <b>Further action required:</b> Continue to review the standard functionality offered by the current electronic tendering system.	No system implemented to date. However, another member of the DCPD is currently researching contract management systems and their research will be shared with the DCPD group. Group will review accordingly.
Page 205	Frameworks and collaborative contracts are monitored by the lead authority on behalf of or in conjunction with the participating authorities. Participating organisations will support this process through collection of data or provision of information to the lead authority upon request.	Streamline tender and contract management process for suppliers on how to do business with the Council.	<b>One year on:</b> Achieved. Examples of this include Temporary Agency Staff, Stair lift and Associated Equipment and Abandoned Vehicles, which are lead and managed by Teignbridge District Council, Water Sampling, which is led and managed by Mid Devon District Council and Grounds Maintenance, which is a collaboration between North	
8	Use contract clauses to improve payment terms for suppliers and improve working conditions throughout	Effective use of contract clauses.	<b>One year on:</b> Achieved. <b>Further action required:</b> None.	
Supplier Relationship Management				
9	Contracts clearly state payment terms and will ensure timely payment of monies owing.	Ensure that smaller contractors are not dis-advantaged due to cash flow issues.	<b>One year on:</b> Achieved. <b>Further action required:</b> None.	

10	Tender criteria will consider supply chain management where it is applicable to the contract.	Contractors will act fairly within the supply chain.	<b>One year on:</b> Achieved. <b>Further action required:</b> None.	
11	Risk is integrated into the procurement process and monitored regularly. Risk management is not risk averse.	Risk management approach allows suppliers and procurers to take advantage of opportunities.	<b>One year on:</b> where this in place it is managed through the Whistleblowing policy, regular audits and the District's corporate risk management procedure. <b>Further action required:</b> Those Districts where this is in progress or that have not yet started can consider the equivalent actions or how this can be	South Hams and West Devon Councils are working on a supplier criticality matrix which they will share with the group to support the management of risk
CP Page 206	Procurement risks are recorded and reported in line with this strategy and actions to mitigate risks are identified.	Clear audit trail demonstrated to back up the decision making process. Fraudulent procurement practices are mitigated against.	<b>One year on:</b> Work is in place to develop risk and key performance indicators in each of the Districts' corporate risk management systems or through using project management	

# Devon Districts Procurement Strategy 2019-2022



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## Introduction

This is the third iteration of the Devon District Procurement Strategy. The strategy sets out our vision and our priorities for the next three years to 2022 incorporating the latest government procurement legislation and initiatives. We aim to provide quality services that are responsive to the needs of our communities and deliver optimum value for money.

The strategy sets out how we aim to achieve this over the longer term and includes an action plan for the forthcoming year which will be regularly reviewed and a new action plan produced each year.

By taking a collaborative approach we can improve the quality of the goods, services and works which we purchase whilst still seeking to achieve value for money and make the savings necessary to support the austerity measures.

The Devon Districts who will be adopting this strategy are:

- Exeter City Council
- Mid Devon District Council
- North Devon District Council
- South Hams District Council
- Teignbridge District Council
- Torridge District Council
- West Devon Borough Council.

It is the intention of the majority of Districts that this will be the sole procurement strategy for their council.

**Please note: any text marked in red is Teignbridge/South Hams/West Devon specific.**

## **What is Procurement?**

Procurement is concerned with securing goods, works and services. The process spans the whole cycle, from identification of needs through to the end of a service or the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community in order to help achieve our key priorities. It supports the commissioning of services and supports work on developing markets where appropriate.

## **Benefits of Procurement**

The status and importance of procurement in the public sector continues to grow and there is increasing pressure to improve procurement performance for a number of reasons.

Most importantly:

- procurement has a critical role to play in delivering strategic objectives and improving the quality of services delivered to the public
- savings realised through improved procurement can be channelled into priority services or reducing each partners net capital and/or revenue expenditure
- local authorities are open to legal challenge under public procurement regulations (based on EU directives) and are accountable for achieving value for money.

- Local government is under increasing pressure to deliver services in the face of reduced funding from central government. Effective procurement is one of the key ways to achieve “more with less”

## Background

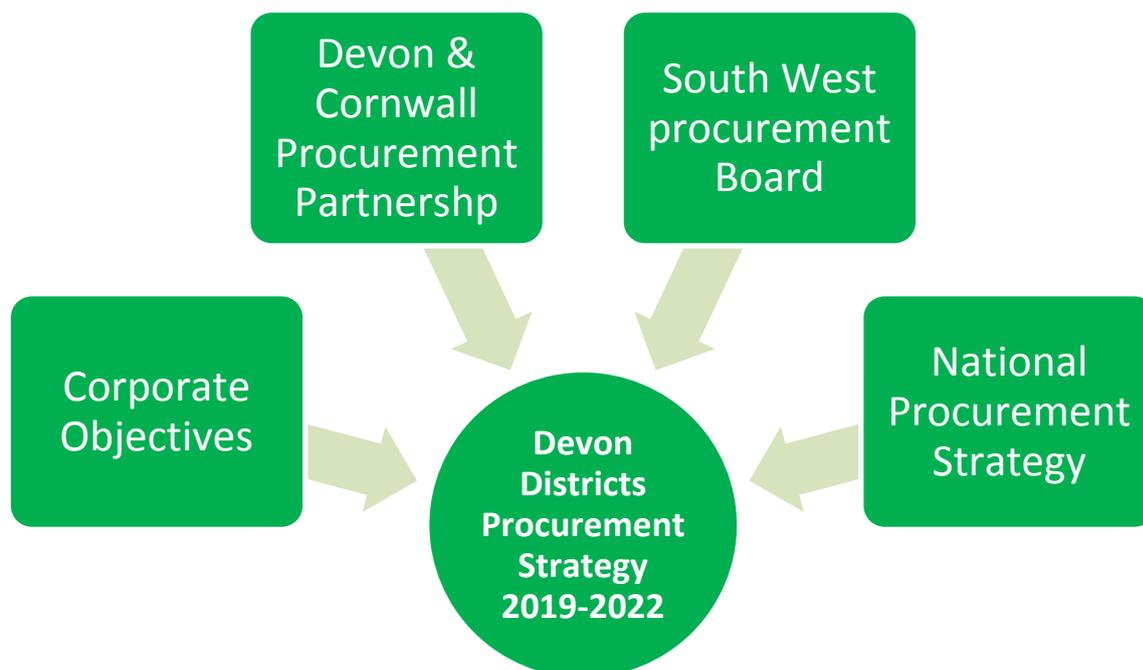
The Local Government Association (LGA) published the National Procurement Strategy (NPS) in 2018. The NPS builds on councils’ achievements under the National Procurement Strategy for Local Government in England 2014 – the first strategy developed by and for English councils.

In 2018 councils assessed their own progress under that strategy. This District strategy seeks to align with those themes which have been set out within the NPS 2018 and which have been identified as a priority by the Districts.

In addition, the economic environment, both nationally and locally, continues to require us to focus on obtaining value for money and ‘doing more for less’. Therefore, it is the intention that this strategy supports the achievement of the Corporate Objectives of each District authority.

Although this strategy is specific to the District authorities, they will continue to work collaboratively with other members of the Devon & Cornwall Procurement Partnership to maximise the benefits of all partners spend with external suppliers.

The Districts will also continue to support the work of the South West Procurement Board which provides a representative group of Partner Organisations (local authorities and public bodies) to support delivery and provide a forum for supporting collaboration at a regional and sub-regional level.



## Spend Analysis

In the financial year 2018-19 the District authorities (named above) spend over £131 million a year buying goods, works and services.

Analysis of each District's spend reflects the percentage which is spent locally within that District's geographic boundary.

Authority	Total Spend per annum	Local Spend per annum	Percentage of local spend
Exeter City Council	£45m	£12m	26%
Mid Devon District Council	£21.6m	£2.9m	14%
North Devon Council	£11.1m	£4.1m	37%
South Hams District Council	£14.4m	£3.8m	26%
Teignbridge District Council	£21.4m	£2.4m	11%
Torridge District Council	£10.77m	£4.25m	39%
West Devon Borough Council	£7.2m	£240k	2%

### 19/20 update

Authority	Total Spend per annum	Local Devon spend per annum	Percentage of Devon spend	Local TDC spend per annum	Percentage of TDC spend
Teignbridge District Council	£22m	£10.9m	49.82%	£3.1m	14.42%

## Outcomes

From the 2018 assessment the District authorities have identified three key areas for improvement and in addition to these themes the District Authorities have identified a number of authority specific objectives. As a result the following topics will be the focus of this strategy:

### **Contract Management**

This will cover the following key areas identified in the NPS 2018:

- **Engaging Strategic Suppliers** - refers to the process of identifying strategic suppliers and engaging with them to improve performance, reduce cost, mitigate risk and harness innovation.
- **Managing contracts and relationships** - refers to the effective management and control of all contracts from their planned inception until their completion by the appointed contractor(s)

### **Sustainable Procurement**

This will cover the following key area identified in the NPS 2018:

- **Obtaining social value** - refers to wider financial and non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment.

### **Engagement with SMEs/VCSE**

This will cover the following key areas identified in the NPS 2018:

- **Engaging local small medium enterprises (SMEs) and micro-businesses** - SMEs play a major role in creating jobs and generating income for those on low incomes; they help foster economic growth, social stability, are a source of innovation and contribute to the development of a dynamic private sector.
- **Enabling voluntary, community and social enterprise (VCSE) engagement** - VCSE organisations can play a critical and integral role in health and social care, including as providers of services; advocates; and representing the voice of service users, patients and carers.

Central government has a target of 33% of all contracts to be delivered or sub-contracted to SMEs by 2020.

## DDPS 2019-2022 Action Plan

The action plan is divided into four priorities and will be updated annually to reflect progress and emerging priorities and new objectives:

- **high** –these tasks, some of which require immediate action, should all be achieved within six to nine months of the launch of the strategy.
- **medium** – to be achieved within two years
- **low** –to be completed within the four year period of the plan, and
- **annual / ongoing** – reviewed annually or ongoing continuous process

Progress by the Districts against the Action Plan will be reviewed quarterly by the Devon District Procurement Group (DDPG).

<b>Contract Management</b>		
<p>Contract management is concerned with the continuous review and management of the contractual terms and / or service level agreement secured through the procurement process to ensure the outcomes agreed are actually delivered by suppliers or partners.</p> <p>Managing the contracts and relationships is imperative to ensure that:</p> <ul style="list-style-type: none"> <li>• the strategic priorities agreed at the outset are delivered in a cost effective and timely manner</li> <li>• non-compliance or variation is identified early for escalation and resolution</li> <li>• risks and costs are managed</li> <li>• reviews are undertaken and lessons learnt inform the commissioning and procurement process to ensure continuous improvement</li> </ul>		
<b>Outcome</b>	<b>Actions</b>	<b>Priority</b>
CM guidance & toolkit	Guidance and toolkit in place, however South West Procurement Board (SWPB) working on regional guidance and toolkit	Med
	Senior leadership adoption of CM guidance and toolkit	Med
	Roll out of CM guidance and toolkit across the organisation	Med
Contract management training for all key staff responsible for CM	Consider requirement of each organisation and where applicable provide/arrange contract management training for key stakeholders	Med
Performance indicators and measures included in all tenders.	Provide guidance and examples in procurement guidance and/or specification template	Low

Establish methodology for reporting on strategic/ key contracts where appropriate and include in toolkit	Incorporated in toolkit	Low
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## Sustainable Procurement

In line with our commitment to delivering The Public Services (Social Value) Act 2012 and our own sustainable procurement policies we will make consideration of social value and sustainability in all tender processes, which will be defined by the corporate priorities of each District authority. The DDPA will use this definition to promote the positive social, economic and environmental benefits from the goods, works and services we purchase whilst also minimising any adverse impacts.

Outcome	Actions	Priority
Adopt National TOMs (Themes, Outcomes and Measures) Framework 2019 for social value measurement	Include guidance and examples in standard procurement guidance and/or tender templates	Med
Adopt Sustainability Assessment matrix	Include guidance and examples in standard procurement guidance and/or tender templates	High
All tenders to consider weighting on social value	Consider social value criteria in all tenders.	Med
All tenders to consider weighting on sustainability	Consider sustainability criteria in all tenders.	Med

## Engaging with SMEs and Local Businesses

The District authorities will maximise opportunities for local Small, Medium Enterprises (SME's), voluntary and community sector organisations and social enterprises to become our suppliers.

Outcome	Actions	Priority
Improve engagement with SMEs and local business	Widen the advertising of contract opportunities through such means as the Councils communication networks and social media	Low
	Increase/ maintain percentage of local suppliers delivering our contracts	Annual
	Continue to support and attend annual Meet the Buyer event	Annual
	Officers to consider local suppliers first for spend £10,000 and under when conducting RFQs or seeking informal quotations.	High
	Meet target of 50% Devon-wide spend	Annual
	Meet target of 15% South Hams spend	Annual

## Behaving Commercially

Procurement will support the realisation of income generation through the creation of commercial activities, exploitation of co-operative and collaborative working and encourage innovation through its tendering practices.

Outcome	Actions	Priority
Commercial Endorsement for all new tender activity	Include criteria in business case for commercial elements/activity to be considered	Medium
Pre procurement engagement guidance	Provide guidance and examples of soft market testing / pre-procurement engagement to inform procurement activity and supply chain engagement	Low
Innovation in provision of goods, works and services	Encourage innovation in all tender activity and provide guidance to stakeholders.	Low

Approved in 2019 by:



**Contacts**

For more information about this strategy or procurement in general, please contact:

District authority	Contact name	Tel	Email
Exeter City Council	Chanelle Busby	01392 265262	<a href="mailto:chanelle.busby@exeter.gov.uk">chanelle.busby@exeter.gov.uk</a>
Mid Devon District Council	Christopher Davey	01884 234228	<a href="mailto:procurementoffice@middevon.gov.uk">procurementoffice@middevon.gov.uk</a>
North Devon Council	Lucy Wheeler	01271 388273	<a href="mailto:lucinda.wheeler@northdevon.gov.uk">lucinda.wheeler@northdevon.gov.uk</a>
South Hams & Teignbridge District Councils & West Devon Borough Council	Rosanna Wilson	01626 215120	<a href="mailto:rosanna.wilson@teignbridge.gov.uk">rosanna.wilson@teignbridge.gov.uk</a>
Torridge District Council	Luan Stapley	01237 428741	<a href="mailto:luan.stapley@torridge.gov.uk">luan.stapley@torridge.gov.uk</a>