

South Hams Executive



Title:	Agenda				
Date:	Thursday, 16th September, 2021				
Time:	10.00 am				
Venue:	Repton Room - Follaton House				
Full Members:	<p style="text-align: center;">Chairman Cllr Pearce</p> <p style="text-align: center;">Vice Chairman Cllr Bastone</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; text-align: center;">Cllr Baldry</td> <td style="width: 33%; text-align: center;">Cllr Holway</td> </tr> <tr> <td style="text-align: center;">Cllr Hawkins</td> <td style="text-align: center;">Cllr Hopwood</td> </tr> </table>	Cllr Baldry	Cllr Holway	Cllr Hawkins	Cllr Hopwood
Cllr Baldry	Cllr Holway				
Cllr Hawkins	Cllr Hopwood				
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.				
Committee administrator:	Democratic.Services@swdevon.gov.uk				

- 1. Minutes**
to approve as a correct record the minutes of the meeting of the Executive held on 9 September 2021 (to follow);
- 2. Urgent Business**
brought forward at the discretion of the Chairman;
- 3. Division of Agenda**
to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;
- 4. Declarations of Interest**
Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;
- 5. Public Question Time** **1 - 2**
a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;
- 6. Executive Forward Plan** **3 - 8**
- 7. Better Lives for All**
Report to follow;
- 8. Delivery of Electric Charging Points in Council Car Parks** **9 - 16**
- 9. Expenditure of Section 106 Contributions** **17 - 38**
- 10. Medium Term Financial Strategy for the Three Years 2022/23 to 2024/25** **39 - 66**
- 11. Month 4 Revenue Budget Monitoring 2021/2022** **67 - 82**
- 12. Capital Programme Monitoring** **83 - 98**
- 13. Planning Improvement Plan** **99 - 114**
- 14. Follaton House - Use of Accommodation**
Report to follow;

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15. Waste and Recycling Update

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16. Reports of Bodies

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Audit Committee Meeting Minutes – 1 July 2021.

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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) 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)

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Executive Leader's Forward Plan

About the Forward Plan

This is the Leader of Council's provisional forward plan for the four months starting September 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 Committee 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 on the Council's website (www.southhams.gov.uk)

About the Executive

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

- Leader of the Council – Cllr Judy Pearce
- Deputy Leader – Cllr Hilary Bastone
- Lead Executive Member for Environment – Cllr Keith Baldry
- Lead Executive Member for Health and Wellbeing – Cllr Jonathan Hawkins
- Lead Executive Member for Climate Change and Biodiversity – Cllr Tom Holway
- 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

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



Forward Plan from September 2021

Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
All	Title: Better Lives for All Purpose: To consider a report that presents the consultation responses on the draft Corporate Strategy ('Better Lives for All') prior to onward consultation by Full Council.	Cllr Pearce / Senior Leadership Team	Report of the Senior Leadership Team	16 September 2021	
Environment	Title: ORCS Funding - Electric Charging Points Purpose: To consider a report that seeks permission to enter into a long term lease to provide additional Electric Car Charging Points in Council Car Parks.	Cllr Baldry / Emma Widdicombe	Report of the Senior Specialist Car Parking and Waste Conveniences	16 September 2021	
Council	Title: Section 106 Agreement Expenditure Purpose: To consider a report that outlines the latest position in respect of Section 106 Agreement Expenditure.	Cllr Bastone / Lisa Buckle	Report of the Section 151 Officer	16 September 2021	
Council	Title: Follaton House – Use of Accommodation Purpose: To consider a report that presents information on the use of Accommodation at Follaton House	Cllr Pearce/SLT	Report of SLT	16 September 2021	
Council	Title: Medium Term Financial Strategy for the three years 2022/23 to 2024/25 Purpose: To set the strategic intention for all of the different strands of funding available to the Council. This brings together all known factors affecting the Council's financial position and its financial sustainability, to provide a long term financial forecast.	Cllr Pearce / Lisa Buckle	Report of Section 151 Officer	16 September 2021	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
Council	Title: Revenue Budget Monitoring Report to Month 4 Purpose: To consider a report that presents the Revenue Budget Monitoring Report to Month 4.	Cllr Bastone / Lisa Buckle	Report of Section 151 Officer	16 September 2021	
Council	Title: Capital Programme Monitoring Report to Month 4 Purpose: To consider a report that presents the Capital Programme Monitoring Report to Month 4.	Cllr Bastone / Pauline Henstock	Report of Head of Finance	16 September 2021	
Environment	Title: Waste Contract Purpose: To consider an exempt report that provides an update on the administration of the contract with FCC.	Cllr Baldry / Steve Mullineaux	Report of the Deputy Chief Executive	16 September 2021	
Homes	Title: Planning Service Review Purpose: To consider a report that presents the findings of the Planning Service Review.	Cllr Pearce / Drew Powell	Report of the Director of Governance and Assurance	16 September 2021	
Homes	Title: Implementation of a New Tenancy Strategy Purpose: To consider a report that seeks to implement a new Tenancy Strategy that will supersede the current out of date version.	Cllr Pearce / Cassandra Harrison	Report of the Specialist – Affordable Housing	14 October 2021	
Health & Wellbeing	Title: Council Tax Reduction Scheme Purpose: To seek approval to undertake a public consultation exercise on a revised Council Tax Reduction Scheme.	Cllr Hawkins / Issy Blake	Head of Housing, Revenues and Benefits	14 October 2021	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
Environment	Title: Meeting Our Biodiversity Target Purpose: To consider a report that sets out the Council's recommendations in meeting its Biodiversity Target.	Cllr Holway / Chris Brook	Report of the Director of Place and Enterprise	14 October 2021	
Homes	Title: Community Housing Projects Update Purpose: To present a report which gives an update on the Community Housing Projects	Cllr Pearce / Chris Brook	Report of Director of Place and Enterprise	14 October 2021	
Health and Wellbeing	Title: Leisure Update Purpose: To consider a report that seeks to present a Leisure Update to the Executive.	Cllr Hawkins / Chris Brook	Report of Director of Place and Enterprise	14 October 2021	
Council	Title: Write Off Report for Quarters 1 and 2 Purpose: 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.	Cllr Bastone / Lisa Buckle	Report of Strategic Finance Lead	14 October 2021	
Council	Title: Draft Revenue Budget Proposals 2022/23 Purpose: To consider a report that presents for consultation a set of draft Revenue Budget proposals for 2022/23.	Cllr Pearce / Lisa Buckle	Report of Strategic Lead of Finance	2 December 2021	
Health & Wellbeing	Title: Council Tax Reduction Scheme Purpose: To consider a report that presents the results of the public consultation exercise on a	Cllr Hawkins / Issy Blake	Head of Housing, Revenues and Benefits	2 December 2021	



Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of consultation
	revised Scheme and recommends its adoption.				
Council	Title: Draft Capital Programme Proposals 2022/23 Purpose: To consider a report that presents for consultation a set of draft Capital Programme Budget proposals for 2022/23.	Cllr Pearce / Lisa Buckle	Report of Strategic Lead of Finance	2 December 2021	
Environment	Title: Climate Change and Biodiversity Strategy and Action Plan – Six Month Review Purpose: To consider a report that sets out the six-monthly progress review into the Council's adopted Climate Change and Biodiversity Strategy and Action Plan	Cllr Holway / Drew Powell	Report of Director of Governance and Assurance	2 December 2021	
Council	Title: Revenue Budget Monitoring Report to Month 7 Purpose: To consider a report that presents the Revenue Budget Monitoring Report to Month 7.	Cllr Bastone / Lisa Buckle	Report of Section 151 Officer	2 December 2021	
Council	Title: Capital Programme Monitoring Report to Month 7 Purpose: To consider a report that presents the Capital Programme Monitoring Report to Month 7.	Cllr Bastone / Pauline Henstock	Report of Head of Finance	2 December 2021	

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Report to: **Executive**

Date: **16th September 2021**

Title: **Delivery of Electric Charging Points in Council Car Parks**

Portfolio Area: **Car Parking Cllr Keith Baldry
Climate Change and Biodiversity Cllr Tom Holway**

Wards Affected: **Totnes and Kingsbridge**

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

Date next steps can be taken:

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

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

Recommendations:

That the Executive RECOMMEND to Council to:

- 1. enter a collaboration agreement with the Devon and Torbay Residential Chargepoint Scheme for the installation of Electric Vehicle Charging Points;**
- 2. approve the potential sites as listed in paragraph 1.3 as locations for the installation of Electric Vehicle Charging Points; and**
- 3. enter a lease with the appointed supplier for a 10 year period.**

1. Executive summary

- 1.1 The Council has joined the Devon and Torbay Residential Chargepoint Scheme project which is a partnership with other local authorities and being led by Devon County Council to install electric vehicle charging points (EVCP) in the Council owned car parks set out in paragraph 1.3 below.

- 1.2 Funding for the project has been received from the Office for Zero Emission Vehicles (OZEV) in respect of the Devon and Torbay Residential Chargepoint Scheme.
- 1.3 As a result of the Devon and Torbay Residential Chargepoint Scheme, electric charging points will be installed in the following car parks subject to the necessary surveys being carried out:
 - Steamer Quay car park, Totnes
 - North Street car park, Totnes
 - Duncombe Park Car Park, Kingsbridge
 - Lower Union Road Car Park, Kingsbridge
- 1.4 This reports seeks Members agreement to enter the required collaboration agreement. This documents our commitment to proceed with the Devon County Council led procurement of an approved supplier and thereafter, enter a 10 year lease of the required car parking spaces to the appointed supplier. Please note, this does not restrict our ability to charge parking fees for those spaces.

2. Background

- 2.1 The Councils Better Lives For All Corporate Strategy sets out our commitment to leading by example in reducing our carbon footprint.
- 2.2 Actions include converting our vehicle fleet to electric, carrying out feasibility studies for renewable energy on our land and buildings and taking steps to enable our communities to play their part in working towards net-zero. This includes an adoption of an electric vehicle charging strategy.
- 2.3 The Councils adopted Climate Change and Biodiversity Strategy and Action also sets out our commitment in exploring new opportunities for new EV charge points within Council owned car parks and this is in recognition that the Districts on road greenhouse gas emissions are 27% of the areas total greenhouse gas emissions.
- 2.4 Although, as a Council our ability to directly influence this is limited, helping to roll out EV charging infrastructure is something we can directly do to help reduce transport emissions by making it easier for people to charge their vehicles. This also has the added benefit of non EV owners seeing more charging availability locally, helping to influence behaviour change and future purchasing decisions.

2.5 The Council have taken significant steps across the district to enhance the network of EV charging points available to residents and visitors alike. We have already completed or are in the process of installing the following:

- **A38 Corridor Rapid Charging** – Two EV charging bays have been installed in our Glanvilles Mill car park in Ivybridge as part of Highways England project to provide EV charging points along the A38 corridor. These are available for use now for rapid vehicle charging.
- **Follaton House** – EV points have been installed at the Offices at Follaton House, Totnes for use by staff, members and tenants.
- **Deletti Project** – a collaborative project led by Devon County Council involving the Council and other local authorities such as East Devon, North Devon, South Somerset and Teignbridge Councils. The project secured Regional Development funding to deliver 22kW EV chargers with two outlets to serve two parking bays simultaneously for installation across a range of car parks.
 - Heaths Nursery car park, Totnes
 - Quay car park, Kingsbridge
 - Mayors Avenue car park, Dartmouth
 - Creek car park, Salcombe
 - Park & Ride car park, Dartmouth
 - Fore Street car park, Kingsbridge
 - Victoria Street car park, Totnes
 - Pavilions car park, Totnes
 - Poundwell Meadow car park, Modbury

2.6 The Devon and Torbay Residential Chargepoint Scheme aims to accelerate the uptake of Ultra Low Emission Vehicles (ULEV) in residential streets where off street parking is not available, thereby ensuring that on-street parking is not a barrier to realising the benefits of owning a plugin EV.

2.7 Funding has been received by Devon County Council from the Office for Zero Emission Vehicles (OZEV) through the On-Street Residential Chargepoint Scheme (ORCS). The grant is payable for an average amount not exceeding £13,000 in respect of each chargepoint and 75% of the grant is paid upon acceptance of the grant offer letter and then a further 25% upon completion of the project.

- 2.8 Devon County Council commissioned Cenex who are consultants who focus on low emission transport and associated energy infrastructure. They understand vehicle infrastructure needs and provide advice to allow informed, effective and efficient decisions.
- 2.9 The Cenex analysis identified areas that are more likely to be reliant on on-street parking, and also used other indicators to identify those areas where EV usage would increase in the near future. The Cenex list of sites was then sifted using the ORCS eligibility criteria, location of existing charge points, as well as consideration given to grid connection costs.
- 2.10 OZEV recognises the potential pressure that is faced by local authorities when allocating parking spaces for EV's on residential streets.
- 2.11 OZEV were therefore willing to consider applications for chargepoints situated in car parks owned by the local authority which met the objectives of the scheme as follows:
- The car park is suitably located in or near a residential area that lacks off-street parking and provides an option for local residents looking to charge their car both during the day and overnight.
 - EV bays in the car park must have a minimum maximum stay time of 4 hours during the day to ensure residents have access to a substantial charge.
 - Car Parks must be accessible on a 24/7 basis
- 2.12 Devon County Council are aware that there are sites that did not meet the ORCS eligibility criteria. They will continue to explore ways to deliver EV chargepoints at these sites in the future and are continuing to improve their understanding of future on street charging needs.
- 2.13 The procurement process will look to deliver:
- 22kW> dual charge points per allocated car park
 - High levels of interoperability (no membership fee and payments using contactless technology)
 - All design, build, operational and maintenance costs covered by the contractor for the period of the lease (this includes any grid charges or on-going electricity supply)
 - Potential for rental income from the contractor (although this will be subject to negotiation, and part of the tendering undertaken by DCC)

3. Outcomes/outputs

- 3.1 On completion of the collaboration agreement, Devon County Council will lead the procurement of an appointed supplier to whom car parking spaces will be leased as appropriate.

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

4. Options available and consideration of risk

- 4.1 It is recognised that being part of the Devon and Torbay Residential Chargepoint Scheme has enabled the Council to take further steps to install EVCPs with support from partners, and will ensure that there is consistency in the provision of EVCPs across Devon.
- 4.2 The project will facilitate the installation of electric charging points at no capital costs to the Council due to the grant funding obtained by the project group.
- 4.3 The project installations are due to be completed in 2022/23, although final installation dates have yet to be finalised.

5. Proposed Way Forward

- 5.1 Once the Devon and Torbay Residential Chargepoint Scheme has been completed, Officers are committed under the funding requirements to keeping usage under review and ensure local residents have access to the charging points and to raise awareness of chargepoints to local residents.
- 5.2 Officers will continue to identify and work with partners to explore ways to deliver EV chargepoints in the future. Parish and Town Councils also have the opportunity to apply for funding to install EV chargepoints on their own land should they wish to do so.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	y	<p>The Council's Off-Street Parking Places Order has already been amended to take into consideration the use of EVCPs in car parks.</p> <p>Leases will be granted for chargers installed as part of the Devon and Torbay Residential Chargepoint Scheme.</p> <p>Tenders will be invited in accordance to Devon County Council Contract Procedure Rules, which is compliant with our own procurements requirements.</p>
Financial implications to include reference to value for money	y	<p>A small rental income stream is anticipated but yet to be negotiated from the electric charge point providers in respect of the Devon and Torbay Residential Charging Scheme.</p>
Risk		<p>The option to do nothing will not deliver the electric charging points which goes against the council's climate change agenda.</p> <p>As technology advances there may not be sufficient charging points provided.</p> <p>Reputational risk should the charging points not be delivered within the project timescale.</p> <p>By not entering the collaboration agreement and the joint procurement exercise the Council may not achieve best value</p>
Supporting Corporate Strategy		<p>Council Environment Wellbeing</p>
Climate Change - Carbon /		

Biodiversity Impact		Clear positive impacts in respect of the reduction of air pollution, carbon reduction and climate change
Comprehensive Impact Assessment Implications		
Equality and Diversity		none
Safeguarding		none
Community Safety, Crime and Disorder		none
Health, Safety and Wellbeing		None
Other implications		none

Supporting Information

Appendices:

None

Background Papers:

None

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Report to: **Executive**
Date: **16 September 2021**
Title: **Expenditure of Section 106 Contributions**
Portfolio Area: **Councillor Hilary Bastone**

Wards Affected: **All**

Relevant Scrutiny Committee **Overview and Scrutiny**

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

Date next steps can be taken **Following Call-In**

Author: Lisa Buckle Role: **Director of Strategic Finance (s151 Officer)**
Cassandra Harrison **Specialist - Housing**
Alexis Huggins **Specialist – Open Space, Sport and Recreation**

Contact: **Email lisa.buckle@swdevon.gov.uk**

Recommendations:

That the Executive:

- 1. Notes the amount of Section 106 contributions held at 31 March 2021 as set out in Appendix A (totalling £5.879 million) and the future expenditure proposals.**
- 2. Notes the process for consulting and informing Town and Parish Councils regarding Section 106 contributions.**
- 3. Actively encourages all Members to continue to engage with their Town and Parish Councils to facilitate the expenditure of section 106 contributions, to enable the delivery of affordable housing, open space sport and recreation and community facilities in their areas.**

1. Executive summary

- 1.1. The purpose of this report is to provide details of Section 106 contributions received by the Council and how it is proposed to spend these contributions to enable the delivery of affordable housing, open space, sport and recreation and community facilities.
- 1.2. Appendix A sets out the Section 106 contributions that the Council is in receipt of (at the 31 March 2021), which totals £5.879 million. This is made up of £5.725 million of Section 106 contributions which have conditions attached, a further £0.038 million where there are no conditions attached and a further £0.117 million in Capital Grants Unapplied.
- 1.3. Appendix A also sets out the Parish in which the development generating the contribution is located, as well as the purpose of the Section 106 contribution, which has been split into the categories below:
 - Thriving Economy Delivery Plan (Langage Energy Centre, Employment and Sherford)
 - Strengthening Community Wellbeing Delivery Plan (Open Space, Sport and Recreation)
 - Homes and Built and Natural Environment Delivery Plan (Affordable Housing, Ecology, Tamar Special Area of Conservation, Air Quality, Ivybridge Mill Group and AONB Mitigation)
- 1.4. For each row, a traffic light coding system has been applied to indicate the progress with the expenditure, with the following definitions:
 - Green = either spent between 31 March 2021 and present, or with clear plans for spending e.g. a grant offer made to a Parish Council/relevant organisation
 - Orange = where part but not all of the contribution is committed for spend OR where discussions about potential projects have started to take place but details are not finalised, and no grant offer has yet been made to the Parish Council (PC)/relevant organisation.
 - Red = where projects are yet to be developed.
- 1.5. Columns have also been provided to indicate what is predicted to be spent in 2021/2022, what is predicted to be spent in 2022/2023, and which s106 contributions have no firm timescales for expenditure. A comments column has also been added to give further information on the project.
- 1.6. As set out in Appendix A, of the £5.879 million of S106 Deposits, £1.624m will fall within the Thriving Economy Delivery Plan, £2.577m within the Strengthening Community Wellbeing Delivery Plan and £1.678m within the Homes and Built and Natural Environment Delivery Plan within the Council's strategic vision, 'Better Lives for All'.

- 1.7 Based on the £5.879 million Section 106 contributions that the Council is in receipt of, the following expenditure is expected:

AMOUNT	£'000
Amount of s106 deposit predicted to be spent in 2021/2022	£1,286
Amount of s106 deposit predicted to be spent in 2022/2023	£2,805
Amount with no firm timescale for the s106 deposit to be spent	£1,788
TOTAL	£5,879

2. Background

- 2.1. The aim of Section 106 contributions is to mitigate the impact of development, and support and enable local communities to provide and improve provision of affordable housing, open space, sport and recreation and community facilities, in order to enhance the quality of life across the South Hams District.
- 2.2. All Section 106 contributions must meet the following three tests set out in the Community Infrastructure Levy Regulations 2010:
- Necessary to make the development acceptable in planning terms;
 - Directly related to the development; and
 - Fairly and reasonably related in scale and kind to the development.
- 2.3. The Council is the accountable body for the spending of the Section 106 contributions in Appendix A. The majority of these contributions relate to either open space, sport and recreation facilities or affordable housing. As the accountable body, the Council must allocate all contributions in accordance with the Section 106 legal agreement that has been entered into with the landowner or developer.
- 2.4. Legal agreements can include the County Council as a signatory to the agreement where developer contributions are required for education, highways and transportation, civic amenity and library facilities, as key examples.
- 2.5. Legal agreements will normally specify a time period within which any submitted contributions must be spent.
- 2.6. Details of historical expenditure of s106 contributions is set out in Appendix B. The total s106 monies spent by the Council in 2019/20 totalled £0.977 million, with the projects being delivered being listed in Appendix B, which included £487k on new employment units at Ermington Mill and £193K on play areas within the District.

Examples of projects funded or part funded using section 106 contributions in 2019/20



New employment units at Ermington Mill



New cricket nets at Dartington and Totnes Cricket Club

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Play area renewal at Courtenay Park, Salcombe



Play area renewal at Lower Brook Drive, Ivybridge

3. S106 Contributions for Langage Energy Centre

- 3.1. The Section 106 contributions for the Langage Energy Centre are set out in Appendix A, and are split into different elements e.g. Landscape Fund, Construction of Starter Units etc.
- 3.2. £1.195 million of the £1.451 million available S106 contributions is for the construction of the starter units. It is noted that a report was taken to the Executive on 31 October 2019 providing an update and recommending that Council approve the use of up to £200,000 to fund the costs of extending the lease of the starter units from 21 years to 125 years, funded from the business rate retention reserve (Executive minute E.54/19 and Council minute 45/19 refers).
- 3.3. Since then, work has been ongoing with the land owner, LEPL, to conclude the masterplanning of the northern part of the site. This in turn will lead to a planning submission.
- 3.4. Habitat surveys of the land north of Holland Road have been complete (this took a season to undertake) and it has been agreed that that should be the location of the units. More recently, any potential impacts of the Freezone are also having to be factored in to ensure complementarity for the wider site.
- 3.5. A detailed planning application can now be brought forward and the technical aspects of the build are being discussed by the Engineering team.
- 3.6. Once the planning is submitted and agreed a contract to design and build the units can commence, funded from the S106 money secured for that purpose. Construction is not anticipated to start until late 2022 or into 2023 at the earliest. This timetable will be impacted by both the planning phase and the procurement timeline.

4. Section 106 Contributions for Affordable Housing

- 4.1. The level of funding contribution is negotiated with developers during the planning application process. This is currently based on the JLP Supplementary Planning Document. For historical Section 106 agreements it was based on the South Hams Affordable Housing Supplementary Planning Document 2008.
- 4.2. A process flowchart (see Appendix C) for the spending of Section 106 contributions for affordable housing was approved at the Overview and Scrutiny Panel meeting on 6 July 2017, minute O&S.16/17 refers. Through this process Ward Members and the relevant Town or Parish Council are informed when section 106 contributions for affordable housing are received by the Council, and are invited to identify any projects on which the contribution could be spent. An application form for Section 106 contributions for affordable housing was also approved at the July 2017 meeting (see Appendix D).

- 4.3. The figures for affordable housing in Appendix A total £1.505 million. This is made up of £1.395 million of Section 106 contributions which have conditions attached, a further £0.023 million where there are no conditions attached and a further £0.087 million in Capital Grants Unapplied. It is predicted that £0.344 million will be spent in 2021/2022 and £0.901 million in 2022/2023. There is a further £0.260 million with no firm timescale for expenditure.
- 4.4. Some of the key projects either already delivered, or expected to be delivered between 2021 and 2023 include:
- 11 March 2021 Executive approved £167,200 from the contribution from Cornwood Road, Ivybridge to be spent on the Butterpark, affordable housing proposals with Ivybridge Town Council for adults with learning disabilities, subject to planning approval (minute E.76/20 refers). A planning application is expected to be submitted later in 2021
 - 19 March 2020 Executive approved £97,700.91 from the contribution from the former Old Chapel Inn, St Anns Chapel, Bigbury and £65,193.00 – from the contribution from the Hollywell Stores, Bigbury to spend on a community housing scheme at St Anns Chapel being developed by South Hams District Council (minute IE.6/19). These payments will be made once construction commences.

5. Section 106 Contributions for Open Space, Sport and Recreation (OSSR) and Community projects

- 5.1. The level of funding contribution is negotiated with developers during the planning application process. This is currently based on the JLP Developer Contributions Evidence Base. For historical Section 106 agreements it was based on the 2006 OSSR Supplementary Planning Document.
- 5.2. Where specific projects are named within Section 106 agreements, these are normally identified from a review of the 2017 Play and Greenspace Audits, the current Playing Pitch Strategy, and any Town/Parish OSSR Plan (which may be part of a Neighbourhood Plan). Where an obvious project cannot be identified, the relevant Town or Parish Council is normally contacted for further information.
- 5.3. Whilst acknowledging that the three tests detailed in paragraph 2.2 must be met, where possible some flexibility on projects is written into the section 106 agreement to help avoid the need for future deeds of variation to agreements.
- 5.4. A table listing the Section 106 contributions, including both those received and those which are signed and pending receipt once development progresses and payment triggers are reached, is available on the Council website. This has been recently updated and sent to all Town and Parish Councils, as well as Members. Details of how to apply for OSSR contributions are also provided on the website, as well as a template for producing an OSSR plan.

- 5.5. In the future, Ward Members and the relevant Town or Parish Council will be informed when section 106 contributions for open space, sport and recreation are received by the Council and invited to identify any projects on which contributions could be spent, mirroring the process for affordable housing set out in paragraph 4.2.
- 5.6. Reports taken to Executive on 10 September 2015, 13 December 2018 and 3 December 2020 have sought the approval for the release or allocation of section 106 contributions for a range of OSSR and Community projects. These reports set out various delegations in relation to the spending of OSSR contributions, with consultation with the Ward Member(s) and Portfolio Holder to be undertaken to agree the specific details of identified projects, or to agree the priorities for spend through OSSR Plans (minutes E.18/15, E.60/18 and E.42/20 refer).
- 5.7. Where possible, opportunities to maximise benefits and to lever in additional funding are sought. Where projects take place on third party land, the contribution is offered by way of a conditional grant which secures the Council's interests and the specific requirements of the Section 106 agreement.
- 5.8. The figures for OSSR in Appendix A total £2.577 million. This is made up of £2.562 million of Section 106 contributions which have no conditions attached and a further £0.015 million of Section 106 contributions which have conditions attached. It is predicted that 0.819 million will be spent in 2021/2022 and 0.705 million in 2022/2023. There is a further £1.053 million with no firm timescale for expenditure.
- 5.9. Some of the projects either already delivered between 31 March 2021 and present, or expected to be delivered before 2023 include:
- Improvements to the surfaced footpath through the Bridgetown Green Corridor in Totnes;
 - Resurfacing of Blackawton tennis court;
 - Improvements to facilities at Meadowbrook, Dartington including improvements to the Community Centre, tennis courts and outdoor swimming pool, and the provision of a new woodland adventure bike track;
 - Improvements to football and cricket facilities in Dartington;
 - Play area improvements/revamps in Bittaford, Brixton, Ermington, Marldon, Modbury, Totnes, Ugborough and Yealmpton;
 - New clubhouse for Ivybridge Town Football Club;
 - Improvements to Woodlands Park, Ivybridge (tree planting, seating, additional play equipment, interpretation etc.);
 - Refurbishment of the all-weather pitch at Ivybridge Community College;
 - Improved provision at Modbury Recreation Ground through improvements to drainage, lighting, refurbishment of Multi-Use Games Area and improved cricket practise facilities.
 - Improvements to Follaton Arboretum and Smithfields site, Totnes.
 - Provision of a new path between the Langdon View development site in Wembury and Wembury Recreation Ground.

Examples of projects funded or part funded using section 106 contributions between March 2021 and present, or expected to be delivered before 2023



Tree planting at Woodlands Park, Ivybridge
- April 2021



Renewal of Ermington play area - May
2021



Renewal of Torfield Play Area, Marldon -
July 2021



Image of affordable housing to be
provided at St Ann's Chapel

6. Other Section 106 Contributions

- 6.1. Other Section 106 contributions may be sought as set out in JLP policy DEV30 and the JLP Developer Contributions Evidence Base.
- 6.2. As set out in Appendix A, the Council is in receipt of the following S106 contributions:
 - Ecology (cirl buntings) - £58,401.25 with no firm timescale for expenditure. A project was due to be progressed by the National Trust at East Soar but due to the covid-19 pandemic they were unable to commit to the project. Officers are in discussion with the developer to seek an extension to the time period for expenditure;
 - Employment - £57,959.27 with no firm timescale for expenditure;
 - Tamar Special Area of Conservation - £20,292.18 with £18,426.04 spent between 31 March 2021 and present and the remainder to be spent in 2022/2023;
 - Air Quality - £5,724.64 with no firm timescale for expenditure;
 - Ivybridge Mill Group - £10,000 with no firm timescale for expenditure;
 - AONB Mitigation - £48,811.35 with no firm timescale for expenditure;
 - Sherford - £108,749.53 with £101,094.55 to be spent in 2021/2022 and £7,654.98 with no firm timescale for expenditure; and
 - Kingsbridge Tesco footpath – £30,000 with no firm timescale for expenditure.

7. Accounting arrangements for Section 106 Contributions

- 7.1. Section 106 contributions are shown under the Creditors section of the Council's Balance Sheet (Long Term Revenue Grants in Advance – Section 106 Deposits) as it is money that has been paid to the Council with conditions attached as to how that money is spent, in accordance with the Section 106 agreement.
- 7.2. A schedule of Section 106 contributions which are held by the Council is reported to Members on a quarterly basis as part of the report to Executive on the monitoring of Capital Programme.

8. Monitoring arrangements for Section 106 Contributions

- 8.1. Compliance with Section 106 agreements (both financial and non-financial elements) is actively monitored by the Council's Section 106 Monitoring Officer.

9. Proposed Way Forward

- 9.1. Officers will continue to progress the spending of Section 106 contributions in accordance with the legal agreements and reports to Members.

- 9.2. Members are requested to note the current and future processes for consulting and informing Town and Parish Councils as set out in paragraphs 4.2, 5.2, 5.4 and 5.5 of the report.
- 9.3. Members are actively encouraged to continue to engage with their town and parish councils to facilitate the expenditure of section 106 contributions to enable the delivery of affordable housing, open space sport and recreation, and community facilities in their areas.
- 9.4. It is noted that progressing the expenditure of Section 106 contributions will help in the delivery of the South Hams Corporate Strategy, Better Lives for All, particularly the Improving Homes and Strengthening Community Wellbeing themes.

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	See Section 2 of the Report
Financial	Y	<p>The Council has £5.879m in Section 106 Deposits at 31.3.2021. It is predicted that £1.286m will be spent in 21/22, £2.805m will be spent in 22/23 and £1.788m has no firm timescale for spend. Appendix A sets out the s106 Deposits in detail.</p> <p>Details of historical expenditure of s106 contributions is set out in Appendix B. The total s106 monies spent by the Council in 2019/20 totalled £0.977 million, with the projects being delivered being listed in Appendix B, which included £487k on new employment units at Ermington Mill and £193K on play areas within the District.</p> <p>The Council's Financial Procedure Rules require that where expenditure over £30,000 is proposed, that this needs to be agreed by Executive.</p>
Risk	Y	There is a risk of contributions not being spent in accordance with the s106 agreement. To address this, where any Section 106 contributions are passed to community groups to develop and deliver projects, offers of grants will be made with appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the Section 106 agreements are adhered to.

		<p>If ambiguity exists over the appropriateness of a project, agreement of the developer will be sought.</p> <p>Some Section 106 agreements have 'clawback' clauses allowing the developers to be re-paid the money if it is not spent within a certain timeframe. Thus there is a risk of communities losing out if money is not spent/committed within the specific timeframes. Careful monitoring prevents this from happening.</p> <p>There is a risk of contributions not being spent in accordance with community aspirations and that community benefits may not be secured for the long term. Any recipients of grant offers will need to hold necessary powers and have a suitable organisational structure in place. Where necessary Community Use Agreements will be implemented to secure long term community use.</p>
Supporting Corporate Strategy	Y	As set out in Appendix A, of the £5.879 million of S106 Deposits, £1.624m will fall within the Thriving Economy Delivery Plan, £2.577m within the Strengthening Community Wellbeing Delivery Plan and £1.678m within the Homes and Built and Natural Environment Delivery Plan within the Council's strategic vision, 'Better Lives for All'.
Climate Change – Carbon/Biodiversity Impact		Section 106 projects need to take into account climate change and biodiversity impact, minimising impacts as far as possible.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	N/A
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	Y	Enhancements to Open Space, Sport and Recreation facilities are closely linked with improved health and wellbeing.
Other implications	N	N/A

Supporting Information

Appendices:

Appendix A – Summary of Section 106 Contributions as at 31st March 2021, with predicted timescales for expenditure

Appendix B – Section 106 expenditure in previous financial years

Appendix C – Flowchart showing the process for spending Section 106 contributions for affordable housing

Appendix D – Application form for Section 106 contributions for affordable housing

Background Papers

None

SECTION 106 DEPOSITS as at 31.03.2021										
BALANCE SHEET CLASSIFICATION: LONG TERM LIABILITIES - REVENUE										
Classif. Code	SITE	Parish	Date Received	Restriction/Committed End Date	Conditions	Total s106 deposits as at 31.03.2021	Predicted to spend in 21/22	Predicted to spend in 22/23	No firm timescale for spend	Comments (PC = Parish Council)
THRIVING ECONOMY DELIVERY PLAN										
Langage Energy Centre (9/49/1020/98/1)										
1007	- Landscape Fund (PG01)	Sparkwell	10/03/2010	25 years, interest (rate not specified)	Reduce the landscape and visual impact of power station	£ 42,571.87	£ 4,418.72	£ 2,130.00	£ 36,023.15	Committed further £6,548.72 to Woodlands Park, Ivybridge. Remainder unallocated but opportunity to match with other grants for tree planting. ITC has also got planting proposals in Filham Park.
1008	- Local Liaison Group (PG02)	Sparkwell	25/01/15	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	£ -	£ -	£ 6,349.23	
1009	- Public Art (PG03)	Sparkwell	31/10/05	25 years, interest (rate not specified)	Public art in or in the vicinity of the Phase 1A Land	£ 113,814.03	£ -	£ -	£ 113,814.03	
1010	- Migrant Workers (PG04)	Sparkwell	31/10/07	No restriction/committed end date	Provide information and advice relating to migrant workers employed in relation to the development	£ 1,520.16	£ -	£ -	£ 1,520.16	
1012	- Ecology Park (PG06)	Sparkwell	2008/09	25 years, interest (rate not specified)	Laying out and planting of the Ecology Park	£ 34,144.21	£ -	£ -	£ 34,144.21	
1013	- Ecology Park Mtc (PG07)	Sparkwell	2008/09	25 years, interest (rate not specified)	Maintenance of the Ecology Park	£ 34,144.21	£ -	£ -	£ 34,144.21	
2020	- Construction of Starter Units (PG08)	Sparkwell	10/03/10		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	£ -	£ 1,195,047.08	£ -	
2118	Langage Consultants Fees (MP)	Sparkwell	2002/03		Master plan	£ 29,957.01	£ -	£ -	£ 29,957.01	
SUB TOTAL						£ 1,457,547.80	£ 4,418.72	£ 1,197,177.08	£ 255,952.00	
EMPLOYMENT										
2715	Harvey's Field, Loddiswell (32/0844/12/F)	Loddiswell	04/03/15	10 years, payable at 87.5% to owner and 12.5% payee of contribution, interest at 1% below Barclays base rate	Employment (towards Rural Growth Network administered by LEP). Officer report states towards delivery of economic outcomes for the wider area of the South Hams	£ 57,959.27	£ -	£ -	£ 57,959.27	No project yet developed.
SUB TOTAL						£ 57,959.27	£ -	£ -	£ 57,959.27	
Sherford										
2600	Sherford Review Panel Set up Contribution	Brixton				£ -				
2601	SRP Annual Contribution	Brixton				£ 14,827.45	£ 14,827.45			Committed to fund external design review services of independent experts to assess Design Codes.
2602	Fees - Parish Council	Brixton				£ -				
2603	Fees - Monitoring	Brixton				£ 66,267.10	£ 66,267.10			Committed to pay Urban Fringe Team for monitoring compliance with the s106 agreement
2604	Economy - Economy & Training	Brixton				£ 27,654.98	£ 20,000.00		£ 7,654.98	Committed to skills coordinator on site. Plymouth College provide the service. Remaining £7,654.98 is BCIS uplift
2893	Sherford Delivery Team	Brixton				£ -				
3161	Sherford Design Review Body	Brixton				£ -				
Subtotal ccS0501						£ 108,749.53	£ 101,094.55	£ -	£ 7,654.98	
STRENGTHENING COMMUNITY WELLBEING DELIVERY PLAN										
OPEN SPACE, SPORT AND RECREATION										
3233	Great Court Farm - 03/2163/14/O	Berry Pomeroy	04/10/2019 & 02/09/20	None	Bridge Town Corridor Contribution	£ 61,242.10	£ 43,000.00	£ -	£ 18,242.10	Project underway to spend majority in 2021
3233	Great Court Farm - 03/2163/14/O	Berry Pomeroy	04/10/2019 & 02/09/20	10 years	Sports and Recreation Contribution	£ 49,522.56	£ 7,592.11	£ 27,500.00	£ 14,430.45	Rugby and bowls projects in 21/22. Skate in 22/23 subject to other funding.
3149	Land East of Allern Lane, Tamerton Foliot (04/1129/15/F)	Bickleigh	13/02/20	5 years	Sports and Recreation - Roborough Recreation Ground and Aylesbury Crescent (PCC area)	£ 103,029.56			£ 103,029.56	Initial project planning to commence 2021 on completion of Playing Pitch Strategy update
2428	Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)	Bigbury	02/05/13	No restriction/committed end date	Open Space Sport and Recreation contribution towards open public space	£ 12,075.39	£ -	£ -	£ 12,075.39	PC looking to develop a play project
2974	Holywell Stores, Bigbury (05/2557/13/F)	Bigbury	11/06/18	25 years, no interest specified	Open Space, Sports and Recreation Contribution	£ 9,155.33	£ -	£ -	£ 9,155.33	PC looking to develop a play project
2255	Land at Blackawton (New Parks Farm), Blackawton (06/2313/09/F)	Blackawton	05/09/11	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	£ -	£ -	£ 2,596.00	No project developed. Pencilled against play area which PC own.
3287	Land at Town Farm - French Furze - 06/0992/14/F	Blackawton	02/02/2021 & 02/03/2021	5 years	Sports pitch and Community Fa	£ 64,697.18	£ 14,938.80	£ -	£ 49,758.38	Allocated c.£15k for tennis resurfacing. Remainder TBC
2652	Land Venn Farm Brixton (07/2022/12/F)	Brixton	13/05/14	5 years	Sport & Recreation/Employment	£ 23,000.25	£ 23,000.25	£ -	£ -	All committed via grant offer letters
2652	Land Venn Farm Brixton (07/2022/12/F)	Brixton	12/05/16	None	Open Space Sport and Recreation contribution - Open Space land commuted Sum	£ 12,000.00	£ -	£ -	£ 12,000.00	Investigation required.
2861	Barn Conversions at Butlas Farm (07/1601/08/F)	Brixton	14/12/16	25 years	Open space, sport and recreation contribution within or directly related to the parish of Brixton.	£ 16,254.51	£ -	£ -	£ 16,254.51	No project developed but PC have OSSR Plan.
3082	Venn Farm, Brixton (07/1196/15/F)	Brixton	08/05/18	Not specified	Brixton Play Provision Contribu	£ 46,450.90	£ 13,535.00	£ -	£ 32,915.90	Spending c.£13k 2021. Longer term PC plans for trim trail - to be developed.
3082	Venn Farm, Brixton (07/1196/15/F)	Brixton	08/05/18	5 years	Open Space Contribution	£ 13,182.59	£ -	£ -	£ 13,182.59	Investigation required.
3271	Land at the Royal British Legion Club, Brixton - 1884/18/FUL & 2771/16/FUL	Brixton	21/01/2021 & 27/01/2021 & 30/11/20	5 Years	Horsham Playing Fields	£ 12,670.70	£ -	£ -	£ 12,670.70	No current plans although PC have OSSR Plan and Plymstock Albion Oak at Horsham Playing Fields likely to have projects (to date we've supported pitch drainage and purchase of grounds maintenance equipment)
3271	Land at the Royal British Legion Club, Brixton - 1884/18/FUL & 2771/16/FUL	Brixton	21/01/2021 & 27/01/2021 & 30/11/20	5 Years	Play facilities on the Brixton Play Trail	£ 8,092.21	£ -	£ -	£ 8,092.21	No current plans although PC have OSSR Plan.
2850	Sorley Tunnel (11/2425/07/F)	Churchstow	28/07/16	No restriction/committed end date	Open Space Sport Recreation contribution	£ 12,195.27	£ -	£ -	£ 12,195.27	PC have long term project at Reeves Way
2862	Lutton Farm Barns, Ivybridge (12/0953/07/F)	Cornwood	23/11/16	No restriction/committed end date	Public Open Space contribution	£ 8,965.15	£ 8,965.15	£ -	£ -	Committed to PC for Lutton play area.
2718	Sawmills Field, Dartington 14/1744/13/F	Dartington	11/12/2014 & 07/2017	7 years, interest at 1% below Barclays base rate or 0% (whichever is higher)	Sports	£ 77,248.75	£ 47,206.00	£ 30,042.75	£ -	21/22 funds committed via grant offer letters. In principle c.£30k to outdoor swimming pool subject to further detail and match funding.
3081	Webbers Yard Dartington (14/1745/13/O)	Dartington	02/05/2018 & 19/09/18	7 years	1st & 2nd instalment of Sports Provisions	£ 55,959.71	£ -	£ 44,957.25	£ 11,002.46	In principle c.£45k to outdoor swimming pool subject to further detail and match funding.

3160	Brimhay Bungalows, Dartington - 14/0142/15/F	Dartington	19/03/19	None	OSSR - £44752.50 towards either Gidley Meadows, Dorothy Elmhist Recreation Field or provide a games area at Meadowbrook	£	42,514.87	£	-	£	15,000.00	£	27,514.87	c.£15k to Gidley Meadow play area in 22/23 to match with SHDC capital. Remainder unallocated.
2863	Land at SX 8638 5117, Ivatt Road, Dartmouth (15/0587/13/F)	Dartmouth	08/11/16	No restriction/committed end date	Open Space, Recreation and/or sports facilities within Dartmouth	£	16,995.10	£	-	£	-	£	16,995.10	Pencilled against future works at Ivatt Road play area
2698	Boat House, Dartmouth Quay, Southtown, Dartmouth (15/2046/13/F)	Dartmouth	17/08/14	5 years, no interest specified	Tree planting and management in Dartmouth	£	741.79	£	741.79	£	-	£	-	Committed to SHDC tree planting
2835	Gara Rock Hotel, East Portlemouth (20/2104/13/F)	East Portlemouth	17/05/16	No restriction/committed end date	Open Space Sport Recreation contribution	£	10,545.16	£	-	£	-	£	10,545.16	Committed to AONB Life on the Edge project subject to successful grant application
2384	Land West of Ermington (21/1425/12/F)	Ermington	12/02/2013 27/10/2017	5 years, interest at NatWest base rate	£38900 - OSSR	£	38,900.00	£	38,900.00	£	-	£	-	Now spent - play area revamp completed May 2021
3422	Cleeve Farm Barns, Ivybridge (1675/16/Ful)	Ermington	07/04/21	25 years	OSSR - Provision of sport and Recreation at Ermington Road play area	£	8,479.48	£	-	£	-	£	8,479.48	No plans to improve this play area. Need to investigate deed of variation.
2860	Plot 2 Godwell Lane, Ivybridge (27/1758/11/F)	Ivybridge	07/10/16	No restriction/committed end date	Open Space Sport Recreation contribution	£	195.00	£	195.00	£	-	£	-	To be spent on next OSSR project in Ivybridge
2994	Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)	Ivybridge (& Ugborough)	19/07/2017, 21/09/18 & 28/06/19 & 17/01/20	No restriction/committed end date	Filham Park Contribution instalments 1,2 & 3 + BCIS	£	475,803.19	£	37,094.00	£	129,057.45	£	309,651.74	Developer agreed variation to give more flexibility for remainder of funds. Some commitments already made and working with clubs and TC to identify further projects. Expecting applications from TC to help deliver Filham Park masterplan.
3000	Land at Woodland Road, Ivybridge (27/1859/15/F)	Ivybridge	31/10/17 & 04/12/18	10 Years no interest specified	Sports and Recreation	£	153,398.41	£	-	£	153,398.41	£	-	Currently seeking amendment to s106 agreement with a view to allocating to Ivybridge Town FC for clubhouse project in 22/23
3000	Land at Woodland Road, Ivybridge (27/1859/15/F)	Ivybridge	04/12/18	10 Years no interest specified	1st & 2nd Instalment Open Space and Play	£	38,778.16	£	38,778.16	£	-	£	-	Project being delivered 2021/2022 - Woodland Park improvements
3224	Cornwood Road, Ivybridge - 2208/16/FUL	Ivybridge	03/10/19	5 years	Sports and Recreation	£	46,539.85	£	-	£	23,269.93	£	23,269.93	50% of remainder for Ivybridge Town Football Club, 50% for Rugby Club lighting. FC project likely to be delivered 2022/23.
3282	Land at Cornwood Road Ivybridge (Phase 2) -3954/17/Ful	Ivybridge	15/05/20	10 Years	50% Open Space, Sport and Recreation Contribution	£	97,231.11	£	50,000.00	£	47,231.11	£	-	£50k committed to Ivybridge Community College for AWP in 21/22. £35k for cemetery and c.£12k to Ivybridge Town Football Club in 22/23.
3258	Land at Rivermaid Marine - (4140/16/Ful)	Kingsbridge	09/03/20	10 Years	Sports and Recreation Contribution	£	18,050.00	£	-	£	-	£	18,050.00	TC has recently submitted an application
2806	Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two	Kingswear	10/02/16	No restriction/committed end date	OSSR	£	5,386.40	£	-	£	-	£	5,386.40	PC requested this is kept for Reopening of Beacon Road South West Coast Path
3094	Land Noss Marina Kingswear (2266/17/FUL)	Kingswear	12/06/18	5 years	New Interpretation panel Contr	£	60.00	£	60.00	£	-	£	-	Project complete - remaining £60 to be allocated to GI Officer post for project management
2946	Higher Hatch Farm, Kingsbridge (32/0215/11/F)	Loddiswell	15/06/17	25 years, no interest specified	Open Space, Sport and Recreation contribution	£	5,700.00	£	-	£	-	£	5,700.00	Loddiswell. No project developed but PC aware.
2715	Harvey's Field, Loddiswell (32/0844/12/F)	Loddiswell	04/03/15	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	£	-	£	-	£	472.47	Remaining funds after previous MUGA project, PC aware.
3256	Land at Marlborough Park (0549/17/OPA)	Malborough	02/09/2020 & ??	7 years	1st & 2nd Instalment of OSSR	£	63,723.63	£	63,723.63	£	-	£	-	Now transferred to PC with land transfer
2944	Land at Moorview, Marlton (34/2184/13/O)	Marlton	07/07/14	10 years, interest at 1% below Barclays base rate	Sports and Recreation Contributions	£	63,652.07	£	-	£	-	£	63,652.07	PC looking to undertake public consultation to ID projects. S106 varied so now combined with funds below and can be used for play, sports and community facilities.
2944	Land at Moorview, Marlton (34/2184/13/O)	Marlton	07/07/14	10 years, interest at 1% below Barclays base rate	Offsite play Contribution	£	66,324.41	£	45,000.00	£	-	£	21,324.41	£45k allocated to play area. PC looking to undertake public consultation on remainder. S106 varied so now combined with funds above and can be used for play, sports and community facilities.
2973	Land off Palm Cross Green, Modbury (35/0059/15/F)	Modbury	23/08/2017 & 15/08/19	5 years	Open Space, Sport and Recreation contribution	£	197,499.94	£	197,499.94	£	-	£	-	Received application to spend in 2021-2022
3262	West Palm Cross Phase 2 (S106 -1391/18/F)	Modbury	17/02/2020 & 18/08/20	10 Years	Public Play Space	£	54,943.93	£	54,943.93	£	-	£	-	Transferred to PC for Memorial Park play area
3262	West Palm Cross Phase 2 (S106 -1391/18/F)	Modbury	17/02/2020 & 18/08/20	10 Years	Sport Contribution	£	30,804.48	£	-	£	-	£	30,804.48	No project developed yet but likely to be used for viewing platform on pavilion in due course.
3199	Land at The Fairway, Newton Ferrers - 1372/16/FUL	Newton & Noss	19/09/19	10 Years	Open Space and Recreation	£	11,760.71	£	542.29	£	-	£	11,218.42	No projects developed for remainder
3454	Yealm Hotel, Newton Ferrers (0607/17/FUL)	Newton & Noss	26/02/21	N/A	OSSR - to be used for sports and play at Butts Park	£	14,613.04	£	-	£	-	£	14,613.04	No projects developed
2460	Loughrigg Coronation Rd, Salcombe (41/0652/11/F)	Salcombe	20/08/13	10 years, interest rate not specified	Open Space Sport and Recreation contribution	£	10,250.86	£	-	£	10,250.86	£	-	Currently liaising with TC over update of their OSSR Plan to identify projects to ensure spend before deadline
2705	Trennels, Herbert Road, Salcombe (41/0929/13/F)	Salcombe	21/10/14	25 years, no interest specified	Open Space Sport Recreation contribution (£13,650)	£	4,367.50	£	-	£	-	£	4,367.50	Currently liaising with TC over update of their OSSR Plan to identify projects.
2716	Bonfire Hill, Salcombe (41/1915/13/F)	Salcombe	09/01/20	5 years, interest at 1% below Barclays base rate	Open Space and Play contribution	£	15,255.20	£	-	£	-	£	15,255.20	Currently liaising with TC over update of their OSSR Plan to identify projects.
2716	Bonfire Hill, Salcombe (41/1915/13/F)	Salcombe	27/09/2016 & 09/01/2020	5 years, interest at 1% below Barclays base rate	Sports Provision contribution	£	93,186.52	£	62,124.35	£	-	£	31,062.17	Currently liaising with TC over update of their OSSR Plan to identify projects to ensure spend before deadline
2716	Bonfire Hill, Salcombe (41/1915/13/F)	Salcombe	27/09/2016 & 09/01/2020	5 years, interest at 1% below Barclays base rate	Open Space and Play maintenance	£	8,146.77	£	2,000.00	£	-	£	6,146.77	Currently liaising with TC over update of their OSSR Plan to identify projects to ensure spend before deadline. Likely to be used for maintenance at The Berry and Hangar Marsh.
2838	Treetops, St Dunstons Road, Salcombe (41/3063/13/F)	Salcombe	30/06/16	5 years, interest at Lloyds base rate	Open Space Sport Recreation contribution	£	35.43	£	35.43	£	-	£	-	To go to GI Officer post for management of 2019/2020 s106 application process resulting in funds to swimming pool
3132	Former Gas Works, Salcombe (0362/16/FUL)	Salcombe	24/01/19	10 years	OSSR - £14,280 towards The Berry	£	14,177.21	£	-	£	-	£	14,177.21	TC revised OSSR Plan and Playing Pitch Strategy update to inform spend.
3466	The Smithaleigh Hotel (3043/18/FUL)	Sparkwell	06/04/21	N/A	OSSR - towards Erme Valley Playing Field, Ivybridge and/or provision of an all-weather pitch at ICC	£	5,776.71	£	-	£	5,776.71	£	-	To go towards Ivybridge Town Football Club clubhouse project
3385	Paignton Road Stoke Gabriel - 52/1503/15/F	Stoke Gabriel	14/10/20	7 years	OSSR Contribution for football/cricket/boating/footpath facilities in Stoke Gabriel	£	65,866.25	£	13,390.04	£	30,520.00	£	21,956.21	Some remaining unallocated funds following previous allocations
2869	Waddeton Barton Farm, Stoke Gabriel (52/1249/10/F)	Stoke Gabriel	14/09/17	Not specified	Open space, sport and recreation on sports and recreation facilities within the District - £6337.50	£	6,020.64	£	6,020.64	£	-	£	-	Now spent - Stoke Gabriel Scout Headquarters
3421	Marians Maples, Stoke Gabriel (52/2081/15/F)	Stoke Gabriel	10/02/21	10 years	Sports and Recreation Contribution	£	4,130.23	£	-	£	-	£	4,130.23	No current project
2717	Old Grist Mill 53/1706/07/F	Stokenham	12/01/15	No restriction/committed end date	Open Space Sport Recreation contribution	£	1,303.08	£	-	£	-	£	1,303.08	Remaining funds after previous drainage project.
2802	Riverside, Totnes (03_56/0447/12/O)	Totnes	07/12/15	No restriction/committed end date	Open Space Sport Recreation contribution	£	68,209.44	£	24,938.00	£	-	£	43,271.44	Of the £43k unallocated there are developing projects for £35k, leaving c.£8k remaining
2820	Follaton Oak, Totnes (56/2346/10/O)	Totnes	15/04/16	7 years, interest at 1% below Barclays base rate	Open Space, Sport and Recreation contribution (£60k)	£	13,172.10	£	-	£	13,172.10	£	-	Committed to arboretum
2894	Land at Ashburton Road (Meadowside), Totnes (14_56/2246/13/F)	Totnes	27/03/17	5 years, interest at NatWest base rate	OSSR contribution in the vicinity of the development	£	11,430.86	£	11,430.86	£	-	£	-	Committed to Smithfields site.
3001	Land adjacent to Elwell House, Totnes (56/1214/14/F)	Totnes	12/04/18	25 years, no interest specified	OSSR - £1596 to spend	£	1,669.99	£	-	£	-	£	1,669.99	No project developed
2789	Marridge Farm, Ugborough (57/0633/07/F)	Ugborough	25/09/15	No restriction/committed end date	Open Space Sport Recreation contribution	£	10,722.20	£	10,722.20	£	-	£	-	All now spent - Ugborough and Bittaford play areas
2945	Knighton Road, Wembury (58/1352/12/F)	Wembury	28/06/19	5 years, interest at NatWest base rate	Footpath Contribution	£	95,000.00	£	-	£	95,000.00	£	-	Starting to progress. Requires s106 deed of variation, new planning application and tendering for works.
2945	Knighton Road, Wembury (58/1352/12/F)	Wembury	28/06/19	5 years, interest at NatWest base rate	Footpath Contribution (National Trust funds)	£	9,600.00	£	-	£	9,600.00	£	-	As above
2972	Home Field, West Alvington (59/2482/14/F)	West Alvington	05/09/17	5 years	Play Contribution	£	26,678.00	£	-	£	26,678.00	£	-	PC aware and developing projects to ensure spend before deadline
2972	Home Field, West Alvington (59/2482/14/F)	West Alvington	05/09/17	5 years	Sport and Recreation contribution	£	43,527.17	£	-	£	43,527.17	£	-	PC aware and developing projects to ensure spend before deadline
2429	Milzac Close (Underhay) Yealmpton (62/2948/11/O)	Yealmpton	13/05/13	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	£	2,464.48	£	-	£	-	Spent on play area

HOMES AND BUILT AND NATURAL ENVIRONMENT DELIVERY PLAN					SUB TOTAL	£	2,562,442.00	£	818,842.05	£	704,981.74	£	1,038,618.22	
AFFORDABLE HOUSING														
2428	Former Old Chapel Inn, St Anns Chapel, Bigbury (05/0227/11/F)	Bigbury	02/05/13	No restriction/committed end date	Affordable Housing contribution	£	97,700.91	£	97,700.91	£	-	£	-	Allocated to the community housing scheme in St Anns Chapel. Exec approval 19.03.2020
2974	Holywell Stores, Bigbury (05/2557/13/F)	Bigbury	11/06/18	25 years, no interest specified	Affordable Housing contribution	£	65,193.00	£	65,193.00	£	-	£	-	Allocated to the community housing scheme in St Anns Chapel. Exec approval 19.03.2020
2819	Churchstow (11/0046/14/F)	Churchstow	29/04/16	No restriction/committed end date	Affordable Housing contribution - deposit deed	£	19,689.00	£	19,689.00	£	-	£	-	Deposit bond held due to administration
2835	Gara Rock Hotel, East Portlemouth (20/2104/13/F)	East Portlemouth	17/05/16	No restriction/committed end date	Affordable Housing contribution	£	311,691.70	£	-	£	311,691.70	£	-	Community housing scheme at pre-app stage in East Prawle. Site under option and housing need identified.
3116	Gara Rock Hotel (3586/16/FUL)	East Portlemouth	07/11/18 & 22/02/19	No restriction/committed end date	1st, 2nd and 3rd instalment of	£	200,000.00	£	-	£	200,000.00	£	-	Community housing scheme at pre-app stage in East Prawle. Site under option and housing need identified.
3224	Cornwood Road, Ivybridge - 2208/16/FUL	Ivybridge	03/10/19	5 years	Affordable Housing Contribution	£	167,200.00	£	-	£	167,200.00	£	-	Allocated to Ivybridge Town Council for the redevelopment of Butterpark into Affordable Housing for adults with learning disabilities. Approved at Executive March 2021.
2860	Plot 2 Godwell Lane, Ivybridge (27/1758/11/F)	Ivybridge	07/10/16	No restriction/committed end date	Affordable Housing Contribution	£	1,335.00	£	-	£	1,335.00	£	-	Could potentially be used for Butterpark once PP obtained.
2806	Maypool House Youth Hostel (30/2787/10/F) - Dwelling Two	Kingswear	10/02/16	No restriction/committed end date	Affordable Housing Contribution	£	36,047.38	£	-	£	-	£	36,047.38	
2411	Maypool House Youth Hostel (30/2787/10/F) - Dwelling One	Kingswear	20/03/12	No restriction/committed end date	Affordable Housing Contribution	£	32,415.54	£	-	£	-	£	32,415.54	
3101	Land at Pendarves Loddiswell (S106 -32/1722/15/F)	Loddiswell	31/07/18	10 Years	Affordable Housing Contribution	£	13,016.73	£	-	£	-	£	13,016.73	Parish Council notified that this still needs spending
3454	Yealm Hotel, Newton Ferrers (0607/17/FUL)	Newton & Noss	26/02/21	N/A	Affordable Housing Contribution	£	124,168.93	£	-	£	-	£	-	To be spent on Newton & Noss CLT
2460	Loughrigg Coronation Rd, Salcombe (41/0652/11/F)	Salcombe	20/08/13	10 years, interest rate not specified	Affordable Housing Contribution	£	91,713.56	£	-	£	-	£	91,713.56	To support an affordable housing scheme in Salcombe
2838	Treetops, St Dunstons Road, Salcombe (41/3063/13/F)	Salcombe	30/06/16	5 years, interest at Lloyds base rate	Affordable Housing Contribution	£	13,665.79	£	13,665.79	£	-	£	-	To support community housing in Salcombe
2705	Trennels, Herbert Road, Salcombe (41/0929/13/F)	Salcombe	21/10/14	25 years, no interest specified	Affordable Housing Contribution	£	88,780.95	£	-	£	88,780.95	£	-	To support community housing in Salcombe
3132	Former Gas Works, Salcombe (0362/16/FUL)	Salcombe	24/01/19	25 Years	Affordable Housing Contribution	£	53,611.32	£	-	£	53,611.32	£	-	To support community housing in Salcombe
2869	Waddeton Barton Farm (52/1249/10/F)	Stoke Gabriel	14/09/17	Not specified	Affordable Housing Contribution	£	49,697.35	£	-	£	49,697.35	£	-	Discussions with parish council and Ward Member
2802	Riverside, Totnes (03_56/0447/12/O)	Totnes	07/12/15	No restriction/committed end date	Affordable Housing Contribution	£	27,384.45	£	-	£	27,384.45	£	-	Discussions with Ward Members and Town Council. Awaiting further contribution that is due.
2691	Warland Garage (56/2793/11/F & 56/1520/12/F)	Totnes	04/08/14	25 years, no interest specified	Affordable Housing Contribution	£	664.01	£	-	£	664.01	£	-	Discussions with Ward Members and Town Council. Awaiting further contribution.
3001	Land adjacent to Elwell House, Totnes (56/1214/14/F)	Totnes	12/04/18	25 years, no interest specified	Affordable Housing Contribution	£	626.01	£	-	£	626.01	£	-	Discussions with Ward Members and Town Council. Awaiting further contribution.
ECOLOGY					SUB TOTAL	£	1,394,601.63	£	320,417.63	£	900,990.79	£	173,193.21	
2716	Bonfire Hill, Salcombe (41/1915/13/F)	Salcombe	04/03/15	5 years, interest at 1% below Barclays base rate	Ecology contribution	£	58,401.25	£	-	£	-	£	58,401.25	Legal looking into deed of variation for extension to time period as National Trust project fell through due to covid-19
TAMAR SAC					SUB TOTAL	£	58,401.25	£	-	£	-	£	58,401.25	
3149	Land East of Allern Lane, Tamerton Foliot (04/1129/15/F)	Bickleigh	27/02/16 & 14/03/19	5 years	Tamar European Marine Site contribution	£	2,274.99	£	2,274.99	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
2652	Land Venn Farm Brixton (07/2022/12/F)	Brixton	13/05/14	No restriction/committed end date	Conservation of Tamar Estuaries Complex SPA	£	967.30	£	967.30	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
3082	Venn Farm, Brixton (07/1196/15/F)	Brixton	08/05/18	10 years	Tamar SAC	£	662.73	£	662.73	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
3417	Barns at East Sherford Farm Brixton (0548/20/Ful)	Brixton	20/01/21	N/A	Plymouth sounds and Estuaries EMS recreation mitigation and management scheme	£	1,374.71	£	-	£	1,374.71	£	-	To be transferred in next annual transfer to Tamar Estuaries Consultative Forum
2994	Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)	Ivybridge	19/07/2017 & 21/09/18	No restriction/committed end date	Tamar Estuaries	£	7,918.23	£	7,918.23	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
3000	Land at Woodland Road, Ivybridge (27/1859/15/F)	Ivybridge	31/10/17	10 Years no interest specified	Tamar SAC Contribution	£	2,459.73	£	2,459.73	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
3454	Yealm Hotel, Newton Ferrers (0607/17/FUL)	Newton & Noss	26/02/21	N/A	Yealm Estuary Environmental Management Plan Contribution	£	491.43	£	-	£	491.43	£	-	To be transferred in next annual transfer to Tamar Estuaries Consultative Forum
2808	Leyford Close, Wembury (58/0176/13/O)	Wembury	09/02/16	5 years, interest at NatWest base rate	Tamar Estuaries SAC Manager	£	1,215.98	£	1,215.98	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
2945	Knighton Road, Wembury (58/1352/12/F)	Wembury	19/05/17	5 years, interest at NatWest base rate	Marine Contribution towards the maintenance of Plymouth Sounds SAC	£	1,158.00	£	1,158.00	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
3380	Land Adj Sea View Heybrook bay (1165/20/VAR)	Wembury	22/06/20	NA	Plymouth sounds and Estuaries EMS recreation mitigation and management scheme	£	36.76	£	36.76	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
2429	Milizac Close (Underhay) Yealmpton (62/2948/11/O)	Yealmpton	13/05/13	5 years, interest at BoE base rate +4%	SAC Contribution	£	1,732.32	£	1,732.32	£	-	£	-	Transferred to Tamar Estuaries Consultative Forum
AIR QUALITY					SUB TOTAL	£	20,292.18	£	18,426.04	£	1,866.14	£	-	
2994	Land SE of Torhill Farm, Ivybridge (27_57/1347/14/F)	Ivybridge	19/07/2017 & 21/09/18	No restriction/committed end date	Air Quality	£	5,724.64	£	-	£	-	£	5,724.64	No immediate plans for spending. To be informed by SHDC Clean Air Strategy which identifies various options to improve air quality in Ivybridge
IVYBRIDGE MILL GROUP					SUB TOTAL	£	5,724.64	£	-	£	-	£	5,724.64	
3028	Stowford Mill, Harford Road, Ivybridge (27/1336/15/F)	Ivybridge	04/05/18	No restriction/committed end date	Ivybridge Mill Group Archives Contributions	£	10,000.00	£	-	£	-	£	10,000.00	Ivybridge Town Council intend to use this to match fund any bid to Heritage Lottery in due course
AONB Mitigation					SUB TOTAL	£	10,000.00	£	-	£	-	£	10,000.00	
3424	Noss Marina Bridge Road Kingswear (2161/17/OPA)	Kingswear	09/03/21	No restriction/committed end date	Quay Wall Research Contribution	£	4,881.14	£	-	£	-	£	4,881.14	Plans still to be developed
3424	Noss Marina Bridge Road Kingswear (2161/17/OPA)	Kingswear	09/03/21	No restriction/committed end date	Intertidal Habitat Contribution	£	43,930.21	£	-	£	-	£	43,930.21	Plans still to be developed
Subtotal ccS0500					SUB TOTAL	£	48,811.35	£	-	£	-	£	48,811.35	
Subtotal ccS0500					SUB TOTAL	£	1,537,831.05	£	338,843.67	£	1,607,838.67	£	296,130.45	
TOTAL S106 DEPOSITS (WITH CONDITIONS)					SUB TOTAL	£	5,724,529.65	£	1,263,198.99	£	2,805,015.75	£	1,656,314.92	
TOTAL S106 DEPOSITS (NO CONDITIONS) ccS0842					SUB TOTAL	£	37,684.50	£	23,000.00	£	-	£	14,684.50	
Capital Grant Unapplied (Cost centre S0803)					SUB TOTAL	£	117,124.50	£	-	£	-	£	117,124.50	
PG28	Rathvendon, Bigbury (1023)	Bigbury			OSSR	£	7,312.50	£	-	£	-	£	7,312.50	PC looking to develop a play project
PG36	Sedgewell Sands, Marine Drive	Bigbury			OSSR	£	7,372.00	£	-	£	-	£	7,372.00	PC looking to develop a play project
2726	St Johns Ambulance, Dartmouth 15/1389/12/F	Dartmouth			Affordable Housing	£	23,000.00	£	-	£	-	£	-	Being paid to Dartmouth United Charities
TOTAL CAPITAL GRANTS UNAPPLIED					SUB TOTAL	£	117,124.50	£	-	£	-	£	117,124.50	
GRAND TOTAL					SUB TOTAL	£	5,879,338.65	£	1,286,198.99	£	2,805,015.75	£	1,788,123.92	
DELIVERY PLAN TOTALS					SUB TOTAL	£	1,624,256.60	£	2,577,126.50	£	1,677,955.55	£		
THRIVING ECONOMY DELIVERY PLAN					SUB TOTAL	£	1,624,256.60	£	2,577,126.50	£	1,677,955.55	£		
STRENGTHENING COMMUNITY WELLBEING DELIVERY PLAN					SUB TOTAL	£	1,624,256.60	£	2,577,126.50	£	1,677,955.55	£		
HOMES AND BUILT AND NATURAL ENVIRONMENT DELIVERY PLAN					SUB TOTAL	£	1,624,256.60	£	2,577,126.50	£	1,677,955.55	£		

						5,879,338.65			
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Appendix B: Section 106 expenditure in previous financial years

As reported in the Infrastructure Funding Statement¹, the total monies spent by the Council in 2019/2020 totalled £0.977 million, with the following projects delivered:

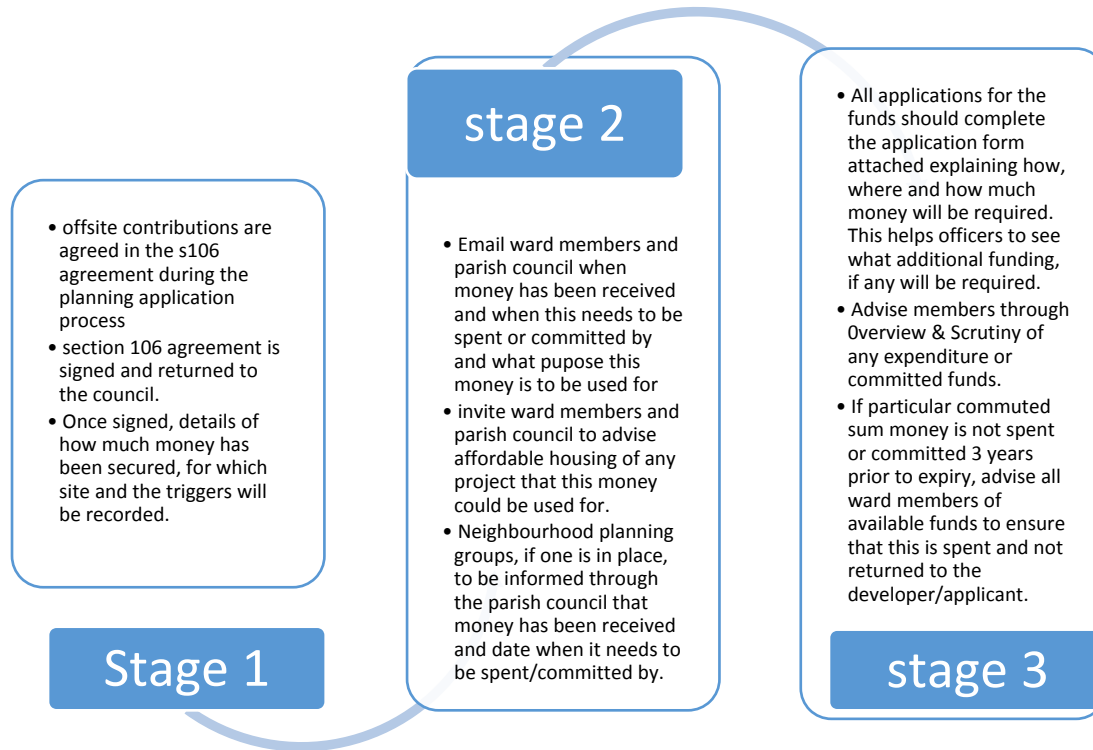
Infrastructure project	Monies spent
Dartington cricket nets	£20,838.00
Meadowbrook play area, Dartington	£29,453.43
Stoke Fleming Bowls Club - centenary (1)	£1,466.00
Stoke Fleming Bowls Club - centenary (2)	£3,534.00
Sanderpool play area	£2,672.00
Palstone Park rec. ground resurfacing	£34,529.51
Old School Centre play area	£11,235.09
Footpath improvements Dart Valley Trail	£1,984.33
Bridgetown Corridor, Totnes	£2,765.00
Ivybridge plant and tree provision	£650.00
Purchase/Improvements Cofflete Mill	£9,085.42
Chillington playing field drainage	£33,786.00
Modbury changing facilities	£51,893.00
Plymstock Albion Oaks drainage	£30,313.20
Totnes Tennis Club improvements	£36,000.00
Ivybridge cricket nets/mats	£23,269.00
Salcombe swimming pool improvements	£7,285.00
Courtenay Park, Salcombe play area	£70,000.00
Woodburn Close, Ivybridge play area	£40,000.00
Lower Brook Park, Ivybridge play area	£40,000.00
Ermington Mill new employment units	£487,349.65
Sherford	£38,690.50
Total	£976,799.13

The Spend in 2020/2021 will be reported in the 2020/2021 Infrastructure Funding Statement due to be submitted in December 2021.

¹ <https://www.southhams.gov.uk/Developer-contribution>

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APPENDIX C - FLOWCHART SHOWING THE PROCESS FOR SPENDING S106 CONTRIBUTIONS FOR AFFORDABLE HOUSING



- If funds are unspent or uncommitted, dependant on the wording of the s106 agreement, within a specified period of time, the available commuted sum will be opened up to all areas of the district on a first come first served basis to ensure that the funds are spent and not returned.
- All applications will be assessed to verify the likelihood of the funds being spent.
- If more than one application for a particular s106, the application will be assessed by affordable housing in conjunction with the ward members and the Leader, Deputy Leader and Executive Member of Customer First.
- Members will be informed of all s106 contributions which affordable housing have collected/agreed on a 6 monthly basis.

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APPENDIX D - APPLICATION FORM FOR S106 FUNDING FOR AFFORDABLE HOUSING

By contacting us, the community wishes to utilise Section 106, offsite funding for affordable housing. This funding can only be used in the context of housing due to the legal limitations. If you wish to access money for Open Space Sports & Recreation, please contact Rob Sekula on rob.sekula@swdevon.gov.uk

Name of community

Contact details

Please detail who you are eg, ward member, parish council, Neighbourhood Planning Group, other

.....

Do you have a specific project, scheme or site identified, if yes please provide as much detail about the scheme as possible?.....

.....

.....

.....

If you do not have a project, scheme or site identified, do you wish to understand all options available? YES/NO (if yes a member of the team will be in contact with you, please ensure that we have your name and telephone number/email address)

In order for us to provide the correct advice, please could you advise us of the outcome/s this money could deliver? Please provide as much detail as possible e.g. type, tenure and size of accommodation, bringing empty homes in to use, site purchase.....

.....

.....

.....

Do you currently have a site in mind to deliver your project, if so please provide a location plan, landowner details and whether the community have an agreement in principle to deliver housing on this site?.....

.....

.....

Has planning been applied for or granted on the potential site? YES/NO

If you have not yet discussed site selection, we can assist you with this process, please indicate if you would like guidance regarding this.

Do you have access to any funding? If yes please advise us of the source and amount of funding so far? Alternatively please advise us of any applications/contact you have made.....
.....

If you have not yet been awarded any funding, we can advise you of funding sources dependant on your project.

If you have a business plan or funding has been awarded please provide as much detail as possible, please attach this to your form or email this to affordable.housing@swdevon.gov.uk

Please indicate an estimate of how much funding is required.....
.....

Do you know if a housing need has been identified? YES/NO

Have you entered into any pre-application discussions with the local authority? YES/NO

When do you aim to complete your project, an indicative timescale would be useful if possible?

For any queries please contact affordable.housing@swdevon.gov.uk

For office use only

Date received.....

Allocated officer.....

Date consulted with ward member.....

Committee or delegated decision.....

Date of decision.....

Report to: **Executive**

Date: **16th September 2021**

Title: **Medium Term Financial Strategy 2022/23 to 2024/25**

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**

Contact: Email: lisa.buckle@swdevon.gov.uk

RECOMMENDATION:

That the Executive considers the Medium Term Financial Strategy and recommends to Council:

Recommendation 1: To set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to endeavour to continue to deliver services. The actual council tax for any given year will be decided by Council in the preceding February.

Recommendation 2: To adopt the principle of using funding in the Business Rates Retention Reserve, to smooth out the anticipated volatility in business rates income over the next three years, as set out in 3.19 of the report. The volatility is due to the business rates baseline reset anticipated in 2023/24 (this will mean the Council will have negative revenue support grant) and the predicted loss of business rates pooling gains at the same time. It is recommended that funding held in the Business Rates Retention Reserve is retained for the purpose of smoothing out the business rates volatility/negative revenue support grant and should not be used for unrelated purposes, other than commitments already made or as part of one-off funding for the Corporate Strategy, for at least for the next three years.

Recommendation 3: To continue to respond to Government consultations on Business Rates Reform.

Recommendation 4: To continue to actively lobby and engage with the Government, Devon MPs, South West Councils and other sector bodies such as the District Councils' Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2023 onwards, when the business rates reset happens.

Recommendation 5: That the Council continues to lobby in support of the Government eliminating Negative Revenue Support Grant in 2022/23 (and thereafter) and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

It is also RECOMMENDED that the Executive:

- i) Notes the forecast budget gap for 2022/23 of £79,587 (0.8% of the current Net Budget of £9.68million) and the position for future years.**

1. Executive summary

- 1.1 The Council's Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling three year timeframe to 2024/25. The Council has chosen a three year timeframe for its MTFS, as this dovetails to the timescales of the Corporate Strategy, 'Better Lives for all'.
- 1.2 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.
- 1.3 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.
- 1.4 It is important to note that this Medium Term Financial Strategy (MTFS) sets out the budget strategy for the Council for the next three years, with regular reviews (at least annually) and updates when items are further known or are announced by the Government.
- 1.5 This is the starting point for developing a meaningful three year strategy that 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.

- 1.6 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.
- 1.7 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.
- 1.8 The key assumptions within the Medium Term Financial Strategy are as below. Each of these is described in more detail in Section 4.
- A three year Spending Review for 2022/23 to 2024/25 was announced on 7th September
 - The business rates baseline reset will be deferred until 2023/24 (with no negative Revenue Support Grant in 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.
 - 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
 - It is assumed Council Tax limits for District Councils will remain at the higher of £5 or 1.99% for 2022/23 onwards
 - It is assumed there will be one more year of the New Homes Bonus payments (as part of a one year 'rollover settlement') and that the NHB payments envisaged will be used to finance the revenue base budget
 - A business rates pooling gain of £300,000 has been modelled for 2022/23 with no further gains for 2023/24 onwards. Business rates income is assumed to be down by 3%.
 - No council tax collection fund surplus has been assumed for any years going forward (normally the Council receives a surplus share of around £60,000 per annum) and it has been assumed that the council tax collection rate will be 97%
 - Rural Services Delivery Grant has been assumed to continue at the same level
 - 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 2022/23. This will be regularly monitored over the next few months.
 - A 2% pay increase has been modelled from 2022/23 onwards (2% equates to £185,000).

- 1.9 The following table illustrates the predicted budget gap from 2022/23 onwards for the Council as shown in Appendix B:

Budget Gaps	2022/23 £	2023/24 £	2024/25 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	79,587	536,425	355,337	971,349
*Cumulative Budget Gap	79,587	616,012	971,349	1,666,948

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

- 1.10 **The forecast budget gap for 2022/23 is £79,587. This is 0.8% of the Net Budget of 21/22 of £9.7million.** A cumulative budget gap of £616,012 is predicted for 2023/24 (the £616,012 assumes that the 22/23 budget gap of £79,587 has not been closed). The cumulative aggregated Budget Gap by 2024/25 is £1.7 million, if no action has been taken in each individual year to close the budget gap annually.

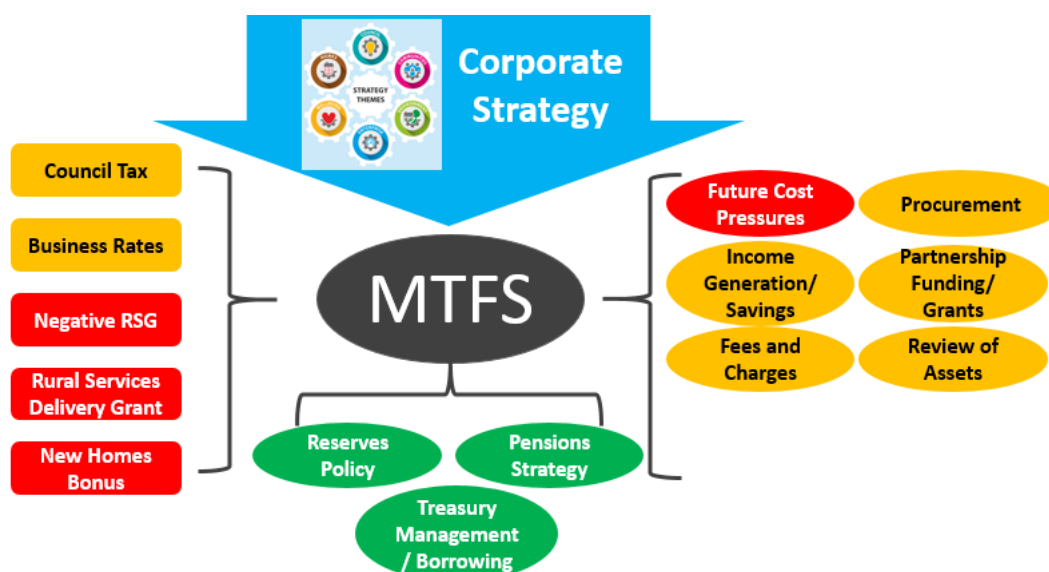
- 1.11 The Council awaits the details of the Government's Spending Review announcement which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy (MTFS). The Spending Review 2021 will conclude on 27 October 2021, alongside an Autumn Budget and set out the Government's spending priorities for the Parliament. A further budget update report will be presented to the Executive in December. Further options for Members' considerations of how to close the predicted budget gap of £79,587 will be presented as part of this December 2021 report.

- 1.12 The report also recommends to adopt the principle of using funding in the Business Rates Retention Reserve, to smooth out the anticipated volatility in business rates income over the next three years, as set out in 3.19 of the report. The volatility is due to the business rates baseline reset anticipated in 2023/24 (this will mean the Council will have negative revenue support grant) and the predicted loss of business rates pooling gains at the same time, meaning there is a 'cliff edge' in business rates income.

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

- 2.1 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.

2021/22 Net Budget £9.7 million



2.2 The key assumptions within the MTFS are set out in Section 3.

OVERALL POSITION – BUDGET GAP

- 2.3 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 2.4 **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 £9.7 million in 2021/22.
- 2.5 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).

- 2.6 The following table illustrates the predicted budget gap from 2022/23 onwards for the Council as shown in Appendix B:

Budget Gaps	2022/23 £	2023/24 £	2024/25 £	Total Aggregated Budget Gap £
'New' Budget Gap each year	79,587	536,425	355,337	971,349
*Cumulative Budget Gap	79,587	616,012	971,349	1,666,948

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

- 2.7 ***The forecast budget gap for 2022/23 is £79,587. This is 0.8% of the Net Budget of 21/22 of £9.7million.*** A cumulative budget gap of £616,012 is predicted for 2023/24 (the £616,012 assumes that the 22/23 budget gap of £79,587 has not been closed). The cumulative aggregated Budget Gap by 2024/25 is £1.7 million, if no action has been taken in each individual year to close the budget gap annually.

- 2.8 The Council awaits the details of the Government's Spending Review announcement which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy. A further update will be presented to the Executive in December. Further options for Members' considerations of how to close the predicted budget gap of £79,587 for 2022/23 will be presented as part of this report.

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

- 3.1 In the Medium Term Financial Strategy (MTFS), it has been assumed that the Settlement Funding Assessment (SFA) will increase in line with inflation.
- 3.2 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. The breakdown of the increase in SFA for 2021/22 is shown below.
- 3.3 The 'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax, as below. The Council now receives no main Government grant (Revenue Support Grant).

- 3.4 **Core Spending Power for South Hams 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 %
Core Spending Power	10.175	10.430	0.255	2.5%
<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 ^a	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

- 3.5 **Council Tax** The Council Tax Referendum limits for District Councils for 2021/22 was the higher of 1.99% or £5. An increase in council tax of £5 for the next three years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £180.42 in 2022/23 as shown in Appendix B (an increase of £5 for the year (10 pence per week) which equates to a 2.85% increase. The council tax for 2022/23, the SHDC share, will be set at the Council meeting on 10th February 2022. (A 1% increase in council tax generates £67,000 of extra council tax income).

Recommendation 1: To set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to endeavour to continue to deliver services. The actual council tax for any given year will be decided by Council in the preceding February.

- 3.6 The table below shows how an average Band D council bill is made up for South Hams District Council for 2021/22, compared to 2020/21. Of an average Band D Council Tax within the District of £2,090.55, an amount of £175.42 is the element of a council tax bill set by South Hams District Council. Therefore 8pence of every £1 paid (8%) 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 2020/21	Band D 2021/22	£ Increase	% Increase	Date Approved
South Hams District Council	£170.42	£175.42	£5.00	2.93%	11 Feb 2021
Devon County Council Precept	£1,313.73	£1,342.44	£28.71	4.99%	18 Feb 2021
Adult Social Care Precept *	£125.73	£168.84	£43.11		
Devon & Cornwall Police & Crime Commissioner	£221.64	£236.56	£14.92	6.73%	5 Feb 2021
Devon & Somerset Fire & Rescue	£88.24	£90.00	£1.76	1.99%	19 Feb 2020
Average Parishes/Towns (see below)	£71.06	£77.29	£6.23	8.77%	
TOTAL	£1,990.82	£2,090.55	£99.73	5.01%	

The largest Parish Precepts are Totnes (£189.13) and Dartmouth (£183.53), with the smallest Precept being Woodleigh (£4.92) for a Band D property.

- 3.7 A council tax collection rate of 97% has been assumed for 2022/23. This may need to be revisited in future budget reports depending on the payment profiles being experienced in latter months of the year.
- 3.8 The District Council is responsible for collecting all the Council Tax debt of approximately £78m as South Hams DC is the Billing Authority. After keeping 8% 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 97.81% for 2020/21. This was 2.11% higher than the national average of 95.7%.

- 3.9 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.
- 3.10 In 2021/22 the Government set no council tax referendum principles for Town and Parish Councils. It has not yet been announced by the Government whether any referendum principles will apply to Town and Parish Councils in 2022/23 onwards.

Business Rates and Negative Revenue Support Grant (RSG)

- 3.11 It has been assumed that the Business Rates Reset will be delayed to 2023/24. Whilst this change is not confirmed by the Government, a reset based on the current taxbase would appear very unlikely.
- 3.12 A three year settlement (with no negative Revenue Support Grant in 2022/23) is the most likely scenario now. This means the Council wouldn't have to forego some of its business rates income (£360,000) by paying some of it back to Government in the form of 'negative government grant' in 2022/23. Negative RSG is effectively the Council's further predicted funding cuts.
- 3.13 It is anticipated there will be a phasing in of negative RSG as part of the business rates baseline reset in 2023/24, with a transition period over three years, to avoid Local Authorities losing/gaining too much in one go. The modelling assumes negatives RSG of £360,000 in 2023/24 and £450,000 in 2024/25. Some of the negative RSG could be offset by growth.
- 3.14 Estimates have been made of the business rates baseline funding levels for 2022/23 onwards and the relative deductions for negative RSG. For example in 2022/23, the £2.36m is the amount the Council retains from its business rates income collected of £29 million (the Council keeps about 8p in every £1 collected of business rates to fund its services).
- 3.15 **Volatility of Business Rates income – Business Rates Retention Reserve**
- 3.16 The Business Rates Retention (BRR) Earmarked Reserve was set up in 2013/2014 to cover any possible funding issues from the accounting arrangements of the localisation of business rates and to smooth the volatility from business rates income over a period of years.
- 3.17 In 2017/18 the Business Rates Retention Reserve had a balance of £4.5million and this has increased to £7.1million at 31.3.2021.
- 3.18 Approximately £2million of this Reserve is needed as a provision for future appeals, write offs and to meet fluctuations in business rates income. As part of the 2018/19 Budget Report to February Council, £3.5million was ringfenced for employment for the creation of local jobs.

- 3.19 It is recommended that the Council uses funding from the Business Rates Retention Earmarked Reserve to smooth the volatility in business rates income over the next three years. The volatility is due to the business rates baseline reset anticipated in 2023/24 (this will mean the Council will have negative revenue support grant in 23/24) and the predicted loss of business rates pooling gains at the same time in 23/24. *The table below shows that it is modelled to take £0.1m funding from this reserve in 22/23 and £0.5m in both 23/24 and 24/25. This would reduce the reserve by £1.1million over the next 3 years.*

There is a risk that the Government may introduce a more aggressive business rates tariff in 22/23 to account for the fact that the baseline reset is highly likely to be delayed to 23/24. If this happened, it would be recommended that a higher amount of funding from the business rates retention reserve is used in 22/23, to offset the higher tariff rate and the ensuing lower business rates income. More will be known on this when details of the Spending Review are announced. It is recommended that funding held in the Business Rates Retention Reserve is retained for the purpose of smoothing out the business rates volatility/negative revenue support grant and should not be used for unrelated purposes, other than commitments already made or as part of one-off funding for the Corporate Strategy, for at least for the next three years.

Business Rates Income	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
		Baseline Reset	
Business Rates Income	2.36	2.37	2.38
Less: Negative Revenue Support Grant (RSG)		(0.36)	(0.45)
Anticipated Pooling Gain	0.300	Nil	Nil
Funding proposed to be taken from the Business Rates Retention Reserve to smooth the volatility in business rates income	0.100	0.500	0.500
Total Business Rates Income	2.76	2.51	2.43

Recommendation 2: To adopt the principle of using funding in the Business Rates Retention Reserve, to smooth out the anticipated volatility in business rates income over the next three years. The volatility is due to the business rates baseline reset anticipated in 2023/24 (this will mean the Council will have negative revenue support grant) and the predicted loss of business rates pooling gains at the same time. It is recommended that funding held in the Business Rates Retention Reserve is retained for the purpose of smoothing out the business rates volatility/negative revenue support grant and should not be used for unrelated purposes, other than commitments already made or as part of one-off funding for the Corporate Strategy, for at least for the next three years.

- 3.20 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. The 2020/21 collection rate for South Hams for business rates was 91.74%. The national average was 93%.

Recommendation 3: To continue to respond to Government consultations on Business Rates Reform

Recommendation 4: To continue to actively lobby and engage with the Government, Devon MPs, South West Councils and other sector bodies such as the District Councils' Network and the Rural Services Network, for a realistic business rates baseline to be set for the Council for 2023 onwards, when the business rates reset happens.

Devon Business Rates Pool

- 3.21 South Hams District Council will continue to be part of a Devonwide Business Rates Pool for 2021/22 and it is expected that this opportunity will also be there for 2022/23 (until the baseline reset happens in 2023/24). A business rates pooling gain of £300,000 has been modelled for 2022/23 with no further gains for 2023/24 onwards when the baseline reset is schedule to happen.

Rural Services Delivery Grant

- 3.22 Rural Services Delivery Grant has been modelled to continue for 2022/23 onwards at previous levels (£85m nationally – SHDC share of £428,206) and the methodology for distribution is assumed to remain unchanged from 2021/22. The Council will continue to lobby on the basis that the £85m should be increased. This is Government grant to recognise the additional cost of delivering services in rural areas.

Recommendation 5: That the Council continues to lobby in support of the Government eliminating Negative Revenue Support Grant in 2022/23 (and thereafter) and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

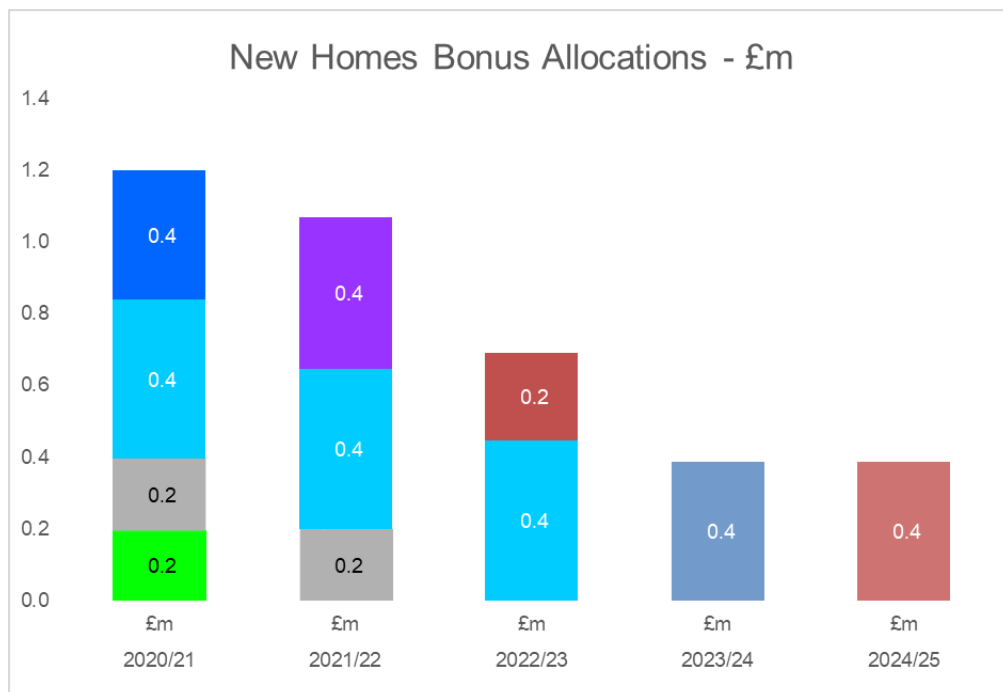
New Homes Bonus (NHB)

- 3.23 The New Homes Bonus (NHB) scheme is being phased-out and the future Spending Review will propose a replacement scheme (for consultation). An additional one-off NHB payment in 2022-23 is still a real possibility. In 2021/22 the NHB allocation for South Hams was £1,068,274.

3.24 The latest modelling predicts an allocation of around £0.7million for 2022/23 as shown below. The modelling in this Budget report assumes that funding of £0.5million from NHB in 2022/23 to 2024/25 will fund the revenue base budget (although the NHB scheme is due to be replaced, it is assumed that a successor scheme will be implemented that will also be based on housing growth).

New Homes Bonus	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
2017/18 allocation	0.2				
2018/19 allocation	0.2	0.2			
2019/20 allocation	0.4	0.4	0.4		
2020/21 allocation	0.4				
2021/22 allocation		0.4			
2022/23 Forecast Based on RSG Share			0.2		
2023/24 Forecast Based on RSG Share				0.4	
2024/25 Forecast Based on RSG Share					0.4
Total Allocation	1.2	1.1	0.7	0.4	0.4

Up until 2020/21, allocations earned in a year were paid for a four year period. From 2020/21 onwards, only a single year was paid plus some 'legacy payments' as shown in the diagram above. For example in 2021/22, an allocation of £0.4m was earned for 21/22, plus legacy payments for previous years. Amounts for 2022/23 onwards have been forecast based on Revenue Support Grant (RSG) share. The colours shown below correspond to the same colours shown in the table above.



Other assumptions within the Medium Term Financial Strategy (MTFS)

- 3.25 The last pay award offer for 2020-21 was 2.75%. A 2% pay increase has been modelled from 2021/22 onwards (2% equates to £185,000). 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.
- 3.26 This report assumes inflation will run at 1% over the three year period. The Consumer Prices Index (CPI) was 2.5% in June 2021. RPI was 3.9%.
- 3.27 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates (Bank Base rate) will remain at 0.1% up to March 2023. By March 2024 the bank base rate is predicted to increase to 0.5%.

‘BETTER LIVES FOR ALL’

- 3.28 ‘Better Lives for all’, the Council’s strategic vision, sets out projects and schemes that the District Council think will enhance and protect the special place and unique economy that makes up South Hams. This is a separate report on this Executive agenda. The Strategy sets out our longer term ambition. To support this ambition, the Council has developed delivery plans which set out the priorities for each of the next three years. This will enable the Council to ensure its resources are aligned to supporting Members’ priorities. The delivery plans have been developed by Lead Members in consultation with officers from across the Council.
- 3.29 The majority of activities set out in the delivery plans can be delivered through refocusing and reprioritisation of existing resources however, in order to realise the ambition set out in the strategy, some of the activities will require additional resources.
- 3.30 The cost pressure for 2022/23 onwards is envisaged to total an additional £110,000 if Members approve the content of the Delivery Plans for ‘Better Lives for All’. There would also be one-off funding sought for approval from the use of Earmarked Reserves totalling £160,000. The content of the Delivery Plans would also utilise £221,500 of the Recovery Plan budget of £500,000 and £359,000 of the Climate Change Reserve of £600,000.
- 3.31 Subject to Member approval of the ‘Better Lives for All’ Plan, a first call on any additional resources required will be through a range of measures including identifying further savings or income generation measures (such as fees and charges) or utilising more funding such as NHB funding, business rates income or funding from Earmarked Reserves.

SPENDING REVIEW 2021

- 3.32 On 7 September, the Chancellor launched Spending Review 2021 (SR21), which will conclude on 27 October 2021 alongside an Autumn Budget and set out the Government's spending priorities for the Parliament. The three-year review will set UK government departments' resource and capital budgets for 2022-23 to 2024-25.
- 3.33 The Treasury has opened a process for the Spending Review and Autumn Budget to allow external stakeholders to submit representations by 30th September.

OTHER BUDGET ITEMS

- 3.34 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. A report will be presented to the October meeting of the Executive on Leisure. Any financial implications arising from Member decisions within the report will be built into the next iteration of the budget report.
- 3.35 The Planning Improvement Plan report on this Executive agenda, recommends that the additional planning income received as at 31 July 21, is utilised to fund additional temporary staffing costs in planning for 2021/22. We will be reviewing core service delivery through on-going service reviews and will bring reports back to Members at the appropriate point, setting out how this links back to the corporate strategy.

4. Treasury Management and Borrowing Strategy

- 4.1 The Council has previously taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million in 2019 and it is not proposed to change this limit at present. The Council's actual long term borrowing is £14.38m at 31 March 2021.

5 FEES AND CHARGES

- 5.1 A Fees and Charges report will be considered at a meeting of the Overview and Scrutiny Panel on 4th November 2021 with recommendations made to the Executive in December 2021.
- 5.2 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 2022/23. This will be regularly monitored over the next few months.

6 FINANCIAL SUSTAINABILITY AND TIMESCALES

- 6.1 The Council will continue to assess various options for closing the budget gap for 2022/23 onwards, and in the longer term, to achieve long term financial sustainability and further options will be presented to Members.
- 6.2 Making the best use of our resources and setting a balanced budget annually is within the 'Delivering Quality Services' Draft Delivery Plan of the Council's long term strategic vision, 'Better Lives for All'.
- 6.3 The Council has undertaken its first revenue budget monitoring report for Month 4 (end of July) which shows a predicted surplus of £92,000 for the 2021/22 year. A separate report is on this Executive agenda.

7 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

- 7.1 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 2022/23 will be a separate report to the Executive on 2nd December 2021.
- 7.2 Capital projects will be scored on the following criteria:
- Health and Safety compliance
 - Essential to keep operational assets open
 - Fit with the Council's Delivery Plans for 'Better Lives for All'
 - To rationalise service delivery or service improvement
 - To generate income, capital value or to reduce revenue costs
- 7.3 It is important that future bids for capital are aligned with the review of the thematic delivery plans and aims within 'Better Lives for All'. Further work is being undertaken to design a gateway process to facilitate this and will be shared with Members in due course.
- 7.4 **Investment Property Strategy** – The Council has agreed an Investment Property strategy. To date, Investment Properties have a value of £18.56 million in aggregate as at 31.3.2021.
- 7.5 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 2021/22 Base Budget.
- 7.6 The Council's Asset Base is £102 million at 31 March 2021. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council's Assets.

8 Earmarked and Unearmarked Reserves Policy

- 8.1 Unearmarked Reserves have increased by £112,000 in 2020/21 and total £2.122 million at 31 March 2021. Unearmarked Reserves haven't needed to be reduced by £200,000 as part of the Amended Budget for 2020/21, due to the amount of COVID funding the Council has received and the compensation which the Council has claimed from the Government sales, fees and charges income compensation scheme for 2020/21. Unearmarked Reserves therefore won't need to be replenished by £200,000 as part of the Medium Term Financial Strategy for 2022/23 onwards.
- 8.2 Earmarked Reserves have increased by £7.496 million in 2020/21 and total £21.494 million at 31 March 2021. This is mainly due to the new Earmarked Reserve set up in 2020/21 to hold the S31 Business Rates compensation grants (£6.28m) which will be released to the Collection Fund to smooth the impact of the Business Rates deficit over the next 3 years. Therefore this is not money which is available for the Council to spend. A schedule of Earmarked Reserves is attached at Appendix C.
- 8.3 Reserve levels will be kept under constant review and will be reviewed throughout the budget setting process to consider commitments against Earmarked Reserves, their unallocated balance and the contributions to/from Earmarked Reserves for 2022/23 and future years also (the Reserves of Salcombe Harbour are subject to decisions by the Salcombe Harbour Board). This will form part of the December 2021 Budget report to the Executive and will be able to be considered alongside details of the Government's next Spending Review.
- 8.4 At Council on 11 February 2021, 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 £2.1m is still above the minimum level set of £1.5m.
- 8.5 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 in February 2021). 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.

9 NEXT STEPS AND PROPOSED WAY FORWARD

- 9.1 The MTFs is the starting point for developing a meaningful three year strategy that sets out the strategic intention for different strands of funding available to the Council. The Council will then be able to rely on this to inform future decisions.

- 9.2 Officers will continue to work with the Executive and the results of this will be incorporated into future Budget reports.
- 9.3 The Council awaits the details of the Government's Spending Review announcement which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy. A further update will be presented to the Executive in December. Further options for Members' considerations of how to close the predicted budget gap of £79,587 will be presented as part of this report.
- 9.4 The table below shows the budget timetable for the budget meetings for the 2022/23 Budget.

2nd December 2021	Executive – To consider draft proposals for the Revenue and Capital Budget for 2022/23.
13 January 2022	Joint Development Management Committee and Overview & Scrutiny Panel - To consider draft proposals for the Revenue and Capital Budget for 2022/23.
27 January 2022	Executive – To recommend Final Budget Proposals to Council for 2022/23
7th February 2022 (9am)	Date which Council Procedure Rule 16 applies
10th February 2022	Full Council – To approve Final Budget Proposals for 2022/23 and set the SHDC share of the Council Tax
22 February 2022	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2022/23 (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 7th February 2022.

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Executive is responsible for recommending to Council the budgetary framework. It is the role of the Overview and Scrutiny Panel to scrutinise the Budget proposals being proposed by the Council on an annual basis. In accordance with the Financial Procedure Rules, Council must decide the general level of Reserves and the use of Earmarked Reserves.</p> <p>The preparation of the Budget 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>
Financial implications to include reference to value for money		<p><i>The forecast budget gap for 2022/23 is £79,587. This is 0.8% of the Net Budget of 21/22 of £9.7million.</i> A cumulative budget gap of £616,012 is predicted for 2023/24 (the £616,012 assumes that the 2022/23 budget gap of £79,587 has not been closed). The cumulative aggregated Budget Gap by 2024/25 is £1.7 million, if no action has been taken in each individual year to close the budget gap annually.</p> <p>The Council awaits the details of the Government's Spending Review announcement which will enable the Council to further firm up some of the assumptions within the Medium Term Financial Strategy (MTFS). This is expected in the Autumn. A further budget update report will be presented to the Executive in December. Further options for Members' considerations of how to close the predicted budget gap of £79,587 for 2022/23 will be presented as part of this December 2021 report.</p> <p>As part of Grant Thornton's external audit of the Statement of Accounts for 2020/2021, they will assess the arrangements the Council has in place for:- Improving economy, efficiency and effectiveness</p> <ul style="list-style-type: none"> • Financial Sustainability • Governance <p>The outcome of Grant Thornton's work in this area will be reported to Members at the Audit Committee meeting on 30th September 2021.</p>

Risk		Each of the budget options taken forward by Members will consider the risks of the option.
Supporting Corporate Strategy		The majority of activities set out in the Council's delivery plans can be delivered through refocusing and reprioritisation of existing resources however, in order to realise the ambition set out in the strategy, some of the activities will require additional resources. This is further explained in 3.26 to 3.29.
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and the potential for this to have significant financial implications for the Council was highlighted.</p> <p>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>A further update report 'Climate Change and Biodiversity Strategy and Action Plan Update' was presented to Council on 24 September 2020.</p>
Comprehensive Impact Assessment Implications		
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:

None

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BUDGET PROPOSALS 2022/23
(This shows the changes to the existing Base Budget)

APPENDIX A

	BASE 2021/22	Yr1 2022/23	Yr2 2023/24	Yr3 2024/25
	£	£	£	£
BUDGET PRESSURES				
Inflation and increases on goods and services	90,000	110,000	110,000	110,000
Triennial Pension revaluation (increase in Pension Employer primary rate contributions)			150,000	0
Salaries - provision for pay award at 2% (£185,000) from 2022/23 onwards, total pay of £9.5m	123,000	185,000	185,000	185,000
Waste collection, recycling and cleansing contract (estimate of around 3%)	130,000	130,000	130,000	130,000
National Living Wage and National Insurance	70,000	70,000	70,000	70,000
Community composting groups		10,000		
Salcombe Harbour recharges to the Council for staff time - increase in time charged in days for beach and water safety, car park management, inspections and fish quay and slipway work		16,600		
Localities service - seasonal staffing posts - Executive report 28.1.2021	25,000			
Depot annualised costs - Waste collection, recycling and cleansing contract	60,761			
Devon aligned service for waste	175,000			
Implementation costs for Devon aligned service for waste (Reversal of one-off cost) This is additional staffing support for implementation such as roadshows, communications and customer services support.	(125,000)			
Housing Benefit overpayment recoveries (to reduce income target to Nil in 21/22)	145,000			
SLT/ELT Restructure - redundancy/pension strain costs			(25,000)	
Partnership funding (increase in the base budget - as 5.1 of the report)	3,000			
TOTAL BUDGET PRESSURES	696,761	521,600	620,000	495,000

Changes to contributions to Earmarked Reserves

Reduce the contribution from the New Homes Bonus Reserve to fund the Revenue Base Budget (assumes a contribution of £0.746m in 2021/22 and £0.5m in 22/23 onwards)	(181,857)	246,000	0	0
Dartmouth Ferry - increase annual contribution to reserve (except in 21/22 and 22/23)			30,000	30,000
Contribution from Business Rates Retention reserve to smooth the volatility in business rates income from the baseline reset and the loss of a pooling gain (This would use £0.1m of the Reserve in 22/23, £0.5m in 23/24 and a further £0.5m in 24/25)		(100,000)	(400,000)	0
Transformation Project (T18) - Approved at 11 December 2014 Council <i>Contribution to Strategic Change Reserve to meet pension strain costs</i>	30,000			
Funding from the Economic Regeneration (Business Rates Pilot Gain) Earmarked Reserve (one-off in 2020-21)	127,000			
Repairs and Maintenance Reserve - increase annual contribution in 2023-24	80,000		25,000	
Cease making a contribution to the Planning Earmarked Reserve in 2020-21	50,000			
Funding from the Business Rates Retention Earmarked Reserve (one-off 20-21)	343,000			
Total changes in contributions to Earmarked Reserves (as per Appendix D)	448,143	146,000	(345,000)	30,000

BUDGET PROPOSALS 2022/23
(This shows the changes to the existing Base Budget)

APPENDIX A

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2021/22	Yr 1 2022/23	Yr 2 2023/24	Yr 3 2024/25
Savings from re-procurement of contracts (e.g. leisure contract)		0	TBA	TBA
IT FIT Project - software savings		(70,000)	(10,000)	
Efficiencies gained from IT and digital communications		(20,000)	(100,000)	
Employment Estates - additional rental income	(10,000)	(80,000)	(40,000)	
Extra recycling income		(70,000)		
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)	(129,672)			
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	(54,537)			
Council Tax Support Grant -Reduction by 50% per annum over two years	(37,000)			
Cancellation of the IEG4 Contract & implementation of the Northgate Citizen access portal	(12,000)			
Review of fees and charges - boat storage fees (£2,000) and Street Naming and Numbering (£1,500)	(3,500)			
3rd tranche of COVID funding received from the Government (one-off in 20-21)	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			
Use of New Burdens Government grant funding received for the administration of the Business Rates Grants (one-off in 20-21)	170,000			
TOTAL SAVINGS AND INCOME GENERATION	124,291	(240,000)	(150,000)	0

Line	Appendix B - Assumes Council Tax is increased by the higher of £5 or 1.99% each year	BASE	Yr 1	Yr 2	Yr 3
No.	Modelling for the financial years 2022/23 onwards	2021/22 £	2022/23 £	2023/24 £	2024/25 £
1	Base budget brought forward	9,410,672	9,676,767	10,024,780	9,613,355
2	Budget pressures (as per Appendix A)	696,761	521,600	620,000	495,000
	One -off budget shortfall identified for 2020-21 (as per Amended Budget report)	(1,313,000)			
3	Savings already identified (as per Appendix A)	122,191	(240,000)	(150,000)	0
4	Changes in contributions to Earmarked Reserves (App A)	448,143	146,000	(345,000)	30,000
6	Funding from Unearmarked Reserves (Amended Budget)	312,000			
7	Projected Net Expenditure:	9,676,767	10,104,367	10,149,780	10,138,355
	Funded By:-				
	(See Note 1 below regarding New Homes Bonus funding)				
8	Council Tax income - Modelling a £5 increase in 2022/23 onwards	6,718,291	6,945,867	7,175,442	7,407,018
9	Collection Fund Surplus/(Deficit)	(30,397)	(9,087)	(9,087)	0
10	Localised Business Rates (estimate of business rates resources received in the year)	2,353,520	2,360,000	2,370,000	2,380,000
11	Negative Revenue Support Grant (RSG) Adjustment - Change to Baseline Need from 23/24 onwards	0		(360,000)	(450,000)
12	Business Rates Pooling Gain (assumes 2022/23 is the last year of pooling gains)	125,000	300,000	0	0
13	Rural Services Delivery Grant	428,206	428,000	437,000	446,000
14	Lower Tier Services Grant	82,147	0	0	0
15	Total Projected Funding Sources	9,676,767	10,024,780	9,613,355	9,783,018
	Budget Gap per year				
16	(Projected Expenditure line 7 - Projected Funding line 15)	0	79,587	536,425	355,337
	Actual Predicted Cumulative Budget Gap	0	79,587	616,012	971,349
	Aggregated Budget Gap (if no action is taken in each individual year to close the budget gap annually)	0	79,587	695,599	1,666,948
Modelling Assumptions:					
	Council Tax (Band D) (Modelling the higher of £5 or a 1.99% increase)	175.42	180.42	185.42	190.42
	Council Tax Base (Assumes an increase in Band D Equivalent properties of 200 per annum)	38,298.32	38,498.32	38,698.32	38,898.32

Note 1 - New Homes Bonus Funding

The modelling for 2022/23 onwards includes a contribution of £500,000 from New Homes Bonus (or its replacement scheme) to fund the Base Budget.

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 01.04.2021 £000s	Additions to Reserve 2021/22 £000s	Predicted Spend 2021/22 £000s	Projected balance 31.03.2022 £000s	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
Affordable Housing	S0822	(668)		590	(78)	Funding of Capital Programme commitments and £36k set up costs of the Community Benefit Society, Wholly Owned Company (E.78/19)
Beach Safety	S0839	(14)			(14)	
Capital Programme	S0820	(181)	(182)	363	0	Capital Programme commitments
Community Housing Fund	S0854	(194)		149	(45)	Community Housing schemes
Community Parks and Open Spaces	S0826	(49)	(17)	4	(62)	
Covid Earmarked Reserve	S0815	(100)	(381)		(481)	This is a new reserve set up in 2020/21 to protect against future COVID losses. The current balance of £481k comprises of the 4th and 5th tranches of the COVID-19 LA Support Grant (£100k and £381k respectively) - Executive 17/12/20 and 28/1/21
Dartmouth Ferry Repairs & Renewals	S0830	(428)	(117)		(545)	
District Elections	S0838	(10)	(10)		(20)	
Economic Initiatives	S0831	(23)			(23)	
Economic Regeneration (Business Rates pilot gain 2018/19)	S0858	(49)		38	(11)	The commitments relate to £15k for the Tour of Britain and £23k for the Ivybridge Regeneration project (Executive 18th June 2020).
Emergency Climate Change Projects Reserve	S0852	(400)	(200)	400	(200)	The set up of this reserve was approved by Executive on 6/2/20 20 E74/19, funded by a £400k contribution from the New Homes Bonus Reserve. As per the Executive report on 22nd October 2020, £20,000 was to be utilised to support the delivery of the Green Homes Grant scheme. At Council on 17 December 2020 the 'Climate Change and Biodiversity Strategy and Action Plan update', proposed initiatives for the remaining £380,000. In addition a further £200k will be contributed to this reserve this year as part of the 2021/22 Budget to support the Climate Change Action Plan. Funding was identified from The Business Rates Retention Reserve, New Homes Bonus and withdrawing the 2021/22 contribution to the Planning Earmarked Reserve.
Environmental Health Initiatives	S0857	(20)			(20)	
Grounds Maintenance	S0901	(104)			(104)	A new reserve set up in 2020/21 to hold the Grounds Maintenance in year surpluses to be reinvested back into the service (Executive 18/6/20)
Homelessness Prevention	S0851	(166)		29	(137)	This reserve has been created following underspends on Homelessness Prevention Costs in previous years. The commitment includes funding carried forward from 2020/21 in respect of the Housing Vulnerability Officer (£24k). This is a 2 year temporary post funded by Devon County Council.
ICT Development	S0836	(82)	(50)	32	(100)	Commitments include £27k towards the Future IT Procurement, Council 13/2/20 E75/19
Land and Development	S0829	(104)	(7)	52	(59)	The commitment of £52k has been earmarked for Follaton House Arboretum & Wedding Venue works.
Leisure Services	S0858	(51)		8	(43)	
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(37)	(29)		(66)	This reserve was set up in 2019/20 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 2021/22.
Marine Infrastructure	S0828	(326)	(58)	200	(184)	£200k has been committed towards the Harbour Depot, Batson Creek, Salcombe E.74/20
Members Sustainable Community Locality	S0846	(35)			(35)	This reserve holds the unspent balances.
New Homes Bonus	S0804	(1,803)	(1,068)	1,940	(931)	The NHB allocation for 21/22 is £1.068m. Commitments include £764k contribution to the base revenue budget and £200k towards the Recovery and Renewal Plan and Climate Change Action Plan approved as part of the 21/22 Budget (Council 11/2/21). In addition there are commitments from previous years for the Capital Programme budget 2018/19 & 2019/20. The remaining balance includes £235,016 unallocated from the 2020/21 New Homes Bonus and £122,274 from the 2021/22 New Homes Bonus 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.
On-Street Parking	S0834	(44)			(44)	
Pay & Display Equipment Renewals	S0833	(165)	(21)		(186)	This reserve provides for the periodic replacement of Pay & Display machines.
Pension Fund Strain Payments Reserve	S0810	(109)	(99)		(208)	This reserve is used to fund pension strain costs
Planning Policy & Major Developments	S0840	(217)		4	(213)	This reserve is for all planning matters and is also to meet appeal costs. The proposed 21/22 contribution of £50k was reassigned as part of the 21/22 Budget towards the funding of the Recovery and Renewal Plan and Climate Change Action Plan approved by Council on 11/2/21.
Play Area Renewals Reserve	S0867	0	(93)		(93)	This is a new reserve set up in 2021/22 to hold the anticipated underspend on the Play Parks capital budget of £93,500. This reserve will be used for replacement play area equipment (Executive 22/10/20 - E.26/20)
Recovery and Renewal Plan	S0864	0	(500)		(500)	This is a new reserve set up as part of the 2021/22 Budget to support the costs of the Recovery and Renewal Plan. The £500k contribution is funded by reassigning the proposed contribution to the Planning Earmarked Reserve in 2021/22 (£50k) and a transfer from the Business Rates Retention Earmarked Reserve (£450k) - Council 11/2/21
Repairs & Maintenance	S0827	(231)	(80)	30	(281)	The commitment of £30k relates to the cost of furniture for the Council Chamber. Please see a separate report on this Executive agenda regarding Follaton House.

Revenue Grants	S0821	(1,101)		179	(922)	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 £49k 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. In addition a further £130k has been earmarked for the new Audio Visual system in the Council Chamber. This will be funded from the Government new burdens funding received for the administration of Business Grants which was transferred to this Revenue Grants reserve in 2020/21. Please see a separate report on this Executive agenda regarding Follaton House.
Salary Savings	S0863	(120)		120	0	This is a new reserve set up to hold salary savings from 2020/21 to be ringfenced to support salary costs in 2021/22. (Executive 11/3/21). Some work had to be postponed in 2020/21 due to the extra work pressures of the pandemic and this work will need to be carried out in 2021/22 to maintain and enhance service delivery and address recommendations from internal audit reports.
Section 106 Deposits	S0842	(38)			(38)	This reserve comprises deposits with no repayment conditions - created as a result of IFRS
Section 106 Monitoring	S0929	(149)			(149)	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	(34)			(34)	To meet the salary costs of a S106 technical support officer.
Support Services Trading	S0856	(72)		16	(56)	This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme.
Sustainable Waste Management	S0837	(246)	(25)	80	(191)	This reserve was created for one-off waste management costs. Due to the delay in the implementation of the Devon Aligned Service an underspend of £80,000 was transferred to the Sustainable Waste Management reserve in 2020/21 to reflect the fact that the majority of the implementation costs will now be in 2021/22 rather than 2020/21 due to the pandemic. (Executive 11/3/21).
Vehicles & Plant Renewals	S0832	(143)	(550)	293	(400)	Earmarked for the Fleet Replacement Programme as part of the Waste Contract. An annual contribution of £550k is made to this reserve.
Sub Total excluding the Business Rates Reserves		(7,513)	(3,487)	4,527	(6,473)	
Business Rates Retention	S0824	(7,103)		678	(6,425)	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) 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 (this was approved by Council), funded from this reserve and (c) £450k of funding for the Recovery and Renewal Plan and Climate Change Action Plan, approved by Council on 11/2/21.
S.31 Compensation Grant (Business Rates)	S0866	(6,283)		6,044	(239)	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received in 2020/21 will not be discharged against the Collection Fund deficit until 2021/22 onwards.
TOTAL EARMARKED RESERVES		(20,899)	(3,487)	11,249	(13,137)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)		(2,122)	(92)		(2,214)	This Unearmarked Reserve has a minimum balance of £1.5million (set by Members as part of the budget process). The predicted surplus for 2021/22 of £92,000 (as set out in the Month 4 revenue budget monitoring report) would be added to this Unearmarked Reserve.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		(23,021)	(3,579)	11,249	(15,351)	

ANALYSIS OF CONTRIBUTIONS TO/(FROM) EARMARKED RESERVES

Budget 2021/22			Estimate 2022/23		Estimate 2023/24	
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		147,000	
	(746,000)	New Homes Bonus (replacement scheme in 22/23 onwards)		(500,000)		(500,000)
	(48,700)	Flexible Homelessness Gov Grant		(48,700)		(48,700)
	0	Business Rates Retention Reserve		(100,000)		(500,000)
20,800		Pay & Display Equipment	20,800		20,800	
99,000		Pension Fund Strain Payments	99,000		99,000	
80,000		Repairs and maintenance	80,000		105,000	
550,000		Vehicles & Plant Renewals	550,000		550,000	
7,000		Land and Development Reserve	7,000		7,000	
50,000		IT Development Reserve	50,000		50,000	
25,000		Sustainable Waste Management	25,000		25,000	
50,000		Planning Policy and Major Developments	50,000		50,000	
2,000		Interest from Reserves	2,000		2,000	
1,209,300	(794,700)	TOTALS	1,209,300	(648,700)	1,264,300	(1,048,700)
414,600		GRAND TOTAL	560,600		215,600	

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Report to: **Executive**

Date: **16 September 2021**

Title: **Month 4 Revenue Budget Monitoring
2021/2022**

Portfolio Area: **Finance and Assets – Cllr H Bastone**

Wards Affected: **All**

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

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

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

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

Contact: pauline.henstock@swdevon.gov.uk
lisa.buckle@swdevon.gov.uk

RECOMMENDATION:

That the Executive resolves to note the forecast income and expenditure variations for the 2021/22 financial year and the overall projected surplus of £92,000 (1.0% of the total Budget £9.677 million).

1. Executive summary

- 1.1 This report enables Members to monitor income and expenditure variations against the approved budget for 2021/22, and provides a forecast for the year end position.
- 1.2 The gross service expenditure budget for 2019/20 was set at £41 million (£9.677 million net). This report identifies a projected surplus of £92,000 which is nearly 1.0% of the overall Budget set for 2021/22 of £9.677 million.

2. Background

2.1 Regional and national context

2.2 The Covid-19 pandemic has drawn into sharper focus the financial challenges faced by Local Authorities which have existed for some years. There remains outstanding a number of Local Authority Government reviews into Local Authority funding to reset the way local Councils are funded and the mechanism for the distribution of funding.

2.3 Financial Monitoring arrangements

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

3. Outcomes/outputs

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

TABLE 1: 2021/22 BUDGET FORECAST

	2021/22 Budget expenditure /(income)	Budget variations		£000	Note
		%	£000		
	£000			£000	
APPROVED BUDGET				9,677	
Reductions in expenditure/additional income					
Customer Service & Delivery					
Planning income	(920)	30%	(280)		A
Land Charges income	(170)	19%	(33)		B
IT and digital communications	158	13%	(20)		C
Place and Enterprise					
Car and boat parking income	(3,162)	5%	(165)		D
Dartmouth Lower Ferry income	(827)	12%	(102)		E
Employment Estates income	(887)	9%	(80)		F
Follaton House – Covid-19 vaccination centre	n/a	n/a (no budget)	(25)		G
Governance and Assurance					
Recycling income	(451)	16%	(70)		H
Other Comprehensive Income & Expenditure					
Business Rates Pooling gain	(225)	33%	(75)		I
Sub total of variations				(850)	

Increases in expenditure/reductions in income					
Customer Service & Delivery					
COVID-19 expenditure	n/a	n/a (no budget)	157		J
Planning salaries	922	19%	172		K
Licensing income	(201)	9%	19		L
Council Tax Collection income	(155)	26%	40		M
Governance & Assurance					
Waste & Recycling – delay to the September 2020 go live date for Devon Aligned Service for all properties	2,648	9%	240		N
Other Comprehensive Income & Expenditure					
Investment income	(203)	33%	67		O
Provision for Bad and Doubtful Debts	n/a	n/a	80		P
Sub total of variations				775	
PROJECTED OUTTURN				9,602	
Government grant funding anticipated from the income guarantee scheme for sales, fees and charges for April to June 2021				(17)	Q
Sub-total				9,585	
PROJECTED SURPLUS FOR 2021/22				(92)	

There is projected to be an overall surplus of £92,000 when compared against the Revenue Budget set for 2021/22.

Notes

- A. **Planning income** – additional income of £280,000 has been received as at 31 July 2021. For the purposes of the 2021/22 projection it has been assumed that income will be on budget for the remainder of the year. However, this is a volatile area which can be very difficult to forecast given the impact of large applications so there is every likelihood that the income will fluctuate as the year progresses. The Planning Improvement Plan report on this Executive agenda recommends that this additional income is utilised to fund additional temporary staffing costs in planning for 2021/22 (note K).
- B. **Land Charges income** – income is currently anticipated to exceed the 2021/22 target by £33,000 which equates to 19% of the annual income budget of £170,000.

- C. **Efficiencies from IT and digital communications** – due to the efficiencies brought about from IT and digital communications the postage budget is anticipated to be underspent by £20,000 in 2021/22.
- D. **Car & boat parking income** – additional income of £165,000 has been received as at 31 July 2021. For the purposes of the 2021/22 projection it has been assumed that income will be on budget for the remainder of the year. Income levels will continue to be closely monitored and a further update will be provided in the next budget monitoring report.
- E. **Dartmouth Lower Ferry income** – additional income of £102,000 has been received as at 31 July 2021. This equates to 12% of the annual income target for Dartmouth Lower Ferry of £827,000.
- F. **Employment Estates income** – employment estates income is currently projected to be over budget by £80,000 in 2021/22.
- G. **Follaton House Covid-19 vaccination centre** – the current licence for the vaccination centre at Follaton House covers the period April 2021 to 31 August 2021. It is anticipated that this will generate £25,000 of income.
- H. **Recycling income** – The market for fibres (paper and card) and plastics has begun to improve over the past few months. We believe this is linked to greater demand as waste consumption habits changed with lockdown and has resulted in lower costs for reprocessing/greater income from these materials respectively. In addition, the new recycling service was designed to increase income by improving the quality and quantity of recyclables collected on the kerbside. Higher quality materials command a greater market price, whilst a greater quantity means that more material is available for sale and delivers more income from recycling credits. This is anticipated to generate additional income of £70,000 in 2021/22.
- I. **Business Rates Pooling gain** – it is currently anticipated that a Business Rates Pooling gain of £300,000 will be generated in 2021/22.
- J. **COVID-19 expenditure** – One-off items of direct Covid 19 expenditure such as extra housing costs, ICT and remote working, waste, cleaning costs and community support costs. These costs are included on the monthly DELTA Government returns completed.
- K. **Planning salaries** – additional temporary staffing cost within the Development Management Service is anticipated to cost £171,900 in 2021/22. This can be met from the additional planning income generated by the service as shown in note 'A' above. Approval is sought for this in the Planning Improvement Plan report, a separate item on this Executive agenda.

- L. **Licensing income** – as at the end of July 2021 there was a shortfall of £19,000 in licensing income. This will be partly offset by the extension of the Government income guarantee scheme for sales, fees and charges into the first quarter of 2021/22 as shown in note 'Q' below.
- M. **Council Tax Collection income** – summons costs recovered in respect of Council Tax and Business Rates are currently anticipated to be 26% down on the 2021/22 budget.
- N. **Waste and Recycling – delay to full implementation of the Devon Aligned service** -

Council in December 2018 awarded a 8 year contract for Waste, Recycling and Cleansing Services to FCC, commencing on 1st April 2019. The annual saving from the outsourced contract from 19/20 onwards was £286,000 and this increased to over £400,000 per annum on commencement of the Devon Aligned Service. As per recent reports to the Executive and Council, some properties have moved across to the Devon Aligned Service but not all properties.

The £240,000 shown in the report is a ballpark estimate of the costs the Council experienced in 2020/21 due to the delay of the Devon Aligned service and this figure has been used in the first budget monitoring report of the year, in the absence of any firmer figures at this stage. The Council is continuing dialogue with its waste contractor (FCC) and there is a separate report on the Executive agenda regarding the waste contract. Costs are associated with continuing to supply single-use sacks for recycling and the reprocessing of the recyclable materials in the current global market.

- O. **Investment income** – due to the historic low in interest rates (base rates are 0.1%), investment income is currently anticipated to be 33% down which equates to a shortfall of £67,000 in 2021/22. Further options for fixed term deposits will continue to be explored with the Council's treasury management advisers.
- P. **Provision for Bad and Doubtful Debts** – An increase in the provision for bad and doubtful debts of £80,000 has been estimated for 2021/22. This provision covers debts such as Sundry Debtors and Housing Benefit debt but will exclude bad debt provisions for Council Tax and Business Rates income streams.

- Q. **Government Grant Funding for Income Losses** – in line with 2020/21 the Government have extended their income guarantee scheme to help compensate Councils for losses of sales, fees and charges income during the first quarter of 2021/22. The Government will continue to compensate Councils for their income losses above the first 5% of their budgeted income from sales, fees and charges. Income losses above the first 5% will be compensated by the Government paying for 75 pence in every pound of the losses thereafter. Due to the recovery of some key income streams in 2021/22 this has been estimated at £17,000 for April to June 2021.

3. Savings/Additional Income identified in the 2021/22 Budget

- 3.1 This monitoring report includes an update on the position regarding the savings and additional income that were identified in the 2021/22 budget setting process, set out in Appendix B.
- 3.2 **Leisure** – A report on Leisure is on the Executive Forward Plan for October and any financial implications arising from Member decisions within the report will be built into the next Budget Monitoring report.

4. Review of Earmarked Reserves

- 4.1 The Council annually undertakes a review of the level of its Earmarked Reserves as part of the budget setting process. Budgeted contributions to and from Earmarked Reserves were part of the 2021/22 Budget reports.
- 4.2 A schedule of Earmarked Reserves is attached at Appendix A, which shows Earmarked Reserves have a projected balance of £13.137 million at 31.3.2022 currently.
- 4.3 Although our Earmarked Reserves appear to have increased substantially overall in 2020/21, an amount of £6.28m of this is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 (this funding is in the S31 Compensation Grant Reserve). This temporary increase in reserves will reverse back out again in the 2021/22 Accounts, to fund the deficit on the Collection Fund. Therefore this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.
- 4.4 The Council's level of Unearmarked Reserves currently stands at £2.122 million. The surplus of £92,000 would go into Unearmarked Reserves at the year end, in accordance with normal accounting practice (the Accounting Code of Practice, which sets out that surpluses or deficits at the year end are added to Unearmarked Reserves). This gives a predicted year end balance of £2.214 million for Unearmarked Reserves.

5. Prudential Indicators

5.1 The prudential code indicators were approved in the Capital, Investment and Treasury Management Strategy report to the Council on 25 March 2021. The indicators are monitored during the year through the normal revenue and capital monitoring processes. All Treasury Management limits have been adhered to.

6. Income and Reserves

Income monitoring is an integral part of financial management. Current income forecasts are as follows: Income monitoring is an integral part of financial management. Below shows the current income (surpluses)/shortfalls already experienced for April to July 2021. The table also shows the latest 2021/22 projections for the major streams of income.

Service	Deficit/ (Surplus) April – July 2021 £'000	Projected Income 2021/22 £'000	Income Budget 2021/22 £'000	Deficit/ (Surplus) £'000	Deficit/ (Surplus) %
Car Parks	(165)	3,327	3,162	(165)	(5%)
Planning	(280)	1,200	920	(280)	(30%)
Employment Estates	(85)	967	887	(80)	(9%)
Trade Waste	-	819	819	-	-
Dartmouth Ferry	(102)	929	827	(102)	(12%)
Recycling	-	521	451	(70)	
Business Rates Pooling Gain	-	300	225	(75)	(33%)
Investment income	45	136	203	67	33%
Licensing	19	182	201	19	9%
Land Charges	(33)	203	170	(33)	(19%)
TOTAL	(601)	8,584	7,865	(719)	(9%)

7. Management Actions

7.1 The table below sets out the relevant management actions for the revenue expenditure and income variations shown above. It is best practice for the Council to state whether there are any corrective actions that need to be taken for the variances identified in 2021/22.

	Budget variations overspend/ (underspend) £000	Management Action
Reductions in expenditure/additional income		
Planning income	(280)	This will be kept under review during 2021/22. It is recommended in a separate report on this Executive agenda to fund temporary planning salaries of £171,900 from this additional income.
Land Charges income	(33)	Income levels will be kept under review in 2021/22.
IT and digital communications	(20)	A saving of £20,000 has been built into the 2022/23 budget.
Car and boat parking income	(165)	This will be kept under review during 2021/22.
Dartmouth Lower Ferry income	(102)	Income levels will be kept under review in 2021/22.
Employment Estates income	(80)	Additional income of £80,000 has been built into the 2022/23 budget.
Follaton House – Covid-19 vaccination centre	(25)	This arrangement will be kept under review.
Recycling income	(70)	Additional income of £70,000 has been built into the 2022/23 budget.
Business Rates Pooling Gain	(75)	The 2022/23 budget for the Business Rates Pooling Gain has been increased from £225,000 to £300,000.
Increases in expenditure/reductions in income		
Covid-19 expenditure	157	This expenditure will be kept under close review and will be included in the Government DELTA returns.

	Budget variations overspend/ (underspend) £000	Management Action
Planning salaries	172	It is recommended to fund this temporary salary cost from additional planning income in 2021/22.
Licensing income	19	Income levels will be kept under review in 2021/22.
Council Tax collection income	40	Recovery of summons costs will be kept under review in 2021/22.
Waste & Recycling – delay of the full implementation of the Devon Aligned Service	240	The Council is continuing dialogue with its waste contractor (FCC) and there is a separate report on the Executive agenda regarding the waste contract. See Note N for more detail.
Investment income	67	Investment income will be kept under review in 2021/22.
Provision for Bad and Doubtful Debts	80	The level of debt will be kept under close review in 2021/22.

8. Options available and consideration of risk

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

9. Proposed Way Forward

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

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is required to make arrangements for the proper administration of its financial affairs. As part of those arrangements, the Council is under a duty to monitor its budgets throughout the financial year and to take appropriate action to deal with any deterioration in the financial position revealed by the regular monitoring.
Financial implications to include reference to value for money	Y	The report identifies a projected surplus of £92,000 which is nearly 1.0% of the overall budget set for 2021/22 of £9.677 million.
Risk	Y	<p>1) Budget variances – continual monthly budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</p> <p>2) Resource Planning – the Executive takes into account any significant issues when developing the Council’s Medium Term Financial Strategy. These are identified in the Management Actions section of the report (Section 7).</p>
Supporting Corporate Strategy		The budget monitoring process supports all of the Delivery Plans within the Council’s strategic vision, ‘Better Lives for All’.
Climate Change – Carbon / Biodiversity Impact		<p>A report was presented to Council on 17th December 2020 ‘Climate Change and Biodiversity Strategy and Action Plan update’. The report set out the proposed allocation of the £400,000 in the Climate Change Earmarked Reserve.</p> <p>A further £200,000 funding for the Climate Change Action Plan was approved by Council on 11th February 2021, as part of the 2021/22 Budget.</p> <p>Further detail is set out in the Council’s ‘Better Lives for All’ strategy.</p>

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

Supporting Information

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

Appendix B – Savings/Additional income schedule

Background Papers:

None.

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX A
	Cost Centre	Opening balance 01.04.2021 £000s	Additions to Reserve 2021/22 £000s	Predicted Spend 2021/22 £000s	Projected balance 31.03.2022 £000s	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
Affordable Housing	S0822	(668)		590	(78)	Funding of Capital Programme commitments and £36k set up costs of the Community Benefit Society, Wholly Owned Company (E.78/19)
Beach Safety	S0839	(14)			(14)	
Capital Programme	S0820	(181)	(182)	363	0	Capital Programme commitments
Community Housing Fund	S0854	(194)		149	(45)	Community Housing schemes
Community Parks and Open Spaces	S0826	(49)	(17)	4	(62)	
Covid Earmarked Reserve	S0815	(100)	(381)		(481)	This is a new reserve set up in 2020/21 to protect against future COVID losses. The current balance of £481k comprises of the 4th and 5th tranches of the COVID-19 LA Support Grant (£100k and £381k respectively) - Executive 17/12/20 and 28/1/21
Dartmouth Ferry Repairs & Renewals	S0830	(428)	(117)		(545)	
District Elections	S0838	(10)	(10)		(20)	
Economic Initiatives	S0831	(23)			(23)	
Economic Regeneration (Business Rates pilot gain 2018/19)	S0858	(49)		38	(11)	The commitments relate to £15k for the Tour of Britain and £23k for the Ivybridge Regeneration project (Executive 18th June 2020).
Emergency Climate Change Projects Reserve	S0852	(400)	(200)	400	(200)	The set up of this reserve was approved by Executive on 6/2/20 20 E74/19, funded by a £400k contribution from the New Homes Bonus Reserve. As per the Executive report on 22nd October 2020, £20,000 was to be utilised to support the delivery of the Green Homes Grant scheme. At Council on 17 December 2020 the 'Climate Change and Biodiversity Strategy and Action Plan update', proposed initiatives for the remaining £380,000. In addition a further £200k will be contributed to this reserve this year as part of the 2021/22 Budget to support the Climate Change Action Plan. Funding was identified from The Business Rates Retention Reserve, New Homes Bonus and withdrawing the 2021/22 contribution to the Planning Earmarked Reserve.
Environmental Health Initiatives	S0857	(20)			(20)	
Grounds Maintenance	S0901	(104)			(104)	A new reserve set up in 2020/21 to hold the Grounds Maintenance in year surpluses to be reinvested back into the service (Executive 18/6/20)
Homelessness Prevention	S0851	(166)		29	(137)	This reserve has been created following underspends on Homelessness Prevention Costs in previous years. The commitment includes funding carried forward from 2020/21 in respect of the Housing Vulnerability Officer (£24k). This is a 2 year temporary post funded by Devon County Council.
ICT Development	S0836	(82)	(50)	32	(100)	Commitments include £27k towards the Future IT Procurement, Council 13/2/20 E75/19
Land and Development	S0829	(104)	(7)	52	(59)	The commitment of £52k has been earmarked for Follaton House Arboretum & Wedding Venue works.
Leisure Services	S0858	(51)		8	(43)	
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(37)	(29)		(66)	This reserve was set up in 2019/20 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 2021/22.
Marine Infrastructure	S0828	(326)	(58)	200	(184)	£200k has been committed towards the Harbour Depot, Batson Creek, Salcombe E.74/20
Members Sustainable Community Locality	S0846	(35)			(35)	This reserve holds the unspent balances.
New Homes Bonus	S0804	(1,803)	(1,068)	1,940	(931)	The NHB allocation for 21/22 is £1.068m. Commitments include £764k contribution to the base revenue budget and £200k towards the Recovery and Renewal Plan and Climate Change Action Plan approved as part of the 21/22 Budget (Council 11/2/21). In addition there are commitments from previous years for the Capital Programme budget 2018/19 & 2019/20. The remaining balance includes £235,016 unallocated from the 2020/21 New Homes Bonus and £122,274 from the 2021/22 New Homes Bonus 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.
On-Street Parking	S0834	(44)			(44)	
Pay & Display Equipment Renewals	S0833	(165)	(21)		(186)	This reserve provides for the periodic replacement of Pay & Display machines.
Pension Fund Strain Payments Reserve	S0810	(109)	(99)		(208)	This reserve is used to fund pension strain costs
Planning Policy & Major Developments	S0840	(217)		4	(213)	This reserve is for all planning matters and is also to meet appeal costs. The proposed 21/22 contribution of £50k was reassigned as part of the 21/22 Budget towards the funding of the Recovery and Renewal Plan and Climate Change Action Plan approved by Council on 11/2/21.
Play Area Renewals Reserve	S0867	0	(93)		(93)	This is a new reserve set up in 2021/22 to hold the anticipated underspend on the Play Parks capital budget of £93,500. This reserve will be used for replacement play area equipment (Executive 22/10/20 - E.26/20)
Recovery and Renewal Plan	S0864	0	(500)		(500)	This is a new reserve set up as part of the 2021/22 Budget to support the costs of the Recovery and Renewal Plan. The £500k contribution is funded by reassigning the proposed contribution to the Planning Earmarked Reserve in 2021/22 (£50k) and a transfer from the Business Rates Retention Earmarked Reserve (£450k) - Council 11/2/21
Repairs & Maintenance	S0827	(231)	(80)	30	(281)	The commitment of £30k relates to the cost of furniture for the Council Chamber. Please see a separate report on this Executive agenda regarding Follaton House.

Revenue Grants	S0821	(1,101)		179	(922)	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 £49k 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. In addition a further £130k has been earmarked for the new Audio Visual system in the Council Chamber. This will be funded from the Government new burdens funding received for the administration of Business Grants which was transferred to this Revenue Grants reserve in 2020/21. Please see a separate report on this Executive agenda regarding Follaton House.
Salary Savings	S0863	(120)		120	0	This is a new reserve set up to hold salary savings from 2020/21 to be ringfenced to support salary costs in 2021/22. (Executive 11/3/21). Some work had to be postponed in 2020/21 due to the extra work pressures of the pandemic and this work will need to be carried out in 2021/22 to maintain and enhance service delivery and address recommendations from internal audit reports.
Section 106 Deposits	S0842	(38)			(38)	This reserve comprises deposits with no repayment conditions - created as a result of IFRS
Section 106 Monitoring	S0929	(149)			(149)	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	(34)			(34)	To meet the salary costs of a S106 technical support officer.
Support Services Trading	S0856	(72)		16	(56)	This reserve was created from external work carried out in other Councils e.g. HR work with Councils also embarking on a Transformation Programme.
Sustainable Waste Management	S0837	(246)	(25)	80	(191)	This reserve was created for one-off waste management costs. Due to the delay in the implementation of the Devon Aligned Service an underspend of £80,000 was transferred to the Sustainable Waste Management reserve in 2020/21 to reflect the fact that the majority of the implementation costs will now be in 2021/22 rather than 2020/21 due to the pandemic. (Executive 11/3/21).
Vehicles & Plant Renewals	S0832	(143)	(550)	293	(400)	Earmarked for the Fleet Replacement Programme as part of the Waste Contract. An annual contribution of £550k is made to this reserve.
Sub Total excluding the Business Rates Reserves		(7,513)	(3,487)	4,527	(6,473)	
Business Rates Retention	S0824	(7,103)		678	(6,425)	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) 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 (this was approved by Council), funded from this reserve and (c) £450k of funding for the Recovery and Renewal Plan and Climate Change Action Plan, approved by Council on 11/2/21.
S.31 Compensation Grant (Business Rates)	S0866	(6,283)		6,044	(239)	This is a new reserve set up to hold the business rates S31 grants received in 2020/21 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received in 2020/21 will not be discharged against the Collection Fund deficit until 2021/22 onwards.
TOTAL EARMARKED RESERVES		(20,899)	(3,487)	11,249	(13,137)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)		(2,122)	(92)		(2,214)	This Unearmarked Reserve has a minimum balance of £1.5million (set by Members as part of the budget process). The predicted surplus for 2021/22 of £92,000 (as set out in this report) would be added to this Unearmarked Reserve.
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		(23,021)	(3,579)	11,249	(15,351)	

Summary of Savings and Additional Income from the 2021/22 Budget Setting Process

APPENDIX B

The table below summarises the savings and additional income that were included in the 2021/22 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

	Savings and Additional Income for the 2021/22 Budget	Income/Savings Target for 2021/22 (£)	Latest Projection for 2021/22 (£)	Narrative
1	Procurement of waste collection, recycling and cleansing contract	129,672	TBC	Council in December 2018 awarded a 8 year contract for Waste, Recycling and Cleansing Services to FCC, commencing on 1st April 2019. The annual saving from the outsourced contract from 19/20 onwards was £286,000 and this increased to over £400,000 per annum on commencement of the Devon Aligned Service. As per recent reports to the Executive and Council, some properties have moved across to the Devon Aligned Service but not all properties. There is a separate report on this Executive agenda regarding the Waste contract.
2	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.	54,537	54,537	Legislation has been enacted so that Public Conveniences no longer have to pay Business Rates
3	Council Tax E-Billing	2,100	-	The aim is to offer an e-billing service to Council Tax payers and this is a project which is currently being progressed.
4	Council Tax Support Grant - reduction by 50% per annum over two years	37,000	37,000	All Town and Parish Councils were notified of this reduction in grant as part of their 2021/22 precept setting process.
5	Employment Estates income	10,000	90,000	Additional income of £80,000 is anticipated for 2021/22. This income has been built into the Medium Term Financial Strategy as an additional income target from 2022/23 onwards.
6	Cancellation of the IEG4 Contract & implementation of the Northgate Citizen access portal	12,000	12,000	
7	Income from review of fees and charges			
	Boat storage charges	2,000	2,000	Currently on target to achieve this income.
	Street Naming and Numbering	1,500	1,500	Currently on target to achieve this income.
	TOTAL	£248,809	£197,037	

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NOT FOR PUBLICATION

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

Report to: **Executive**

Date: **16th September 2021**

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

Portfolio Area: **Finance and Assets**

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 01803 861559
pauline.henstock@swdevon.gov.uk 01803 861377

RECOMMENDATION

That the Executive:

- a) note the content of the Monitoring Report; and**
- b) RECOMMEND to Council to fund the overspend of £31,816 on the Dartmouth Ferry Workshop from the Capital Programme Contingency Reserve.**

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 4 (end of Jul 21) has shown that all projects are within their approved budget with the exception of Dartmouth Ferry Workshop which is currently overspent by £31,816. All other capital projects are within the existing capital budgets approved by Members (Appendix A).
- 1.3 It is recommended to fund the overspend of £31,816 on the Dartmouth Ferry Workshop from the capital programme contingency reserve (which has a current uncommitted balance of £300,000).

2. Background

- 2.1 The capital programme for 2021/22 was approved by Council on 11 February 2021 (38/20 and E.60/20 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 2020/2021 and prior years

3.2 Langage Business Park

Following the approval by the Executive to agree a long lease for the starter units at Langage, work has been ongoing with the land owner, LEPL, to conclude the masterplanning of the northern part of the site. This in turn will lead to a planning submission.

Habitat surveys of the land north of Holand Road have now been complete (this took a season to undertake) and it has been agreed that that should be the location of the units. More recently, any potential impacts of the Freezone are also having to be factored in to ensure complementarity for the wider site.

A detailed planning application can now be brought forward and the technical aspects of the build are being discussed by the Engineering team.

Once the planning application has been submitted and agreed a contract to design and build the units can commence, funded from the S106 money secured for that purpose. Construction is not anticipated to start until late 2022 or into 2023 at the earliest. This timetable will be impacted by both the planning phase and the procurement timeline.

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

Scheme	Budget	Narrative
Community Led Housing	£100,000	There is a balance of £24,500 remaining. This will be used as required for small top ups on schemes where viability is an issue. An application has been received and paid from Newton & Noss CLT for £500 to assist with legal fees. There may be a further payment to the N&N CLT for additional legal costs subject to planning consent being granted in the village. South Dartmoor Community Energy have received £25,000 towards 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

	Narrative	Budget for Scheme
BUDGET (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. There are a number of schemes in the very early stages and this will be reported on separately as part of the housing strategy.	£920,000
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
Community Housing Scheme	Council Minute 88/19 from 30 th April 2020 – £100,000 to be allocated to delivering St Ann’s Chapel Community Housing Scheme	£100,000
Set up costs of the Community Benefit Society – Wholly Owned Company	As per the report to the Executive and approved at Council on 13 February 2020	£40,000
Tenants Incentive Scheme	Amount set aside from the Affordable Housing Earmarked Reserve	£55,400
Remaining Uncommitted Balance		£470,100*
*(This is the uncommitted balance on the Affordable Housing Earmarked Reserve)		

There is currently an uncommitted balance on the Affordable Housing Budget of £470,100. ***The Housing Strategy will identify the best approach to utilise this funding.***

3.4 Market Square, Totnes

SHDC have been working with Totnes Town Council (TTC) 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. TTC have submitted an application for Corporate Development funding which if successful would have a beneficial impact on the overall scope of the project, although this would inevitably delay it further. We are however continuing to develop a project programme with TTC.

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 have received ecological surveys and a preliminary contamination assessment which will inform the layout of the cemetery expansion. Drawings and documents to support a forthcoming planning application are being compiled – with an anticipated submission later in 2021. The bulk of works and spend are anticipated in 2021/22 and 2022/23.

3.6 Car Parks – Resurfacing

Officers have identified a number of car parks across the District which are in need of resurfacing (this is a rolling programme).

3.7 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 Housing Strategy are being reviewed and it is intended to bring back a report on options to Members later in the year.

3.8 Dartmouth Health and Wellbeing Hub Development

The scheme received planning consent in early December 2020. The contracts for the lease agreement between SHDC and the Torbay, South Devon NHS Foundation Trust and SDH Innovations Partnership LLP was signed on the 18 June 2021. The main construction works contract was signed on the 22 July 2021. A Letter of Intent preceded the main contract signature allowing necessary design works and

material procurement to proceed leading to physical works commencing on the 21 June 2021. Works are currently at foundation level, with forecasted completion now anticipated in August 2022.

3.9 Community Housing Schemes

An update on Community Housing projects is on the Executive forward plan for the next meeting on 14 October 2021.

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

A total of £327,998 has been spent on the Play Parks scheme to date. It is anticipated that once all the work has been completed, 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 (22nd October) resolved that this underspend be used to set up a Play Area Renewals Revenue Earmarked Reserve to be used for replacement play area equipment as required (Minute E.26/20 refers).

3.11 Coastal Assets

A re-survey of all coastal assets was completed in 2020. This information is now being evaluated and will assist with the development of the ongoing maintenance programme.

Works have completed on the delivery of 70 metres of urgent coastal remedial works at Beesands and to address the accelerated erosion that has occurred at the northern extent of the village green.

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

The DFG allocation for 2021/22 is £769,608. Expenditure to the end of July was £212,979. Due to the COVID-19 pandemic, the number of DFG applications significantly reduced in the first part of last financial year. Following the relaxing of the lockdown measures, the number of applications has increased beyond levels expected in a "normal" year. This may result in a number of grant applications that have been approved but waiting for work to commence due to shortages in labour and materials.

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, the Council is able to spend the Better Care Fund on other areas such as home assistance and Energy Company Obligation top-ups.

The Council is using part of the funding to support wider fuel poverty interventions and supplement national grant programmes. Which will also have a positive impact on climate change by supporting vulnerable lower income households to access lower carbon solutions.

3.13 Ivybridge Regeneration

On 11 February 2021, Council approved the progress of 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).

The project team are now running the necessary tender exercise to appoint a design and build contractor. When appointed, they will work on the full planning application pack for submission later in the year.

3.14 Green Homes Grant

In July 2020, the Government announced a £2 billion Green Homes Grant (GHG) scheme to save households money, cut carbon emissions and create jobs. The Council, as part of a consortium with West Devon Borough Council, submitted a bid and have been awarded a total sum of £1,025,250 (SHDC share).

The grant will be used to deliver the installation of 21 external wall insulations and 9 Air source heat pumps for eligible households and will be delivered during 2021/22. Due to major supply chain problems, no installations have taken place to date.

A range of metrics including lifetime financial and carbon savings will be calculated and reported back to the Executive at the end of the project. The full report was presented at Executive on 22nd October 2020, minute ref E.31/20.

Capital Programme 2021/22

3.15 Follaton House Refurbishment of Roof

Options are in the process of being developed with our consultant surveyor and ecologist for the refurbishment of the roof at Follaton House. Works are not anticipated to commence until Summer 2022 and due to the presence of bats in the roof space, this will have to be carried out over a number of seasons.

3.16 Replacement of IT Hardware

Following extensive analysis of performance requirements, a number of platforms and configurations were considered, including cloud. A replacement for the existing servers and storage has been purchased and the new hardware will be installed and configured throughout the autumn. This will provide an excellent foundation for delivering digital services over the coming years.

3.17 Electric Vehicle Charging

In the next two years there is the opportunity to migrate up to ten vehicles to electric, which will require the installation of the necessary infrastructure within the council's Assets. These would be located in Totnes Depot, which requires both the power supply and network to be upgraded and the chargers installed. The network supply upgrade cost is £60k and the install of the chargers is estimated to be a further £20k. This would provide 30 fast chargers.

The initial engineering surveys and cost estimates for power upgrades at Follaton House have been concluded. These upgrades will result in the capacity for EV charging points to be increased to 50 rapid chargers. The power supply upgrade costs are estimated at £70k and the cost of the chargers would be in addition to that and allowance of £20k would deliver a limited first phase roll out, aligned to the fleet transition timeline. It is anticipated that further phases would be rolled out to match EV fleet transition as EV van technology evolves.

3.18 Dartmouth Ferry Workshop

The Dartmouth Ferry Workshop had a budget of £140,000 and the final spend was £171,816. It is recommended to fund the overspend of £31,816 from the Capital Programme Contingency Reserve which has an uncommitted balance of £300,000 (Recommendation 2 of this report). There was further work required regarding health and safety concerns regarding the testing of equipment and access platforms to the equipment for six monthly inspections.

3.19 S106 Deposits

A separate report on S106 contributions and expenditure is included on this Executive agenda. S106 contributions totalled £5.879m at 31 March 2021.

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 regarding the budgets for individual projects, there are grounds for the publication of this appendix to be restricted, and considered in exempt session.</p>

		<p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in 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>
<p>Financial Implications to include reference to Value for Money</p>		<p>The monitoring of the capital programme at month 4 (end of Jul 21) has shown that all projects are within their approved budget with the exception of Dartmouth Ferry Workshop which is currently over spent by £31,816. All of the capital projects are within the existing capital budgets approved by Members (Appendix A).</p> <p>It is recommended to fund the over spend of £31,816 on the Dartmouth Ferry Workshop from the capital programme contingency reserve (which has a current uncommitted balance of £300,000)</p> <p>The regular monitoring of the Capital Programme ensures the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>
<p>Risk</p>		<p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p>

Supporting Corporate Strategy		The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		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. The Council has approved a budget of £600,000 in the Climate Change Earmarked Reserve. Further detail is set out in the Council's 'Better Lives for All' strategy.
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

Background Papers:

None

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Report to: **Executive**

Date: **16 September 2021**

Title: **Planning Improvement Plan**

Portfolio Area: **Built and Natural Environment – Cllr Judy Pearce, Leader of the Council**

Wards Affected: **All**

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

Date next steps can be taken: upon the expiry of the Overview And Scrutiny Cali-in period

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

Contact: Drew.powell@swdevon.gov.uk

Recommendations:

- 1. That the Executive adopts the Planning Improvement Plan ('the Plan') as set out at Appendix A;**
- 2. That the Executive monitors ongoing performance of the Plan on a six monthly basis with an update report no later than March 2022;**
- 3. That the Executive recommends to Council to fund the cost of temporary planning staffing resources of £171,900 (SHDC share of the cost), from the additional planning income generated in 2021/22 (as set out in 2.4).**

1. Executive Summary

- 1.1** The purpose of this report is to update Members on the progress of the Development Management and Planning Enforcement Review, to seek adoption of the Planning Improvement Plan ('the Plan') as resolved at Executive on 21 April 2021 (Minute E87/20 refers) and to secure a recommendation to Council to approve the use of the additional planning income to cover the cost of temporary staff within the Development Management Service.

- 1.2 There remains a high volume of planning applications and enforcement cases that are being dealt with by the team and recruiting suitably experienced officers to vacancies is a challenge both locally and nationally.
- 1.3 The high demand on the service has influenced the capacity and therefore the pace at which the team can implement positive changes.
- 1.4 A comprehensive analysis comparing the increased demand on the service with the capacity to deliver has identified a clear gap. However, the additional income generated by the increase in applications offers an opportunity to close the gap between demand and capacity whilst the Plan is implemented.
- 1.5 A better understanding of the need for additional, permanent resource will be established as the benefits of the Plan are realised.
- 1.6 This report sets out the context and the progress that has been made in terms of the planning service in general and, through the proposed Plan, identifies a series of actions and a detailed timeline to secure further improvement.
- 1.7 In order to ensure that the scope and content of the Plan was well developed and deliverable it was agreed, after consultation with the Cllr Pearce, as Executive Lead, to engage the Planning Advisory Service (PAS) to support the process.
- 1.8 PAS have worked with officers to develop the Plan in line with their new Development Management Toolkit. The Plan is effectively endorsed by PAS and sets out a clear direction of travel to secure sustainable improvement across the service.

2. Background

- 2.1 Development Management and Planning Enforcement are key services delivered by the Council. The services can be highly complex and involve significant consultation and engagement with many different parties. As a result, the services are highly visible to many within our communities, businesses and for those that interact with these services, as it is a key indicator of the effectiveness of the Council.
- 2.2 These services are receiving year on year increases in applications and reported planning breaches; both services are struggling to meet the needs of service users and there have been a number of issues as a result of protracted timescales and/or quality issues.

- 2.3 The services have seen a high turnover of staff and therefore have been operating with temporary staff, which whilst helpful in terms of capacity, can adversely impact on continuity and consistency of decisions.
- 2.4 It is recognised that there is a need to develop and implement robust quality control and assurance measures, for example the checking of reports by senior Development Management officers, and to secure oversight of the key component parts of the service including case management, specialists and internal consultees.
- 2.5 It is vital that the relationship with internal and external consultees is strengthened through the introduction of service level agreements, or similar, to secure and monitor, timely responses in line with the targets set by the service. The relationship with legal is a good example and work is continuing to help ensure that the legal service has sufficient resources, or access to them, to effectively support the planning function.
- 2.6 The increase in planning applications is reflected in the planning income received to date overall of £586,000. This represents a 91% increase (£280,000) on the planning income target (at the end of July, Month 4) of £306,000. Budgeted planning income for 2021/22 is £920,000.
- 2.7 It should be noted that this income is largely influenced by large applications relating to the Sherford development and therefore cannot be guaranteed year on year. Further work will be undertaken to model likely income in future years as part of the budget setting process.
- 2.8 At the April 2021 meeting, Members agreed that a review needed to be undertaken with identifiable actions, targets and milestones set out in an Improvement Plan (Min E87/20 refers).

3. Outcomes/outputs

- 3.1 The purpose of the Review and the proposed Plan is to deliver improvements in the following broad areas:
- Performance
 - Quality
 - Communication
 - Customer and Member satisfaction
- 3.2 An Improvement Plan has been drawn up, with the support of PAS, which aligns with the themes set out in the PAS Development Management Toolkit. The Improvement Plan is attached at Appendix A to this report and the PAS Toolkit can be found at the following link:

4. Progress to date

- 4.1 A Review Board has been established, currently led by the Director of Governance & Assurance, and a weekly meeting considers priority actions and improvements.
- 4.2 There has been incremental improvement in a number of areas as follows;
- Validation: a timely validation is crucial in order to ensure that new applications are allocated to case officers as quickly as possible. We have allocated more resources to the front end of the validation process to deal with the challenge of increased numbers of applications. There was a 12% increase in applications from 2019 to 2020 and the numbers in the first half of 2021 are 3% higher than the equivalent period in 2020.
 - We have subsequently addressed a backlog of applications awaiting registration/validation, and have reduced the number from approximately 300 to 54. We continue to work towards our target of registering applications in three working days.
 - Currently, over 50% of applications submitted are invalid. As part of a suite of measures to reduce this failure demand by applicants, we have reviewed the Validation Checklist (which is a statutory process) and this is now out for consultation with all our external consultees, including Towns and Parishes and agents. The consultation finishes on 14th September. We will also be consulting internally on the Checklist. It is proposed that going forward we will take a much firmer line and will not register applications that are incomplete.
 - Pre-Application Advice. We have reallocated two officers to focus on Pre-Applications and will now work on developing a process to monitor the effectiveness of pre-application advice that should encourage more pre-application submissions
 - External relationships. Recognising that our relationship with agents and developers is key to providing an efficient customer focussed service we have reintroduced our Agents and Developers Forum. The first meeting was held on 25th August and we have agreed a programme of topics to be discussed at future meetings that will be of mutual benefit.
 - We have drafted a Memorandum of Understanding with Parishes and Towns which has been approved by lead members and has now been sent to parishes, towns and the Devon Association for

Local Councils. This Memorandum sets out how the Council and the Parishes /Towns will work together effectively to enable local views to be considered in a timely manner as part of the application process.

- We are currently working on a Planning Customer Charter that will set out our service standards, our commitments to customers, and our expectations from customers to maximise an effective service. This will be drafted in conjunction with the Thematic Delivery Plans supporting 'Better Lives for All'.
- Internal relationships. To improve internal consultee responses, we have contracted Devon County Council to provide ecology advice where needed for applications which has significantly improved the speed of response on these matters.
- Planning Enforcement There are now fortnightly meetings between Legal Services and Planning Enforcement to discuss current cases and actions, and to prioritise matters.
- We have recommenced meetings with Ward Members to review enforcement cases within their wards and you will continue to see diary invites over the next couple of months. It is our intention to hold these meeting on a 4 – 6 month basis.
- We are undertaking a training programme with the new and existing members of the Enforcement Team and it is our intention that the training, alongside the work with the Planning Advisory Service, will improve Service Delivery.
- Despite the significant change in staffing and experience within the Enforcement Team we are managing to maintain equilibrium between the number of cases received and closed. It is expected that as the new team members increase in experience and training that we will be able to reduce the number of outstanding enforcement cases.
- Capacity. We have undertaken a detailed assessment of the volume of work versus the capacity of the present establishment team to deliver in line with Government targets. This has identified that whilst the volume of work has increased, capacity has not increased in line, as detailed above. The report contains proposals to cover the resulting budget pressures in the short term and sets out plans for the longer term.
- Legal Services has contracted an additional locum capacity to support the Development Management and Planning Enforcement services.

- 4.3 The ongoing process detailed above continues to look at ways to implement improvements and efficiencies. However, in order to ensure that the Development Management and Planning Enforcement services are as effective as they should be, particularly in respect to the quality of decision-making and customer service, Officers have been working with the support of the Planning Advisory Service to help develop and refine the draft Improvement Plan.
- 4.4 PAS is an experienced team, both in terms of planning knowledge and improvement skills, and can draw both on its own experience as well as colleagues across Local Government to provide challenge, guidance and support to specific areas of the Plan.
- PAS has been developing a Development Management Toolkit which sets out 'What a good Council looks like' and allows a DM service to challenge and score the service against these criteria. We have recently held detailed workshops lead by Mr Pete Ford, who is the Principal Consultant for Development Management at PAS, with members of the specialist and case management team on six of the fifteen themes set out in the toolkit (please see at the following link: <https://www.local.gov.uk/pas/development-mgmt/development-management-challenge-toolkit>)
- 4.5 Mr Ford has made the following observations 'The Development Management challenge sessions involved a good selection of staff at all levels in the service. It was clear to me that staff are generally very committed and motivated in their roles and there is evidence of good practice across the service. It was also encouraging to see staff being self-reflective, acknowledging that there is room for improvement and being forthcoming with ideas on how that improvement can be made.'
- 4.6 Mr Ford added, 'During the discussions there was an acceptance that Development Management in any Council will face challenge from parties who are unhappy with an outcome. However, staff also acknowledged that there is work that the Councils can do to improve the customer experience and better engage with applicants and the public. In my view, the approach being taken by the Councils is the correct one, using the Development Challenge work to review the Development Management service and agree a deliverable set of actions that will build on the good practice that is evident whilst also addressing areas of weakness within the service. I am very pleased that the Councils have reached out to PAS to act as a critical friend in the improvement journey and I am looking forward to working with the Planning team to advise and support the improvement plan'.
- 4.7 To date the process has taken us through relevant parts of the toolkit and identified gaps and areas for improvement. As PAS is piloting

the new Toolkit there has been no charge for this initial support to the Council.

- 4.8 This process has helped form the updated Improvement Plan at Appendix A which sets out the key areas that we need to focus on to improve the efficiency and effectiveness of the service. We intend to hold additional 'in-house' workshops to explore some areas further and enhance the Improvement Plan. We propose to engage PAS to act as a critical friend and support us where necessary through the implementation.

5. Recruitment

- 5.1 We have successfully recruited to the three vacancies in the core enforcement team so that the Enforcement Case Officer Team is now fully staffed. We have appointed a specialist contractor to provide support, on an interim basis, whilst we recruit to the specialist vacancy. Our contractor is concentrating on complex matters, backlogs and providing consistency across the Team.
- 5.2 Within the Development Management Team, we have recruited to three Level 6 vacancies but have yet to successfully recruit to the vacant level 5 role.
- 5.3 We continue with some temporary staffing resources in both the case management and specialist teams which are covering vacancies and the increased demand set out in 4.2 above.
- 5.4 It is proposed that the cost of this of £171,900 is financed by the additional planning income set out in 2.4 and that a further report is brought back to Members, in due course, with regard to the need for any future increase in permanent planning roles.

6. Strategic Context

- 6.1 The Council's new Corporate Strategy – 'Better Lives for All' - sets out a range of themes and associated aims supported by Thematic Delivery Plan plans. The Development Management and Planning Enforcement services form part of the wider planning function alongside, for example, the Joint Local Plan, Strategic Planning and Neighbourhood planning teams, which are essential to deliver against our strategic aims.
- 6.2 It is important that each component part works together. In view of this, part of the improvement process will also focus on these relationships to ensure that the operational arrangements align with the broader strategic ambition whilst delivering effective and improved performance against increasing demand. The intention

being to strengthen the strategic oversight and management of all aspects that contribute to the Council's planning service.

7. Next Steps

- 7.1 Adoption of the proposed Planning Improvement Plan and implementation with the support of the PAS will secure measurable improvements in overall service performance and support delivery of the Council's Corporate Strategy "Better Lives for All".
- 7.2 It is proposed that the Plan will be further developed through additional workshops and work with PAS. An update on performance against the Plan will be presented to Executive on a six monthly basis.
- 7.3 Approval of the £171,900 from additional planning income will secure temporary support for ongoing service delivery.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Implementation Plan will ensure improved governance and decision-making
Financial implications to include reference to value for money	Y	It is recommended to fund the cost of temporary planning staffing resources of £171,900 (SHDC share of the cost), from the additional planning income generated in 2021/22 (as set out in 2.4). A further report will be brought back to Members, as part of the budget setting process, with regard to the need for any future increase in permanent planning roles. The Implementation Plan will look at resources (staff and financial) and all financial aspects of the service.
Risk	Y	That the Council fails to deliver a Service that meets the expectations of Members and our Customers
Supporting Corporate Strategy	Y	Council, Homes, Environment, Enterprise
Climate Change - Carbon /	N	No direct carbon or diversity impacts arise from this report

Biodiversity Impact		
Comprehensive Impact Assessment Implications		
Equality and Diversity		N/A
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		N/A

Supporting Information

Appendices:

Appendix A: Development Management and Planning Enforcement Improvement Plan

Background Papers:

There are none

Approval and clearance of report

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

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Appendix A

Planning Improvement Plan

PAS Toolkit Themes	Ref	Action	When	Who
1. Performance Management Purpose: to understand how the Service is performing, what this means for our customers (external and internal) and to enable the Service to continuously improve and demonstrate consistency with clear communication with customers	1.1	Develop, implement and monitor against a suite of qualitative and quantitative performance measures.	November 2021 (align with implementation of new software)	PW /CB
	1.2	Review and update data reported to DM Committee in line with 1.1 above.	November 2021	PW
	1.3	Benchmarking against performance of other councils to be reported to DM Committees on six-monthly basis (this is already undertaken against councils within the South West Region internally but has not previously been reported to Members)	From October DM committees and updated when MHCLG publish data	PW
	1.4	Develop, implement and monitor quality assurance/quality control measures to improve consistency including a new process where senior officers review a sample of reports	December 2021	PW
	1.5	Undertake stakeholder analysis and develop channels for customer feedback, review and continuous improvement.	January 2022	CB
	1.6	Reintroduce Agents and Developers Forum, initially every two months	Commenced Aug 2021	PW
	1.7	Create and maintain a DM Process Manual: <ul style="list-style-type: none"> • to form part of induction process • for regular reference by whole Team • to cover applications and enforcement 	March 2022	PW
	1.8	Adopt DM Customer Charter which sets out our commitment to customers and better manage expectations including a communications plan in line with the Corporate Strategy.	October 2021	CB
2. Financial Management Purpose: to properly manage income forecast, and to flex resources against demand	2.1	Review 'cost of core service' against 'income'.	Initial exercise undertaken	PW

	2.2	Assess full cost of DM Service <ul style="list-style-type: none"> • income • expenditure 	December 2021	PW
	2.3	Review arrangements for the Planning Reserve to ensure financial resilience and flexibility against future demands.	December 2021	PW
3. Resource Management Purpose: to understand what resources are needed to deliver an effective service, deliver continuous improvement and to ensure flexibility to meet changing demands	3.1	Carry out an initial capacity/resource review to identify resources needed to deliver an effective service	Completed	PW
	3.2	Utilise 3.1 above to undertake further analysis and determine optimum organisational structure to ensure that resources can be flexed to meet changing demands	January 2022	PW
	3.3	Identify and set a role-specific target of active applications per officer and monitor weekly	October 2021	PW
4. Processes, IT and Administration Purpose: to ensure that there are clear processes for all staff which are regularly reviewed to remain fit for purpose and that the website is customer friendly	4.1	A review of the DM IT software has taken place and a new system will go live later this year	Review is completed and new software system being implemented	FIT project
	4.2	Review and update website including review of what is published online, and build in process for continuous improvement	Review December 2021 if the new IT software has gone live.	HS
	4.3	Review all templates (including Decision Notices) in the new IT system to ensure that they are customer friendly, update if necessary and train staff on any changes.	Review in December 2021 make any changes by end of Jan 2022	HS/PW
	4.4	Draft a list of standard conditions for Decision Notices and train staff accordingly	March 2022	PW
	4.5	Review procedural guide for discharge of condition process (and include in Manual at 1.7)	October 2022	HS/PH

5. Political Leadership Purpose: effective political leadership in decision making and ensuring the right applications are brought to scrutiny	5.1	Review the DM Training Programme for Members and include effective decision-making in planning and chairing skills. Include provision for briefing Members on major changes to planning legislation.	November 2022	PW/DW /DF
	5.2	Arrange a World Heritage Site Training session (for all WD Members)	December 2022	PW/DW
	5.2	Newly elected Members to be provided with full training programme including information on applications within their ward and weekly monitoring lists.	Election 2023	DW/HS
	5.3	Arrange a session with all members to identify what DM information Members wish to be provided with, and how they would like it to be provided, including whether a single point of DM contact for Members would be appropriate.	October 2021	PW
	5.5	Review of the Delegation Scheme, and Planning Code for Members: clear training requirements for Members before participating in decision-making and clear process for decision-making and good practice guidance.	May 2021	DF
6. Team Management Purpose: effective management of staff and clarity of expectations and accountability; clear communications and consistency of service delivery	6.1	Ensure that all staff have: <ul style="list-style-type: none"> • Annual appraisals to set performance targets and actions with mid-year review • Regular PCIs and dialogues to demonstrate continuous improvement, ensure professional and personal development, wellbeing and other issues are discussed regularly 	New Performance Framework for all staff to be implemented from November 2021	CB
	6.2	Weekly Team meetings to discuss and communicate best practices, changes in legislation, continuous improvement, share common learning points, and consistency of approach	Ongoing	PW
7. Training Purpose: ensuring that all staff have the skills	7.1	Team Training & Development Programme to ensure resilience, consistency, accuracy, with regular feedback to wider Team	November 2021	PW/CB

they need to do their job and to effectively communicate with each other, Members and our customers	7.2	Legal to feedback to DM & Enforcement appeal decisions to upskill officers and Members	Ongoing	DF
	7.3	Arrange political awareness training for all Development Management staff (enforcement, planning case officers, and case management)	Arranged	PW/CB
	7.4	Ensure all officers are aware of the current Site Visit Protocol, delegation scheme, and risk assessment and are undertaking site visits accordingly.	Completed May 2021	PW
8. Pre-applications Purpose: to have a clear, well publicised process for pre-applications	8.1	We have a clear adopted pre-application procedure which works well and we have an increase in pre-application submissions that are dealt with primarily by dedicated pre-app officers. The increase in numbers has required the provision of additional resource to the pre-app caseload and an additional officer has been allocated.	Completed and in place	PW
	8.2	Review to see if further additional resource is needed to process the increased number of Householder pre-apps. New officers at an appropriate level have been appointed and start in September.	Sept 2021	PW
	8.3	Develop a system to monitor the effectiveness of pre-application advice that should encourage more pre-application submissions	March 2022	PW
9. Receipt & Validation Purpose: to ensure there is a well-publicised process which maximises valid applications and ensures efficient and timely registration	9.1	Review Validation Checklist and draft new checklist if necessary to maximise valid applications.	Completed	PW
	9.2	Adopt and promote new Validation Checklist. The checklist is at consultation stage with a response deadline of September 2021.	Oct 2021	PW
	9.3	Validation training for all officers when new Validation checklist is adopted and include process for checklist in Process Manual at 1.7	Oct 2021	PW/HS
	9.4	Invalid Applications: determine baseline target following a review of how to minimise invalid apps with a set programme for improvement; consider retaining part of fees if application has been returned to cover costs.	Jan 2022	PH/HS
	9.5	Identify common reasons for invalid applications and discuss with agents either individually and/or through Agents Forum. Invite Lead Members to Forum	Jan 2022	PH/HS
	9.6	Set realistic targets within the validation process whilst ensuring that applications get to case officers quickly and thereafter monitor	Jan 2022	PH/HS

		performance against the targets set		
10. Consultation and Allocation Purpose: Clear allocation process to ensure applications dealt with effectively with clear documented consultation process	10.1	Have a clearly documented Allocation system with oversight from Head of Practice, and include within the DM Manual as set out at 1.7	Mar 2022	PW
	10.2	Introduce a Memorandum of Understanding with Parish and Town Councils to ensure timely receipt of local views.	To parishes in Sept 2021 and implement	DF
	10.3	Review consultee checklist (both internal and external) to ensure the right consultees are contacted on the right applications; clear guidance on which applications need to be referred to consultees.	Oct 2021	PW / CB
	10.3	Develop, implement and monitor service standards and performance for internal consultees.	Jan 2022	PW / CB
	10.4	Review publicity of applications.	Mar 2022	PW
11. Considering an application Purpose: to determine applications in line with national standards and local processes and to ensure that they are managed consistently	11.1	Develop a consistent approach to (and include in Customer Planning Charter in 1.8) <ul style="list-style-type: none"> • different types of application • when a site visit is required • re-advertising / refusal / determination including the extent of revisions that will be accepted during the life of an application. • negotiations and extensions of time and when applicable / monitoring of out of time apps or where an application is not good enough first time 	Oct 2021	CB/PW
	11.2	Hold further workshop with DM staff to consider this element of the PAS toolkit to identify any further actions or improvements.	Nov 2021	PW/CB
12. The Officer Report Purpose: to ensure consistency and quality of reports	12.1	The Officer Report has been reviewed by the Head of Legal Services last year and the suggested changes have been discussed and implemented. Staff Training on how to complete the report delivered.	Completed	DF / PW
	12.2	As set out in 1.4 develop a Quality Assurance process for reports including: <ul style="list-style-type: none"> • a checklist to be completed with reports 	Dec 21	PW

		<ul style="list-style-type: none"> regular reviews of sample reports by senior officers 		
13. The Decision and Conditions Purpose: Clear Delegation Scheme, clear and unambiguous decisions	13.1	To have a clear and transparent Delegation Scheme, and monitor number of decision going to Committee	Reviewed May 2021 and ongoing	DF/PW
	13.2	Review process for signing off decisions to ensure they are robust and risk based	Jan 2022	PW
	13.3	The review of conditions and the introduction of standard conditions at 4.4 to include minimising the use of pre-commencement conditions.	Mar 2022	PW
	13.4	Establish a system for applicants to feedback on DM decision-making process to enable continuous improvement	Mar 2022	PW
14. Monitoring and Enforcement Purpose: to ensure that there is a clear process for enforcement	14.1	<p>The enforcement element has not been considered in detail at this time. The enforcement team has had a significant change in staff and the specialist role is still vacant and is proving difficult to recruit. A number of changes have already taken place, the older cases are being actively progressed and the meetings with members have re-started. A robust process was adopted in September 2019 for prioritising cases.</p> <p>It is acknowledged that the enforcement process needs to be reviewed against the PAS Toolkit and it will be done by the end of 2021 once the new staff had chance to bed in and will be able to actively engage in the process</p>	December 2021	PW /HS /CB
15. Appeals Purpose: To ensure that the process is managed efficiently and effectively and to ensure that the Councils position is defended appropriately.	15.1	Review appeal administration procedures to ensure all elements of the process are captured and a robust process is in place	Oct 2021	PW/PH
	15.2	As part of 1.2 above provide additional report to DM Committees on overall appeal performance and awards of costs.	Nov 2021	PW

Report to: **Executive**
Date: **16th September 2021**
Title: **Waste and Recycling Update**
Portfolio Area: **Councillor Keith Baldry - Environment**

Wards Affected: **All**

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

Date next steps can be taken:

Author: **Steve Mullineaux** Role: **Director Customer Service Delivery**

Contact: **Steve.mullineaux@swdevon.gov.uk**

Recommendations:

That the Executive:

1. Notes the actions taken to ensure that the Council meets its statutory service requirements with regard to waste and recycling.
2. Extends the temporary suspension of the Garden Waste service until a further review at the next meeting of the Executive on 14th October 2021.
3. Continues to hold FCC to account in relation to its performance and continues to monitor FCC's resources and recruitment to ensure that the non-statutory garden waste collection service can resume as soon as is practically possible.
4. Considers all available options, including those options available under the contract, to improve the performance of the waste and recycling service.

1. Executive summary

1.1. Purpose of this report is to:

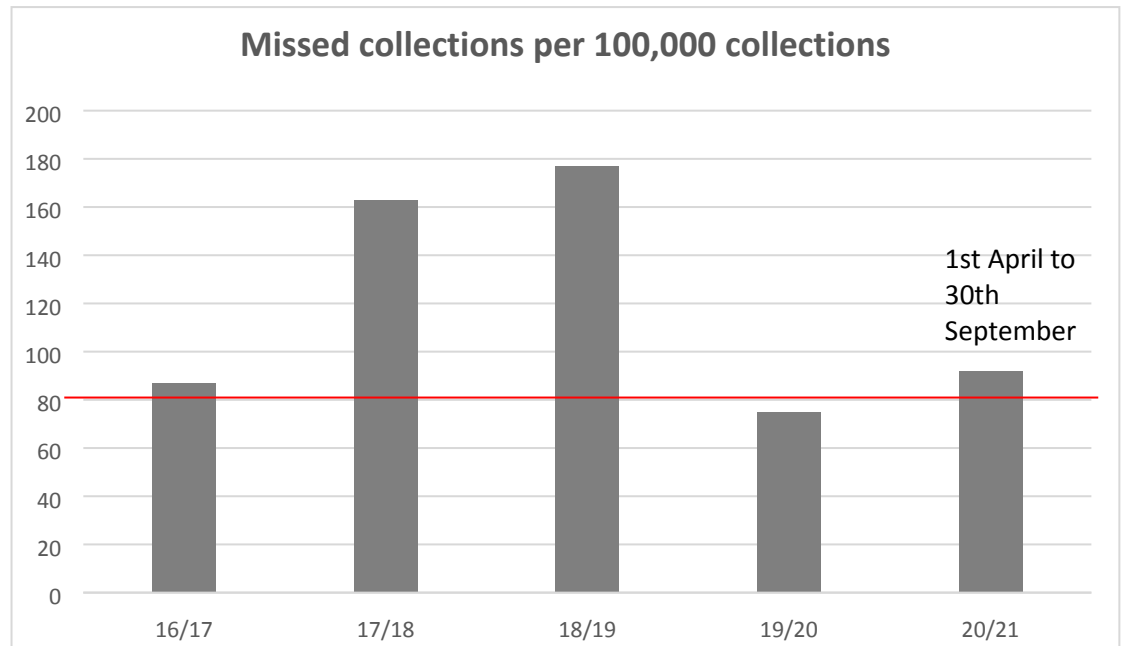
1.1.1. Provide the Executive and non-Committee Members with an update on the Council's actions to hold FCC, the Council's waste and recycling contractor, to account for the poor performance experienced by some residents over the last 6 months.

1.1.2. Update the Executive on the impact of the National HGV/LGV driver shortage.

- 1.1.3. Update the Executive in relation to the temporary suspension of the Garden Waste collection service and FCC's actions taken to ensure that it has sufficient staff to deliver all elements of the waste and recycling contract.
- 1.1.4. Update the Executive on the current contractual performance of FCC.

2. Background

- 2.1. The contract with FCC is worth over £48 million in total over the initial period of 8 years (over £30 million in South Hams) and covers both South Hams and West Devon Councils with separate requirements for each. As such the documentation is extensive and detailed. As of April 2021 there will be 6 years remaining on the contract.
- 2.2. Key drivers for outsourcing the service included; modernisation of the service, driving value for money and improving service delivery. At the time of contract award, the financial savings were stated as follows;
 - 2.2.1. A saving of £286,000 per annum in the first 18 months of the contract, increasing to an annual saving of £424,000 per annum over the remaining 6.5 years of the contract term (on moving to the Devon aligned service at September 2020) against the current services and equivalent future aligned service.
 - 2.2.2. The contract is a joint contract with West Devon. The award of a shared service with West Devon resulted in additional savings for West Devon and an additional saving for South Hams of £107,000 per annum. This is included within the savings figures in 2.2.1.
 - 2.2.3. A total saving of £3.19 million over the 8-year contract term. This figure includes the shared saving.
- 2.3. FCC submitted its first year annual report in August 2020 and the findings of this were included in the performance report to the Executive on 22nd October 2020. The Executive report provided evidence that FCC was meeting the contract's key objectives with acknowledgement of opportunities for improvement in the areas of litter/dog bin and bank collections.
- 2.4. The graph shown in 2.4 illustrates that in the first year of the contract FCC improved waste collection performance to achieve the industry benchmark of less than 80 missed collections per 100,000 collections.



2.5. Impact of the Covid-19 pandemic

- 2.5.1. As lockdown came into force in late March 2020, FCC saw a 20% reduction of staff available for work due to self-isolation. Despite the dual challenge of fewer staff and unlike many other areas across the country, all services were maintained with the exception of bulky waste collections which had to be suspended due to Devon County Council's decision to close the Recycling Centres.
- 2.5.2. In the financial year 20/21, the Council has reimbursed £158,728 to FCC for a portion of their increased costs that can be directly attributed to the Covid-19 pandemic, these are primarily made up of additional staffing and overtime (where FCC staff were either self-isolating or shielding) and Personal Protective Equipment (PPE). The £158,728 has been funded from the Government Covid-19 Support grant as these costs were submitted to the Government on the Council's monthly DELTA returns.
- 2.5.3. Despite the impacts of Covid-19, the graph in paragraph 2.4 demonstrates that contract operations between April and September 2020, on the whole, remained above the Key Performance Indicators (KPIs). Officers agreed to suspend applying points for missed domestic collections due to the number of contractor staff self-isolating and the excessive amount of waste being presented. During July, August and September, the number of missed bins were slightly over the 80 per 100,000 target by 16, 16, and 26 respectively.
- 2.5.4. The proposed move to the Devon Aligned Service or kerbside recycling service had been planned for September

2020. Due to problems with supply chains (Delays in the manufacturing and delivery of the new recycling vehicles and delays in the construction of the new recycling transfer station) forced the decision to delay the introduction of the new service. This in turn led FCC to propose a 2-stage approach, implementing the round changes from the new service in October 2020 and the implementation of the new recycling service from March 2021 to reduce risks of any further Covid-19 related impacts.

2.6. FCC's implementation of the phased plan

- 2.6.1. FCC implemented the new rounds during the week commencing 4th October. The implementation moved the vast majority of recycling collections to the Ivybridge depot and all other collections to the Tor Quarry depot near Kingsbridge. This was in preparation for the Devon Aligned Service and the new recycling transfer station built at Ivybridge.
- 2.6.2. The implementation resulted in severe disruption to collections across the District throughout October and November and resulted in FCC attending the Executive meeting on 17th December 2020, where FCC presented a plan to improve performance and minimise future disruption.
- 2.6.3. The plan saw FCC's increase the number of resources to deliver the services and adopt a phased approach to the roll out of the Devon Aligned Service commencing 15th March 2021 and continuing through April and early May.
- 2.7. At the extraordinary meeting on 17th June 2021, Council resolved at its special meeting that the Executive would continue to meet with FCC's senior management on a weekly basis to review the implementation of FCC's recovery plan and ensure that performance improved. A target date of 12th July was stated as a target for when performance should be back at acceptable i.e. contracted service levels. Minute 31/21 refers.
- 2.8. Whilst performance improved when FCC implemented its plan on 28th June, repeated persistent missed and missed assisted collections for our residents continued. An increase in driver and crew sickness levels began to degrade performance again from mid-July culminating in the operational temporary suspension of the garden waste service, which is a non-statutory service, on 16th August.

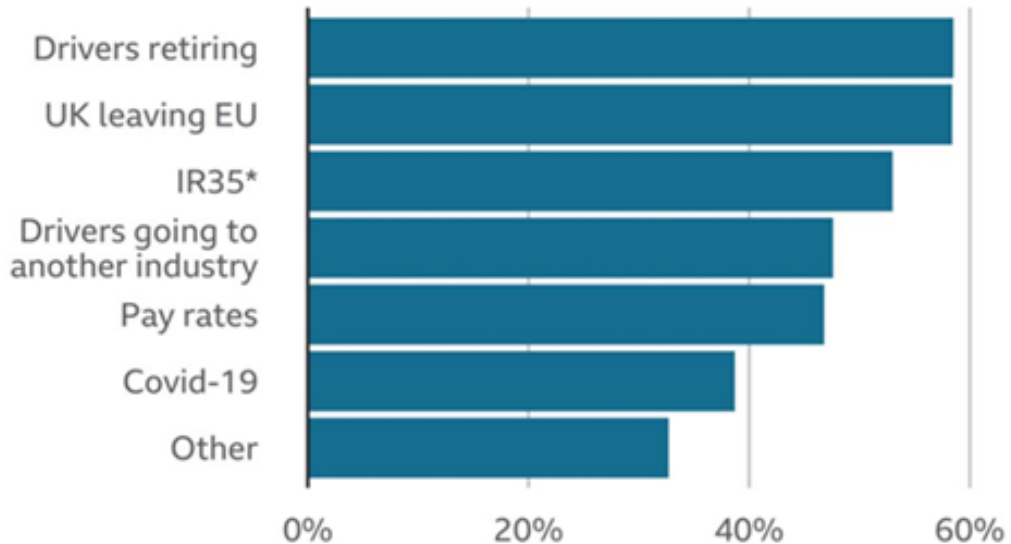
3. Impact of the National HGV / LGV Driver shortage

- 3.1. The widely reported National HGV/LGV driver shortage has compounded the operational issues. The Road Haulage Association (RHA) estimate a shortage of over 100,000 drivers,

the DVLA has a backlog of over 30,000 tests to carry out, changes to the testing and ongoing certification have resulted in a significant increase in drivers retiring.

Hauliers' reasons for driver shortage

Percentage selecting each reason in survey, multiple answers allowed



*Recent changes have been made to off-payroll working rules, known as IR35

Source: Road Haulage Association survey, 615 responses



- 3.2. This has resulted in pay rates increasing as the various industry sectors try to ensure that they retain and attract enough drivers for their businesses. The knock on effect of this is that FCC has seen a number of drivers resign to get better pay rates, it has then struggled to attract new drivers and there is no temporary/agency capacity to backfill these roles or cover sickness absences.
- 3.3. Many Local Authorities across the country have experienced disruption in waste collection services. In the South West the following Local Authorities have publicly reported issues:
- West Devon - Disruption to recycling - attempting to return the following day
 - Exeter CC - Garden waste suspended from 4-16th Aug
 - Plymouth - Disruption to garden waste services, with no plans to recover if missed until next collection. Bulky waste service suspended
 - East Devon - Disruption to recycling Service - Advice to leave it out for 4 days and if not collected put extra out on next collection. Bulky waste service suspended
 - North Devon - Garden waste running behind - Advice to leave waste out for 5 working days if not returned to then put out on next collection

- Teignbridge - Delays in some areas across all service - aiming to recover asap if whole road missed
- Torbay - Disruption across all services
- Somerset - Garden waste suspended for 6 -10 weeks
- Bristol - Garden waste suspended for 6 weeks

3.4. The Council is the only District Council in Devon that provides a free garden waste collection, all other Councils offer a chargeable subscription service or do not offer a service.

3.5. Recent press coverage highlighted that 3 Devon Authorities had written to the Home Secretary requesting that the Government grant temporary visas for European HGV trained drivers to ease the shortage. FCC's Chief Executive wrote directly to the Home Secretary on 30th July requesting this, highlighting the impact that the driver shortage is having on the waste industry as a whole and as a member of the Environmental Services Association (ESA) signed a letter sent to the Government on 2nd August.

FCC's letter is attached as Appendix A to this report.

ESA's open letter is attached as Appendix B to this report

3.6. In Response to the driver shortage FCC has;

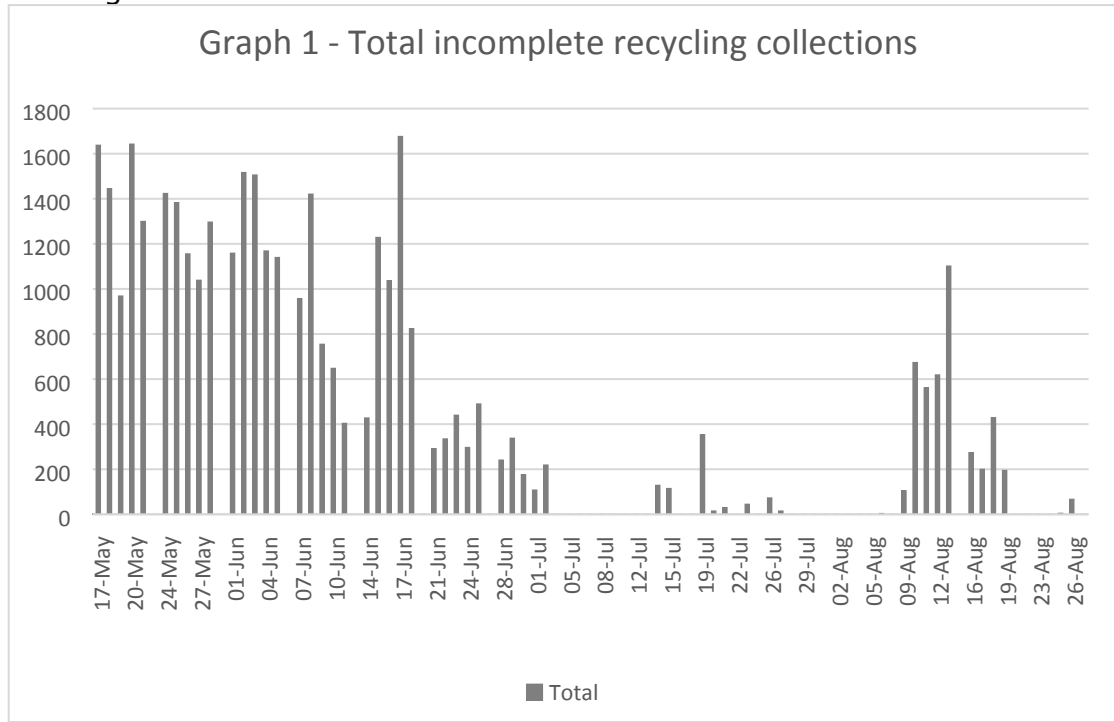
- 3.6.1. Launched a national and local recruitment campaign.
- 3.6.2. Awarded their South Hams drivers a 12% pay increase.
- 3.6.3. Looking at the wider pay and conditions package including devising a bonus scheme that rewards performance and loyalty to retain staff.
- 3.6.4. Introducing a driver apprenticeship scheme.
- 3.6.5. Increasing the flexibility of employment i.e. part-time.

3.7. To illustrate the problem, when FCC had a Covid-19 outbreak in November 2020, 20 drivers and loaders were sent home to self-isolate on a Friday afternoon, over the weekend FCC successfully sourced 20 replacement agency staff to maintain service delivery. Currently FCC are unable to source any agency drivers despite widening the number of agencies used and offering increased pay rates.

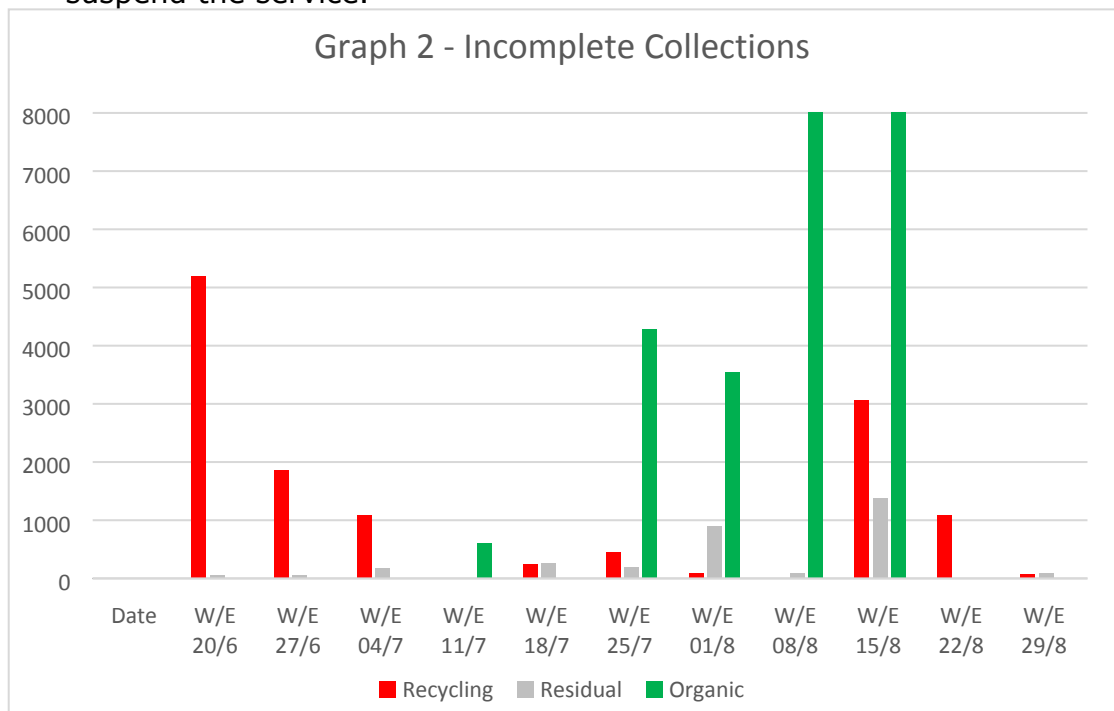
4. Performance to date

4.1. The following graphs illustrate an improvement in performance with the recycling service when FCC implemented their recovery plan and migrated some 14,000 households from a kerbside sort collection to a co-mingled collection. However, performance subsequently degraded from mid-July 2021 to mid-August 2021 as a result of staff leaving, increased sickness absences and FCC's inability to backfill resources with agency staff as a result of the national driver shortage explained in Section 3.

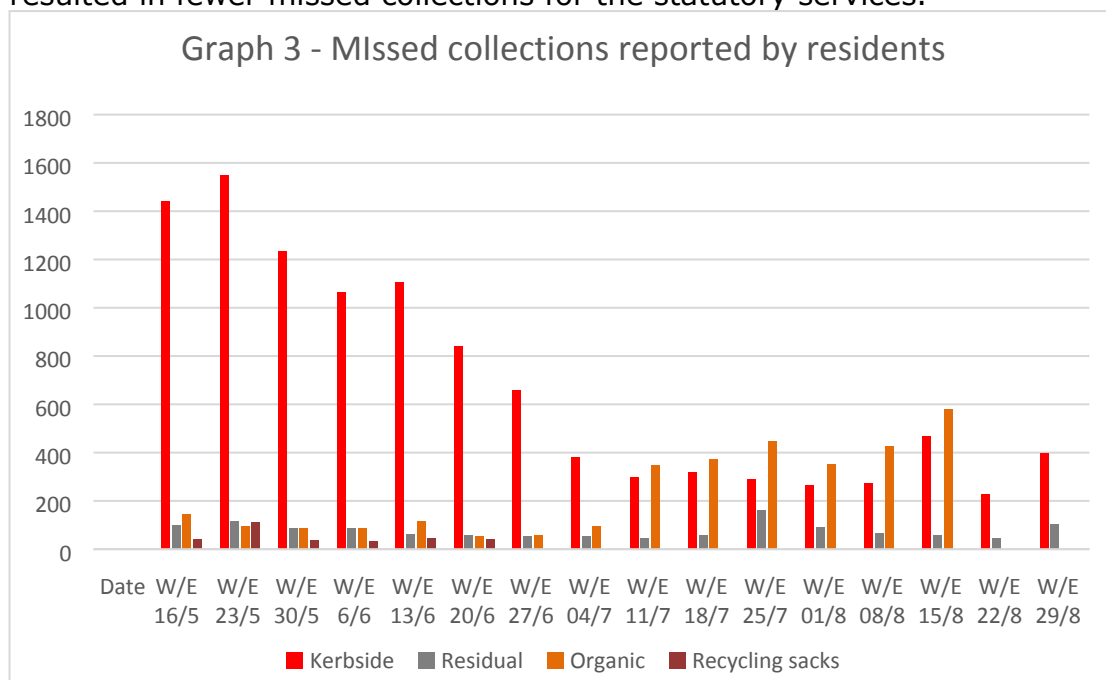
4.2. Graph 1 below shows the incomplete recycling collections reported by FCC since mid-May to the end of August. It clearly shows an improvement in performance followed by a subsequent increase in failures as the impact of the contractor being unable to provide sufficient resources became more apparent during August.



4.3. Graph 2 shows the incomplete collections for all waste streams and clearly shows the inability of FCC to resource the garden waste collection service and the deterioration in performance in the 4 weeks preceding the operational decision to temporarily suspend the service.



4.4. Graph 3 shows the number of customer reported missed collections and illustrates that as a result of FCC having no resources to recover missed collections, the number of missed reports increased across all waste streams. The immediate impact of the suspension of the garden waste service has resulted in fewer missed collections for the statutory services.



4.5. The temporary suspension of the garden waste collection service was instigated to ensure that FCC had sufficient resources to ensure the delivery and continued improved performance of the core statutory services (residual, recycling and clinical waste collections). However, in the course of the last 4 weeks, FCC has lost 5 drivers to other roles and recruited only 1. The result being that the operational positive impact on the core statutory services has been negated.

4.6. It is therefore recommended that the temporary suspension of the garden waste collection service (a non-statutory service) is extended until the next Executive meeting on 14th October 2021.

5. Action taken to date

5.1. The Council continues to monitor FCC’s contractual performance and is applying contractual remedies (deductions) as in accordance with Schedule 5 of the Contract. The table below shows the remedies that have been applied since the beginning of the year.

Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
£ 18,000	£ 15,850	£ 17,625	£ 22,875	£ 52,750	£ 66,250	£ 193,350

- 5.2. The Council have advised FCC that they will continue to apply deductions on all aspects of the service bar the currently suspended garden waste collection.
- 5.3. The Council has formally written to FCC setting out the concerns that the Council has with FCC. These can be summarised as follows:
 - 5.3.1. FCC is failing to meet the performance levels specified within the contract.
 - 5.3.2. The Council requires significant assurance that FCC can restore service levels to those stipulated within the contract.
 - 5.3.3. That FCC's Devon Aligned Service recovery plan requires significantly more detail so that the Council can assess whether it will meet the contractual specification.
 - 5.3.4. FCC's failure in the design of the round review, the new recycling transfer station and the number of vehicles required to deliver service.
 - 5.3.5. The Council has incurred significant costs to support FCC and the expectation that these costs will be recovered from the contractor.
 - 5.3.6. The Council's disappointment that despite the offer of additional resources and early notice, FCC has not been able to implement in full, the summer street cleansing plan that the Council requested.
 - 5.3.7. The reputational damage to the Council
- 5.4. The Chief Executive and Director, Customer Service Delivery have been and continue to consult with:
 - The Local Government Association
 - Other Devon Local Authorities
 - Other third parties with significant experience in the operation of successful Council waste collection contracts.
 - Independent Technical Experts

6. Organisational changes

- 6.1. The Councils' contract manager has decided to retire and the senior waste specialist has been successful in obtaining a new role outside of the organisation. As an interim measure the Director of Customer Service Delivery has temporarily appointed the Case Management Business Manager to assume overall responsibility for waste and environmental services. Members will be aware that this Officer has been seconded from their current duties to support FCC over the last 3 months and is fully conversant with all the issues. A number of other temporary appointments will be made to ensure continuity of existing services.

7. Next Steps.

- 7.1. Monitoring FCC's Performance
 - 7.1.1. The Executive continue to meet with FCC's senior management team on a weekly basis to review and challenge performance against the contract specification.
 - 7.1.2. Daily calls take place every morning with FCC and the Councils' officer team. The calls review the previous day's performance, operational issues that have occurred and any issues that are materialising on the day.
 - 7.1.3. Officers and FCC are now focusing on the complex and repeat missed collection issues, as well as key priorities such as assisted collections.
 - 7.1.4. Officers are recording all contractual rectifications and defaults and reporting these back to FCC on a quarterly basis.

- 7.2. Officers will provide a report to the next meeting of the Executive that assesses FCC's plan for migration of all residents to the Devon Aligned Kerbside recycling service.

- 7.3. The Executive continues to hold FCC to account in relation to its performance and continues to monitor FCC's resources and recruitment to ensure that the non-statutory garden waste collection service can resume as soon as is practically possible.

- 7.4. The Executive considers all available options, including those options available under the contract, to improve the performance of the waste and recycling service.

8. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal/Governance	Y	The Council has a statutory duty to arrange for the collection of household waste in its area and to arrange for the separate collection of waste paper, metal, plastic and glass from households, (unless it is not necessary to ensure that waste undergoes recovery operations; and is not technically, environmentally and economically practicable). The collection of certain types of household waste can be subject to a charge being paid; garden waste is one such type. The duty to collect is one that is subject to reasonableness and policy. Given the contractual relationship with FCC and the present circumstances affecting that relationship, if the Executive wishes to discuss the Council's options under the contract it is likely that such discussion will involve the disclosure of exempt information within the meaning of paragraphs 3

		and 5 of Schedule 12A of the Local Government Act 1972 and it is in the public interest that the discussion takes place in the absence of the press and public.
Financial implications to include reference to value for money	Y	In the financial year 20/21, the Council has reimbursed FCC for a portion of their increased costs that can be directly attributed to the Covid pandemic, these are primarily made up of additional staffing and overtime (where FCC staff were either self-isolating or shielding) and PPE. The £158,728 has been funded from the Government Covid Support grant as these costs were submitted to the Government on the Council's monthly DELTA returns. The Council continues to monitor FCC's contractual performance and is applying contractual remedies (deductions) as per Schedule 5 of the Contract. The table in 5.1 shows the remedies that have been applied since January 2021 of £193,350.
Risk	N	
Supporting Corporate Strategy	Y	
Climate Change - Carbon / Biodiversity Impact	N	
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 – FCC letter to the Home Secretary

Appendix B – ESA letter to the Government

Background Papers: N/A

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes

Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Need for a Communications Plan?	Yes
Accessibility checked	Yes

The Rt Hon Priti Patel MP
Home Secretary
Home Office
2 Marsham Street
London SW1P 4DF

30th July 2021

Dear Home Secretary,

I am writing to you to bring to your attention a significant concern surrounding HGV driver shortages which is currently causing disruption to the waste and recycling sector in the UK. As you may be aware, FCC Environment is one of the UK's leading waste and resource management companies. We provide a range of services, from the generation of green energy from waste (EfW) to recycling and processing, and at the core of our business, collecting municipal waste from hundreds of thousands of homes as we are paid to do by taxpayers across the country.

Our staff have been working tirelessly throughout the Covid-19 pandemic to maintain our services and ensure household waste continued to be collected but, as we return to normality and adjust to a post-Brexit world, the sector is facing new challenges. This includes a severe shortage of HGV drivers which has been exacerbated by both changes to immigration regimes and a backlog of training and testing. As a result, vacancy rates for driving roles are currently at an average of 15 per cent and a recent survey by the Road Haulage Association estimated that there is a shortage of more than 100,000 drivers in the UK, with 30 per cent of HGV driver vacancies taking over eight weeks to fill.

Whilst we were pleased to see the Government include the waste industry in its list of essential workers exempt from self-isolation, unfortunately this does not resolve the structural issues we are seeing in the UK's labour market. HGV drivers are essential for the waste and recycling sector and, if vacancies remain unfilled, we could see a situation where bins across the country go unemptied, representing a serious issue for public health.

Therefore reducing the vacancy rate is crucial for our sector, but we are aware that fixing the structural problems in the labour market will not happen overnight. We appreciate the Government is aware of these issues, and is implementing visa changes for high skilled workers to continue to attract the skills the country needs. However, we remain concerned that other crucial skilled workers, including HGV drivers, are not being given the same recognition they deserve.

Therefore we are adding our voice to the growing number of concerned organisations in the sector to ask you, as Home Secretary, to introduce a temporary worker visa for HGV drivers and for this occupation to be added to the Shortage Occupation List, until such a time that there are enough qualified UK nationals available to fill these positions. In a post-Brexit economy it is crucial that the UK continues to attract all of the skills the country needs to maintain our essential services. We believe this would go some way to help waste and recycling companies like FCC Environment have access to the skills we need to keep our services going for the future.

We very much hope you will consider our proposals and look forward to working with you to resolve this crucial issue.

Yours sincerely,



Paul Taylor
Group Chief Executive

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Rt Hon Priti Patel MP
Secretary of State
Home Office
2 Marsham Street
London SW1P 4DF

A joint open letter – 2nd August 2021

CC Rt Hon Grant Shapps MP, Secretary of State (DfT), Rt Hon George Eustice MP, Secretary of State (Defra)

Dear Secretary of State,

I write on behalf of the organisations countersigned below to express our concern about a structural deficit of trained Heavy Goods Vehicle (HGV) drivers emerging across the recycling and waste management sector, which is not only impacting essential services now but could also risk undermining the UK's green economic recovery in the future.

Our sector provides vital services that are critical to the economy as well as protecting public health and the environment. We estimate that the UK is currently experiencing a shortage of 100,000 HGV drivers across the economy and this is very much being felt by our sector which, in the longer term, may hinder our ability to deliver upon the Government's resource-efficiency and environmental ambitions. To illustrate this, ESA members are currently reporting an average of fifteen per cent vacancy rates for driving roles and it is proving very challenging to fill this resourcing gap given the dynamics of this labour market.

Although we welcome new measures recently introduced to increase driver-testing capacity - helping us to train the next generation of domestic drivers - this will take time to deliver the required numbers and more immediate relief is urgently needed for this acute situation. We recognise government's attempts to address short-term resourcing pressures through relaxations to driver hours rules, but we are concerned that this will have negative health and safety implications.

We therefore believe that HGV drivers should be recognised as an important shortage occupation with a two-year derogation to the points-based immigration rules for trained HGV drivers – allowing our sector, as well as others across the economy, sufficient access to a wider pool of drivers while we recruit and train the next generation of domestic drivers.

This approach would prevent our sector from falling off a cliff-edge of driver shortages and will ensure that we can continue to keep the wheels turning on essential services – protecting the environment and public health while supporting the UK's green recovery. We would welcome urgent further dialogue and look forward to working with you and your teams to resolve this pressing issue.

Yours sincerely



Jacob Hayler
Executive Director of the Environmental Services Association (ESA)
On behalf of:

- Gavin Graveson, Chairman of the ESA and Executive Vice-President, Veolia UK & Ireland
- Michael Topham, CEO, Biffa Plc
- John Scanlon, CEO, SUEZ Recycling and Recovery UK Ltd
- Paul Taylor, Group Chief Executive, FCC Environment
- Ed Dodd, Group Director Waste & Resources, Hills Waste Solutions Ltd
- Derek Edwards, Managing Director Waste, Viridor
- Sarah Poulter, CEO, Chartered Institution of Wastes Management
- Dr Nina Skorupska CBE, Chief Executive, The Association for Renewable Energy and Clean Technology (REA)
- Cllr Eric Buckmaster, Chair, Hertfordshire Waste Partnership
- Steve Palfrey, Chair, Waste Group, Association of Directors of Environment, Economy, Planning and Transport (ADEPT)
- Emma Beal, Chair, National Association of Waste Disposal Officers (NAWDO)
- Carole Taylor, Chair of the Local Authority Recycling Advisory Committee (LARAC)
- Simon Ellin, CEO, The Recycling Association
- Phil Conran, Chair of the Approved Authorised Treatment Facilities AATF Forum (WEEE recyclers)

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
 HELD IN THE REPTON ROOM, FOLLATON HOUSE, PLYMOUTH ROAD, TOTNES
 ON THURSDAY, 1 JULY 2021**

Members in attendance			
* Denotes attendance			
∅ Denotes apology for absence			
*	Cllr L Austen (Chairman)	*	Cllr R Rowe
*	Cllr J Brazil	*	Cllr B Spencer (Vice-Chairman)
∅	Cllr J McKay	*	Cllr B Taylor
*	Cllr J T Pennington		

Members also in attendance:
Cllrs H D Bastone, J D Hawkins and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Head of Strategy and Projects; Internal Audit Manager; and Democratic Services Manager

A.1/21 MINUTES

The minutes of the Audit Committee meeting held on 8 April 2021 were confirmed as a true and correct record.

A.2/21 DECLARATIONS OF INTEREST

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

A.3/21 GRANT THORNTON: SOUTH HAMS DISTRICT COUNCIL ANNUAL AUDIT PLAN

The Committee considered a report that provided an overview of the planned scope and timing of Grant Thornton’s statutory audit of the Council.

In discussion, particular reference was made to:

- (a) the increased Audit Fees. Whilst noting the comments in the Plan, the Committee reiterated its previously held belief that a 27% increase in Audit Fees was excessive.

In particular, Members questioned whether the Council would receive a proportionate amount of auditor hours to reflect the increased Fee and sought assurances that this would not be a recurring trend in future years. In response, the Section 151 Officer committed to forwarding these points to Grant Thornton representatives outside of this Committee meeting and confirmed that she would provide their reply to Committee Members in advance of the next meeting;

- (b) the risks associated with the valuation of land and buildings, including investment properties due to the valuation uncertainty as a consequence of COVID, which was a national issue. When questioned, the Section 151 Officer informed that there had been no change in the fair value valuation of the Council's two investment properties (no change between the 31 March 2021 valuation and the same valuation at 31 March 2020) and that more detail would be presented to a September meeting of the Committee.

A.4/21

INTERNAL AUDIT ANNUAL REPORT 2020/21

Members considered a report that summarised the work undertaken by the Council's Internal Audit team during 2020/21. In addition, the report sought to review the performance of the Internal Audit service and provide an audit opinion on the adequacy of internal control.

In discussion, reference was made to the impact of the COVID-19 Pandemic. Members noted that, in light of Internal Audit resource having been diverted to assist with the processing of Business Grant applications, 11 out of 47 planned audits had either been deferred or not started as at 31 March 2021. As a result, an additional recommendation was **PROPOSED** and **SECONDED** as follows:

*'That the Committee **RECOMMEND** to the Executive to procure an extra 0.5 Full Time Equivalent (FTE) of Internal Audit resource from the Devon Audit Partnership for the 2021/22 Financial Year to backfill for the loss of Internal Audit staff time that has been used to administer the Business Grants for the Council. If approved, this to be funded from the New Burdens Funding received from the Government for administering the Business Grants. This will ensure a robust Internal Audit environment by enabling the internal audit service to fully complete its Audit Plan for 2021/22.'*

In discussion, officers confirmed that provision for additional resource of 0.5 FTE would help to make significant inroads into the Audit Plan. Furthermore, Members recognised that, if approved, the proposal would be effectively cost neutral to the Council.

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

It was then:

RESOLVED

1. That it be noted that, overall and based on work performed during 2020/21 and that of our experience from previous year's audit, the Head of Internal Audit's Opinion is of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's Internal Control Framework;
2. That the performance and achievements of the Internal Audit Team during 2020/21 be noted; and
3. That the Committee **RECOMMEND** to the Executive to procure an extra 0.5 Full Time Equivalent (FTE) of Internal Audit resource from the Devon Audit Partnership for the 2021/22 Financial Year to backfill for the loss of Internal Audit staff time that has been used to administer the Business Grants for the Council. If approved, this to be funded from the New Burdens Funding received from the Government for administering the Business Grants. This will ensure a robust Internal Audit environment by enabling the internal audit service to fully complete its Audit Plan for 2021/22.

A.5/21

BI-ANNUAL STRATEGIC RISK UPDATE

Consideration was given to a report that presented the bi-annual Strategic Risk Register to the Committee for its comment and review.

In discussion, the following points were raised:-

- (a) Officers confirmed that they would revisit the format of the Register to ensure that future editions were more reader friendly;
- (b) Members stated the extent of the risks associated with the Council's Leisure Contract and noted that the Executive Forward Plan included provision for a report to be presented to the Executive at its meeting on 14 October 2021. As a result, an additional recommendation was **PROPOSED** and **SECONDED** as follows:

*'That the Executive be **RECOMMENDED** to address in its October report on the Leisure Service the risk that the capacity of the Leisure Centres is significantly reduced whilst many overheads and operating costs remain the same and the mitigation for this risk.'*

When put to the vote, the recommendation was declared **CARRIED**.

It was then:

RESOLVED

1. That the Strategic Risk Register (as set out at Appendix 1 of the presented agenda report) has been reviewed; and
2. That the Executive be **RECOMMENDED** to address in its October report on the Leisure Service the risk that the capacity of the Leisure Centres is significantly reduced whilst many overheads and operating costs remain the same and the mitigation for this risk.

A.31/20 **DATE OF NEXT MEETINGS**

To ensure the availability of Grant Thornton representatives, Members agreed that the next two Committee meetings should be moved to be held on the following dates and times:

- Thursday, 2 September 2021 at 2.00 pm; and
- Thursday, 30 September 2021 at 9.30 am.

(Meeting commenced at 10.00 am and concluded at 10.45 am)

Chairman