

West Devon Hub Committee



West Devon
Borough
Council

Title:	Agenda
Date:	Tuesday, 18th July, 2017
Time:	2.00 pm
Venue:	Chamber - Kilworthy Park
Full Members:	<p style="text-align: center;">Chairman Cllr Sanders Vice Chairman Cllr Samuel</p> <p><i>Members:</i> Cllr Edmonds Cllr Oxborough Cllr Jory Cllr Parker Cllr Moody Cllr Sampson Cllr Mott</p>
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
Committee administrator:	Member.Services@swdevon.gov.uk

1. Apologies for absence

2. 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.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda, then please contact the Monitoring Officer in advance of the meeting.

3. Items Requiring Urgent Attention

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any)

4. Confirmation of Minutes	1 - 4
Minutes of meeting held 20 June 2017	
5. Medium Term Financial Strategy (Cllr Sanders)	5 - 38
6. Update from JSG - Single Council Proposal (Cllr Sanders)	39 - 112
7. Delivery of best value for money front line services (Cllr Sampson)	113 - 150
8. Business Rates - Locally Administered Business Rate Relief Policy (Cllr Oxborough)	151 - 160
9. Review of WDBC Community Grant Schemes (Cllr Mott)	161 - 178
10. Tamar Trails Options Appraisal (Cllr Mott)	179 - 190
11. Events Policy Adoption (Cllr Sampson)	191 - 210
12. T18 Task and Finish Group Report (Cllr Mott)	211 - 220

Agenda Item 4

At a Meeting of the **HUB COMMITTEE** held at the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **20th** day of **JUNE, 2017** at **2.00pm**

Present: Cllr P R Sanders – Chairman
Cllr L Samuel – Vice-Chairman

Cllr C Edmonds	Cllr N Jory
Cllr J B Moody	Cllr C Mott
Cllr R J Oxborough	Cllr G Parker
Cllr R F D Sampson	

In attendance: Executive Director (Service Delivery and Commercial Development)
Executive Director (Strategy and Commissioning)
S151 Officer
Group Manager Business Development
Specialist Democratic Services

Other Members in attendance:

Cllrs Cloke, Lamb, Leech and Yelland

***HC 01 DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be discussed but none were made.

***HC 02 MINUTES**

The Minutes of the Hub Committee meeting held on 16th May 2017 were confirmed and signed by the Chairman as a correct record, subject to the following amendments:

- *HC 75 should be amended from “a Working Group of Members to comprise of the Task and Finish Review Group and Cllrs Edmonds and **Sampson** from the Hub Committee” to “a Working Group of Members to comprise of the Task and Finish Review Group and Cllrs Edmonds and **Moody** from the Hub Committee”;
- *HC 76 title should be amended from “Future Garden Waste Design” to “Future Garden Waste Service Design”; and
- *HC 77 should be amended to read that the “Lead Member for Strategic Planning and Housing” (rather than “Lead Member for Strategic Housing”).

***HC 03 LEAD MEMBER UPDATE – CLLR SANDERS – JSG UPDATE**

Cllr Sanders updated Members following the discussions held at the SH/WD JSG meeting that had taken place on the morning of 20 June 2017. His update included the following points:

Single Council Proposal

- A joint meeting had been scheduled for all Members of West Devon Borough Council and Members of South Hams District Council on 21st July. This would be a chance to meet with Department of Communities and Local Government and Local Government

- Association representatives and ask any questions on the One Council proposal;
- A number of options were being considered to deal with council tax equalisation;
- A draft set of consultation questions had been prepared for Members to consider;
- Any consultation should run for at least 6 weeks over August and September 2017, as there would be events during August where there would be opportunity for face to face contact with residents;
- Currently there was a recommendation for an Executive Leader and Cabinet model for a single new Council. Further work would be undertaken to explore the role of the opposition in this model. He did acknowledge that there may be an issue at West Devon over the role of the Ceremonial Mayor;
- Financial modelling assumed that there would be no reduction in Members until 2023 – although this would be down for the Boundary Commission to decide and the Minister may put interim measures in place;
- The recommendation to Hub Committee would be along the lines of “That Council be recommended to agree in principle to proceed with a single council and commence public consultation which will then be considered by Members in October 2017.”

Outsource or wholly owned company

- An outline report was being developed with a number of proposals to be considered further at the SH/WD JSG meeting in July and a final set of proposals on the way forward would be presented at the JSG August meeting.

HC 04 INVESTMENT IN COMMERCIAL PROPERTY

Members were presented with a report that set out the business case, based on advice received, for the Investment in Commercial Property Strategy. The objective of the proposed strategy was to generate revenue streams to contribute to the financial sustainability of the Council enabling it to deliver, and where possible improve, frontline services in line with the Council’s adopted strategy and objectives.

The Leader introduced the report and invited questions. The s151 Officer and Group Manager Business Development responded to questions on risk mitigation and timing of key stages of the proposal. During discussion, Members expressed their support for the proposal. The future budget gap required innovative proposals to come forward and this was considered to be an example of a proposal that could help to close that gap. Members were mindful of the risks but accepted that the Strategy included methods to mitigate the majority of their concerns. Members also noted that a key issue would be to seek the appropriate specialist support.

It was then **RESOLVED** that Council be **RECOMMENDED** to:

1. Approve and implement the proposed commercial property investment strategy as detailed in Appendix A;
2. Agree that officers conclude an appropriate procurement process to commission specialists to work on behalf of the Council in relation to the proposed commercial property investment strategy;
3. Delegate individual commercial property portfolio purchase and disposal decisions to the Head of Paid Service, in consultation with the s151

Officer, the Leader and the appointed Chair of the 'Invest to Earn' Group;
and

4. Borrow funds on fixed rate terms from the appropriate source in order to pursue this strategy. To complete tranche 1 this would require borrowing of up to £26.75 million (£25 million plus acquisition costs of 7%).

***HC 05**

WRITE OFF REPORT

The Portfolio Holder for Resources and Performance introduced a report that informed Members of the debt written off for revenue streams within the Revenue and Benefits service. Debts up to the value of £5,000 were written off by the s151 Officer under delegated authority. Permission was sought to write off individual debts with a value of more than £5,000. In respect of the debts with a value of more than £5,000, Members were advised of how they had arisen.

It was then **RESOLVED**:

1. That, in accordance with Financial Regulations, that the s151 Officer had authorised the write-off of individual West Devon Borough Council debts totalling £96,248.56 as detailed in Tables 1 and 2 be noted; and
2. The write off of individual debts in excess of £5,000 totalling £5,898.04 as detailed in Table 3 be authorised.

(The meeting terminated at 3.30pm)

Chairman

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Report to: **Hub Committee**

Date: **18th July 2017**

Title: **Medium Term Financial Position 2018/19 to 2022/23**

Portfolio Area: **Cllr P R Sanders - Annual Budget Setting Process**

Wards Affected: **All**

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

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

Author: **Lisa Buckle** Role: **Finance Community of Practice Lead**

Contact: **Tel. 01803 861413**
Email: lisa.buckle@swdevon.gov.uk

Recommendations:

It is recommended that the Hub Committee:-

- (i) Notes the forecast budget gap by 2020/21 of £1.1 million
- (ii) Agrees the financial strategy of the Joint Steering Group (JSG) set out in 1.7 to 1.13
- (iii) Agrees the budget principles set out in 1.14
- (iv) Agrees maintaining the current Council policy on the minimum level of unearmarked reserves being £750,000 (see Section 9).
- (v) Considers the five year Medium Term Financial Position (MTFP) and provides principles to be adopted on certain elements with the MTFP such as:
 - the level of council tax increase for 2018-19,
 - the use of New Homes Bonus to support the revenue budget for 2018-19 onwards.

1. Executive summary

- 1.1 The Council's Medium Term Financial Position (MTFP) is based on a financial forecast over a rolling five year timeframe to 2022/23 which will help ensure resources are aligned to the outcomes in Our Plan (see Section 5). The forecast is intended to provide a framework within which decisions can be made regarding the future service provision and council tax levels whilst building an approach that guarantees West Devon Borough Council's longer term viability. The Council's Strategic Plan (Our Plan) will be reviewed in 2017/18.
- 1.2 The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. As shown in 2.3 and 2.4, between 2009/10 and 2019/20, the Council's Core Government funding has reduced by £3 million.
- 1.3 West Devon has continued to work in partnership with South Hams District Council which has allowed West Devon Borough Council to achieve annual savings of £2.2 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending as outlined in the Comprehensive Spending Review.
- 1.4 West Devon Borough Council is currently forecasting a £1.1m budget gap by 2020/21, with South Hams forecasting a £0.8m budget gap for the same period.
- 1.5 Both Councils acknowledge that there is no single solution to addressing the reduction in funding while maintaining services across the two areas, and a number of initiatives are being considered in parallel. To put this into context, West Devon has a net revenue budget of £7.4m in 2017/18 and South Hams has a net revenue budget of £8.3m for the same period.
- 1.6 During 2015/16 the Council reviewed its priorities and Members agreed that their top priority was to achieve financial sustainability. Members also stated that they did not want to see a reduction in the level and quality of the statutory services delivered to their communities.

Financial Strategy of the Joint Steering Group (JSG)

- 1.7 The Joint Steering Group (JSG) was tasked by West Devon Borough Council and South Hams District Council to consider options to achieve financial sustainability and address the forecast budget deficit for both Councils.

- 1.8 The strategy being advocated by the Joint Steering Group is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term. Each scheme will vary in risk profile, achievability and the impact on our finances. By implementing a number of solutions rather than over-reliance on one option, the Councils will spread the risk and maximise the benefits.
- 1.9 One of those options is the formation of a single Council, and the intention of the Proposal is to respond to severe financial public sector constraints, maximise efficiencies and simplify the way that the Councils work, whilst protecting and investing in the services that the Councils provide. There is a separate report on the Hub Committee agenda regarding the Single Council proposal.
- 1.10 Other measures that the Councils are currently considering are outsourcing some of their front-line services such as waste and recycling services and also considering a programme of buying and renting out commercial properties. The Hub Committee on 20th June has recommended to Council in July a first tranche of £26.75 million.
- 1.11 The two schemes most likely to achieve financial sustainability are the commercial acquisition strategy and the single Council proposal - neither of which will meet the immediate budget deficit for 2018/19 therefore the Council will also need to consider some other short term solutions through the budget setting process this year.
- 1.12 The strategy to consider these three distinct but inter-related work streams will help the Councils to generate revenue streams and reduce inefficiencies, thereby contributing to the long term financial sustainability of each Council and enabling them to continue to deliver, and where possible improve, statutory frontline services rather than looking to reduce services in order to deal with budgetary cuts.
- 1.13 As the Council works through these ideas, reports will be presented to both Councils who will ultimately make the decision on the future of both Councils and how services will be funded into the future.

BUDGET PRINCIPLES

- 1.14 The MTFP sets out the key Budget Principles for how the Council will be developing its approach to achieving financial sustainability. These are set out below:-

Adopt the financial strategy of the Joint Steering Group (JSG) set out in 1.7 to 1.13. By implementing a number of solutions rather than over-reliance on one option, the Council will spread the risk and maximise the benefits. One of the options is the formation of a single Council. Other options that the Councils are currently considering are outsourcing some their front-line services such as waste and recycling services and also considering a programme of buying and renting out commercial properties.

To protect statutory frontline services in the options progressed by the Council.

To continue working in partnership with South Hams District Council, to protect the shared services efficiency savings (in excess of £6 million per annum across both Councils) and to maximise each organisation's efficiency to address future financial challenges. There is an interdependency between the two Councils due to the extent that services have been shared in the past.

To use New Homes Bonus to temporarily fund the Revenue Base budget, whilst other options are progressed on an Invest to Save basis to generate new revenue streams.

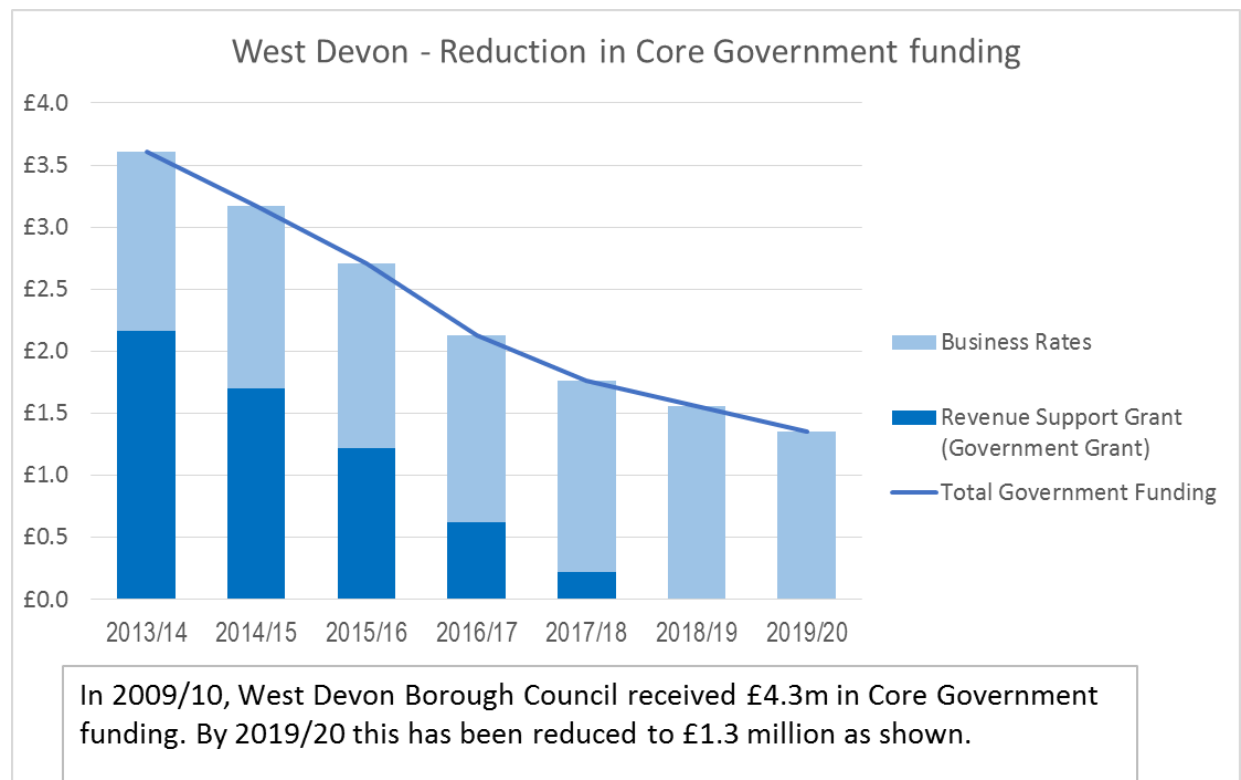
To maximise income generation and funding through New Homes Bonus and Business rates growth

PURPOSE OF A MEDIUM TERM FINANCIAL POSITION (MTFP)

- 1.15 Financial planning sits at the heart of good public financial management. Alongside budget preparation, performance management and stakeholder reporting, the ability to look strategically beyond the current budget period is a crucial process to support the Council's resilience and long-term financial sustainability.
- 1.16 Developing the Medium Term Financial Position brings together all known factors affecting the Council's financial position and its financial sustainability into one place. This provides a clear view of the options to address gaps in long-term financing.
- 1.17 At the September 2017 Hub Committee meeting, the Council will set its Medium Term Financial Strategy.

2 THE FOUR YEAR SETTLEMENT FUNDING OFFER

- 2.1 During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. The Council applied and was accepted for the four year agreement.
- 2.2 By 2018/19 the Council receives no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient. The withdrawal of Government funding has happened two years earlier than expected. The Council's Settlement Funding Assessment (Government Grant and funding from Business Rates) is reducing by a further 37% between now and 2019/20. This compares to a 18.7% cut for Metropolitan Districts and 32.4% for Shire Districts. Counties vary between 30% to 31%.
- 2.3 District Councils such as West Devon have also suffered a large reduction in their New Homes Bonus funding (£0.5 million in 17/18) due to the number of years payments being reduced from six years to five years in 17/18 and four years from 18/19 onwards. The funding being released is to contribute towards adult social care costs, a function carried out by Unitary and County Councils.



- 2.4 It can be seen from the graph above that between 2009/10 and 2019/20 the Council's Core Government funding will have reduced by £3 million.

2.5 The options that the Council is exploring to secure financial stability are further explained in Section 7.

2.6 It is hugely concerning that the Queen's Speech did not reintroduce the Local Government Finance Bill, which provided the legislative framework for the introduction of 100% Business Rates Retention. With no Revenue Support Grant in 2018/19, the loss of the 100% business rates is a further threat to being able to pay for valuable services. West Devon Borough Council is on the baseline for Business Rates (i.e. it has marginal business rates growth) and the Council is part of the Devon Business Rates pool, from which it has received a pooling gain annually.

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

3.1 The Trade Union pay claim for 2018/19 is for one year (2018/19) and is for a 5% increase on all pay scales. A budget provision of 1% for 2018/19 (£40,000) onwards has been modelled. The Medium Term Financial Position is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.

3.2 The report assumes inflation will run at 2% over the five year period. The Consumer Prices Index (CPI) rose to 2.9% in May 17.

3.3 The Medium Term Financial Position has included a cost pressure of £70,000 for Inflation and increases on Goods and Services. The main items are:-

£20,000 – Business Rates increases

£2,500 – Apprenticeship Levy

£7,500 – Utilities inflation

£10,000 – Insurance premiums

An amount of just over £30,000 is to fund a 2% uplift on other expenditure budgets.

3.4 The predicted interest rate forecast from our treasury management advisors, Capita, is that they will remain at 0.25% until Autumn 2019, when they will rise to 0.5%. Officers will make recommendations in September on the strategy for internal borrowing and external borrowing for the waste vehicles and the leisure investment.

3.5 An increase in council tax of £5 for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for West Devon of £223.39 in 2018/19 as shown in Appendix B and equates to a council tax increase of 2.29%.

- 3.6 It has been assumed that the number of properties within the Borough will increase by 225 per annum from 2018/19 to 2022/23 – this is an increase of approx. 1.1% - the Council had 19,948.77 Band D equivalent properties in 2017/18. These additional properties have been used to calculate the amount of additional Council Tax and also the potential for New Homes Bonus.

4. BUSINESS RATES AND COUNCIL TAX

- 4.1 **Retained Business Rates** - The Government introduced the Business Rates Retention system from April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. The Council is part of the Devonwide Business Rates Pool.
- 4.2 Of the Business Rates collected of £11 million, the Council is predicted to retain in funding only £1.588 million of this in 2018/19. So the Borough Council retains approximately 14p in every £1 to run our services.

Self-sufficient local government: 100% Business Rates Retention

- 4.3 The move from 50% to 100% Business Rates Retention (BRR) will see new responsibilities given to local government, with certain central government grants already being phased out for many Councils such as West Devon (such as Revenue Support Grant). The Government has previously announced that the move to 100% BRR will be fiscally neutral. As the Local Government Finance Bill was omitted from the Queen's Speech, the timing for the introduction of 100% BRR is now unclear.

Council Tax

- 4.4 West Devon Borough Council's share of the council tax bill in 2017/18 was **12%**, being £218.39 out of an average Band D council tax bill of £1,809. The total income from council tax in 2018/19 is predicted to be £4.507 million. A 1% increase in council tax generates an extra £44,000 for West Devon. An average council tax bill for 2017/18 is shown below.

Precepting Authority	Band D 2016/17	Band D 2017/18	£ Increase	% Increase	Date Approved
West Devon Borough Council	£213.39	£218.39	£5.00	2.34%	7 Feb 2017
Devon County Council Precept	£1,184.39	£1,208.46	£24.07	1.99%	16 Feb 2017
Adult Social Care Precept *	£23.23	£59.46	£36.23	3.00%*	
Devon & Cornwall Police & Crime Commissioner	£172.84	£176.28	£3.44	1.99%	3 Feb 2017
Devon & Somerset Fire & Rescue	£79.98	£81.57	£1.59	1.99%	17 Feb 2017
Average Parishes/Towns	£62.30	£64.45	£2.15	3.45%	
TOTAL	£1,736.13	£1,808.61	£72.48	4.17%	

£5 council tax referendum limit for District Councils

- 4.5 The Finance Settlement confirmed that the Council Tax referendum limit for all District Councils for 2017/18 was the higher of 2% or more than £5. This meant that the Borough Council had the flexibility to increase its Band D council tax by £5 for 2017/18. It has been assumed in this report that the same principles will apply for 2018/19. (An increase of £5.01 triggers a council tax referendum).
- 4.6 At the Members' Budget Workshop held on 3rd October 2016, there was early support for increasing council tax by the maximum allowable of £5. At this event it was recognised that this measure would increase the base budget for ensuing years and protect the delivery of services and the Council's financial resilience. **Members' views are sought on setting a Principle around the council tax increase for 2018/19.** A Member Budget workshop will be held in September 2017.

5 THE COUNCIL'S STRATEGIC PRIORITIES – OUR PLAN

- 5.1 The Council's 'Our Plan' describes the Council's vision and its aspirations for our communities. It does this by setting out what the Council wishes to deliver to our communities under eight themes. These themes are: Homes; Economy; Communities; Wellbeing; Infrastructure; Environment; Heritage; and Resources.
- 5.2 'Our Plan' is due to be reviewed during the 2017/18 financial year.

6 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION

- 6.1 Financial modelling has been undertaken for the next five years to predict the Council's financial situation for the short and medium term.
- 6.2 **Appendix A** to the Medium Term Financial Position sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **These figures in Appendix A show the changes to the existing base budget.** A description of the larger budget pressures are set out below.
- 6.3 **Salaries** – A 1% provision for a pay award has been included for 2018/19 which totals £40,000. This is explained in section 3.1. Any increase over 1% will add an extra cost pressure of £40,000. Also an amount of £40,000 has been included for salary increments.
- 6.4 An extra cost pressure of £30,000 has been added for 2018/19 for ICT support contracts, to align the budget to actual expenditure.

SAVINGS AND INCOME GENERATION

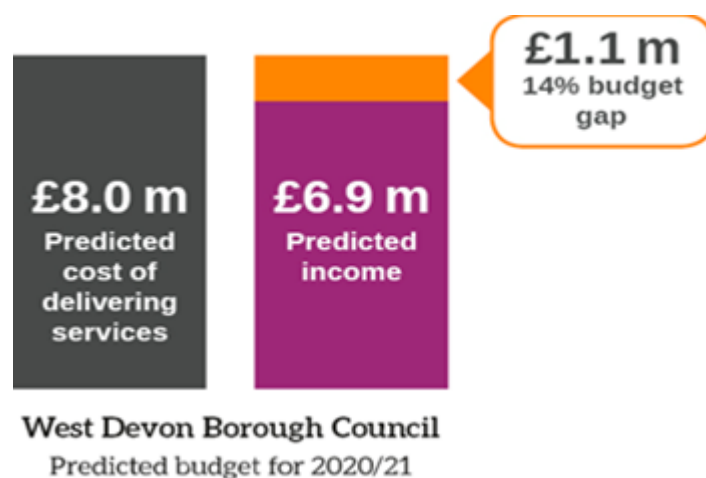
- 6.5 An income budget for Housing Benefit recoveries of overpayments of £80,000 has been built into the 2018/19 forecasts as a recurring income target.
- 6.6 Similarly, the planning fee income target has been increased by £60,000 in 18/19, to reflect actual income being achieved in 16/17.
- 6.7 The Car parking income target has also been increased by £40,000 in 18/19, to reflect actual income being achieved in 16/17.
- 6.8 **Re-procurement of contracts** – The Medium Term Financial position shows the savings in Appendix A from the re-procurement of outsourced contracts.

7. OVERALL POSITION – BUDGET GAP

- 7.1 Appendix B illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £7.4 million in 2017/18.
- 7.2 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 (shown in Appendix B).
- 7.3 The following table illustrates the predicted budget gap from 2018/19 onwards for the Council as shown in Appendix B:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
Cumulative budget gap	701,360	1,009,001	1,093,743	1,166,987	1,007,980
CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 22/23					£1,007,980

7.4 West Devon Borough Council is currently forecasting a £1.1m budget gap (14%) by 2020/21 as shown in Section 1.4.



OPTIONS TO MEET THE BUDGET GAP

7.5 The section below shows options to meet the budget gap:

	2018/19	2019/20	2020/21	2021/22	2022/23
Budget Gap	£701,000	£1,009,000	£1,094,000	£1,167,000	£1,008,000
Options to meet the Budget Gap					
(i) Commercial Property acquisition Strategy – see 7.6 (1 st tranche of £25 million shown only)	£(190,000) to £(455,000)	£(190,000) to £(455,000)	£(190,000) to £(455,000)	£(190,000) to £(455,000)	£(190,000) to £(455,000)
ii) Single Council proposal (assume 40% share of Single Council savings/additional income for illustration purposes only 7.7)	N/A (first year is 19/20)	£(282,400) – (This is 40% of £706,000)	£(814,000)	£(1,174,000)	£(1,056,000)
iii) Waste options (Savings to be confirmed – 7.8)	tbc	tbc	tbc	tbc	tbc
iv) Use more New Homes Bonus to fund the Budget Gap (7.10)	£(150,000)	£(150,000)	£(150,000)	£(150,000)	£(150,000)
Budget Gap remaining (if options approved)	£361,000 Budget Gap	£386,600 Budget Gap	£(60,000) surplus funding	£(347,000) surplus funding	£(388,000) surplus funding

7.6 **Commercial Property Acquisition Strategy** – a £25 million portfolio is predicted to achieve additional surplus property income of between £190,000 and £455,000. However the portfolio will take time to build up to the full £25 million. The Hub Committee on 20th June has recommended to Council in July a first tranche of £26.75 million.

7.7 **Single Council option** – This is a separate item on the Hub Committee agenda for consideration. The following table summarises the costs and savings as a result of implementing a single Council across West Devon and South Hams. A 40% share of the net income has been used for illustration purposes only.

<u>Financial Summary</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Planning and Implementation Costs (one-off)	30,500	85,500	154,000	20,000	20,000	15,000	0
Annual Efficiency Savings	0	0	-60,000	-455,000	-455,000	-455,000	-540,000
Increased Income from Council Tax equalisation (Option 5 shown for illustration purposes only)			-800,000	-1,600,000	-2,500,000	-2,200,000	-1,900,000
Net cost/(income)	30,500	85,500	-706,000	-2,035,000	-2,935,000	-2,640,000	-2,440,000

7.8 **Out-sourcing / Wholly owned company.** In February/ March 2017 the Councils decided not to set up a Local Authority Controlled Company for all services. However this is still an option for some services, as is continued or further outsourcing of some services where there is a clearly defined market or efficiency opportunity. This is in respect of waste and cleansing services, grounds and building maintenance services. Staff are currently undertaking market testing to advise on which options will offer the best value to the Councils. This is therefore the subject of another report on the Hub Committee agenda.

7.9 **Other options for savings/additional income**

The Senior Leadership Team, in conjunction with the Extended Leadership Team will put forward service reduction/additional income options for early discussion with Members. These will be part of a report to Members in September.

Short Term funding options for 2018-19 that could allow time to develop longer term funding solutions :-

7.10 **New Homes Bonus funding**

There is a further option to use an extra £150,000 more NHB in 2018/19 and future years to fund the Revenue Base Budget. Appendix C sets out the New Homes Bonus funding in more detail and proposals for the Capital Programme. The expected levels of NHB received will be in the region of £0.7 million (in 18/19). The Medium Term Financial Position currently assumes using £0.5 million for the Revenue Budget

in 2018/19. However if more NHB is used in 18/19 Budget onwards, this would mean not putting any money into the affordable housing capital projects (so not putting £100,000 into affordable housing for capital contributions each year).

7.11 **One-off Use of Reserves in 2018-19**

If Reserves were to be used to partially balance the budget in 2018-19, below are the 2 main Earmarked Reserves which have an uncommitted balance remaining on them (see Appendix D). This would mean the Council would retain Unearmarked Reserves of £1 million. Using one-off Reserves to balance the budget only moves the budget shortfall (budget gap) back one year in terms of timing to address it.

The 2016/17 Budget Surplus Contingency Earmarked Reserve has £221,000 remaining uncommitted balance (see Appendix D).

Innovation Fund (Invest to Earn) Innovation Fund has a remaining uncommitted balance of £906,000. Of this, £500,000 has been deposited with CCLA in their Local Authority Property Fund. This is a long term investment and on average is expected to generate yields of c.5%. It is anticipated that the remainder of this fund will be used to acquire and develop land within West Devon to support local housing need.

7.12 **Business Rates Pilot 18/19?**

The Local Government Finance Bill was not included within the Queen's Speech and therefore the timing of any Business rates pilots for 2018/19 is very much unknown.

CAPITAL PROGRAMME AND PRUDENTIAL BORROWING

- 8.1 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.
- 8.2 A proposed Capital Programme for 2018/19 onwards is set out in Appendix C onwards.
- 8.3 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.
- 8.4 In July 2016 (Minute CM28), the Council agreed to undertake prudential borrowing of £1.5 million for the new leisure contract. Also at Council on 26 July 2016 (Minute CM27), Council agreed to undertake borrowing for the waste fleet.

9. EARMARKED AND UNEARMARKED RESERVES

- 9.1 A schedule of Earmarked and Unearmarked Reserves is shown in Appendix D.
- 9.2 It is recommended to maintain the current Council policy on the minimum level of unearmarked reserves being £750,000.
- 9.3 **Sensitivity analysis and risk analysis** – The figures within the Budget Proposals have been subject to a sensitivity analysis of the figures and a risk analysis. A copy is attached at Appendix E.

10 OTHER BUDGET ITEMS

- 10.1 **Members' Budget Workshop** – A Members' Budget Workshop will be arranged in September 2017, to give all Members the opportunity to influence and shape the budget setting process. At last years workshop, there was early support for increasing council tax by the maximum allowable of £5. At this event it was recognised that this measure would increase the base budget for ensuing years and protect the delivery of services and the Council's financial resilience.

Devolution

- 10.2 The Council plays an active part in the Heart of the South West LEP's devolution project.

11 FEES AND CHARGES

- 11.1 The Council has the power to levy fees and charges for various services and functions it undertakes. Some of these fees are set by statute while for others the Council can make "reasonable" charges for the services it provides. The undertaking of regular reviews of charges allows, where possible, for the Council to recover the cost of officers' time in providing the service.
- 11.2 **Car Parking Charges** – The Car Parking Strategy Group will undertake a review of car parking charges in 2018-19.

12 Timetable for the Budget Setting Process

- 12.1 Appendix F sets out the timetable for the Budget Setting Process.

13 Looking Forward to the Future

13.1 Overall, the Council's finances remain strong, but there are challenges ahead. In order to maintain this position, the Council operates continuous monitoring of both income and expenditure. This ensures that services are delivered within approved budgets and that all three elements of value for money (economy, efficiency and effectiveness) are achieved for our residents.

14. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Hub Committee is responsible for recommending to Council the budgetary framework. 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 that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p>
Financial	Y	The financial implications are set out in Section 7.5
Risk	Y	The financial risks are as set out in Appendix E of the Budget Proposals report.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.

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

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B – Modelling of council tax increasing by £5

Appendix C – New Homes Bonus funding and Capital Programme

Appendix D – Schedule of Reserves

Appendix E – Sensitivity Analysis

Approval and clearance of report

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

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WEST DEVON BOROUGH COUNCIL

BUDGET PRESSURES

	BASE 2017/18 £	Yr1 2018/19 £	Yr2 2019/20 £	Yr3 2020/21 £	Yr4 2021/22 £
Waste collection, recycling and cleansing contract (estimate)	510,000	190,000	70,000	70,000	70,000
Inflation on the street cleaning and public conveniences	30,000	10,000	10,000	10,000	10,000
Reduction in planning income	125,000	0	0	0	0
Triennial Pension revaluation	80,000	25,000	0	75,000	0
Inflation on goods and services	70,000	70,000	70,000	70,000	70,000
Increase in salaries - increments and pay and grading	40,000	40,000	40,000	40,000	40,000
Increase in salaries - pay increase at 1%	40,000	40,000	40,000	40,000	40,000
Reduction in Recycling credits	40,000	0	0	0	0
Planning Community of Practice - staffing resource	30,000	0	0	0	0
ICT support contracts - increase the budget to align to actual expenditure	0	30,000	0	0	0
Reduction in Housing Benefit administration subsidy	30,000	20,000	20,000	10,000	10,000
National Insurance and National Living Wage	20,000	20,000	20,000	20,000	20,000
Revenue implication of the waste capital bid in 2017/18 capital programme	0	13,000	0	0	0
Finance Community of Practice - staffing resource	15,000	0	0	0	0
Business Information Point (increase from £8,340 to £15,100) - Economy Working Group recommendations	6,760	0	0	0	0
Reinvest saving of £2,811 in Town Benchmarking reports and £1,000 to Youth Markets (Economy WG recommendations)	3,811	0	0	0	0
The following are all one-off cost pressures in 2016/17 and are not required in 2017/18 and are therefore reversed out in 2017/18					
Trading company - specialist advice - One off	(150,000)	0	0	0	0
Specialist resource - Waste and Cleansing options review and delivery -one off	(80,000)	0	0	0	0
Our Plan	(75,000)	0	0	0	0
TOTAL IDENTIFIED BUDGET PRESSURES	735,571	458,000	270,000	335,000	260,000

WEST DEVON BOROUGH COUNCIL

Contribution to Earmarked Reserves

(This line shows the annual contributions into the Reserve)

	BASE 2017/18 £	Yr1 2018/19 £	Yr2 2019/20 £	Yr3 2020/21 £	Yr4 2021/22 £
Contribution to IT Development Reserve (£25K per annum)	25,000	25,000	25,000	25,000	25,000
Contribution to Planning Reserve (£25K per annum)	25,000	25,000	25,000	25,000	25,000
Transformation Project (T18) - Approved at 9th December 2014 Council (One-off investment costs)					
Contribution to Strategic Change Reserve to meet redundancy and pension costs - Contributions reduce to zero in 2020/21	160,000	60,000	35,000	0	0
Net contribution to T18 Reserve to meet other non-recurring costs (Contributions are offset by savings as per the Business Case)	67,000	0	0	0	0
Total Contribution to Earmarked Reserves	277,000	110,000	85,000	50,000	50,000

SAVINGS AND INCOME GENERATION IDENTIFIED

	BASE 2017/18 £	Yr1 2018/19 £	Yr2 2019/20 £	Yr3 2020/21 £	Yr4 2021/22 £
Re-procurement of contracts	346,000	0	50,000	135,000	130,000
Budget Scouring exercise (£45,000 reduction in the contribution to the repairs and maintenance earmarked reserve for car parking maintenance, £25,000 saving on purchase of equipment and £5,000 on staff travel)	75,000	0	0	0	0
Opt-in charged garden waste service	67,500	122,500	0	0	0
Housing Benefit recoveries of overpayments (increase income target to reflect actual income being achieved)	0	80,000	0	0	0
Planning Fees (increase income target to reflect actual income being achieved)		60,000			
Additional car parking income (increase income target to reflect actual income being achieved)	0	40,000	0	0	0
Business Rates pooling gain	30,000	0	0	0	0
Villages in Action (£8,000 to £4,000), SW Museum (£2,000 to £1,000) and cease Economy Grants (£5,571) - Economy Working Group recommendations	10,571	0	0	0	0
Council Tax Reduction Scheme - 8.6% reduction in Town and Parish Grant	6,600	6,100	5,500	0	0
Reduced running costs at Kilworthy Park and additional leasing income	5,000	0	0	0	0
Income generation from alternative investment vehicles (e.g. property investment fund)	25,000	0	0	0	0
TOTAL SAVINGS AND INCOME GENERATION	565,671	308,600	55,500	135,000	130,000

Line No.	Council Tax is increased by £5 annually Modelling for the financial years 2018/19 onwards	BASE 2017/18 £	Yr1 2018/19 £	Yr2 2019/20 £	Yr3 2020/21 £	Yr4 2021/22 £	Yr5 2022/23 £
1	Base budget brought forward	7,253,325	7,423,224	6,871,263	6,778,124	6,893,382	6,950,138
2	Budget pressures (as per Appendix A)	735,571	458,000	270,000	335,000	260,000	260,000
3	Savings already identified (as per Appendix A)	(565,671)	(308,600)	(55,500)	(135,000)	(130,000)	(260,000)
4							
5	Projected Net Expenditure:	7,423,225	7,572,624	7,085,763	6,978,124	7,023,382	6,950,138
	Funded By:-						
6	Council Tax income - Modelling a £5 increase in council tax each year (Taxbase 16/17 = 19,733.41 Band D Equivalent properties)	4,356,612	4,506,618	4,658,875	4,813,382	4,970,138	5,129,145
7	Collection Fund Surplus	178,000	100,000	80,000	80,000	80,000	80,000
8	Revenue Support Grant	223,284	0	0	0	0	0
9	Localised Business Rates	1,539,000	1,588,000	1,351,611	1,350,000	1,350,000	1,350,000
10	Funding from Rural Services Delivery Grant	372,638	286,645	372,638	300,000	300,000	300,000
11	Funding from New Homes Bonus	860,000	500,000	400,000	400,000	300,000	300,000
12	Funding from Transition Grant	30,689	0	0	0	0	0
13	Less: Contribution to Earmarked Reserves	-277,000	-110,000	-85,000	-50,000	-50,000	-50,000
14	Less: Contribution from Budget Surplus Contingency Earmarked Reserve	140,002					
15	Total Projected Funding Sources	7,423,225	6,871,263	6,778,124	6,893,382	6,950,138	7,109,145
	Budget gap/(surplus) per year						
16	(Projected Expenditure line 5 - Projected Funding line 15)	0	701,360	307,640	84,742	73,243	-159,007

Actual Predicted Cumulative Budget Gap	0	701,360	1,009,001	1,093,743	1,166,987	1,007,980
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Modelling Assumptions: (Assumes an increase in Band D Equivalent properties of 225 per annum)						
Council Tax (Band D) (an increase of £5 per annum has been modelled)	218.39	223.39	228.39	233.39	238.39	243.39
Council TaxBase	19,948.77	20,173.77	20,398.77	20,623.77	20,848.77	21,073.77

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New Homes Bonus funding and Capital Programme for 2018-19 onwards

1. NEW HOMES BONUS (NHB)

1.1 On 15 December 2016, the Council received notification of its 2017-18 provisional allocation for NHB of £961,269.

1.2 The New Homes Bonus was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local Councils for additional homes added to the council tax base, including newly built properties and conversions as well as long term empty properties brought back into use, after deducting demolitions.

1.3 Following consultation earlier this year, the Government will implement reforms to the scheme that sharpen the incentive for housing growth. The length of New Homes Bonus payments will be reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19. It can be seen from the Table below that this reduction from 6 years to 5 years has meant the Council has lost £568,622 in New Homes Bonus funding in 2017/18. The Council has repeatedly made the point that the current crisis in funding for Adult Social Care is a national problem which needs new Government money, as opposed to reducing the New Homes Bonus funding to pay for this and therefore further burdening the council taxpayer to fund social care costs.

1.4 From 2017-18 the Government has introduced a national baseline for housing growth of 0.4% below which New Homes Bonus will not be paid, which the Government has said reflects a percentage of housing that would have been built anyway. The baseline equated to 97 Band D Equivalent properties for West Devon and NHB was lost of £119,000. The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth.

1.5 The Government has stated that, taken together these measures meet the aims set out in their consultation document of sharpening the incentives for housing growth and releasing funding for other Local Government spending priorities such as adult social care.

1.6 The announcement on NHB also said that from 2018/19, the Government will consider withholding NHB payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth. To encourage more effective local planning the Government will also consider withholding payments for homes that are built following an appeal.

1.7 As the Government is implementing wider planning reforms to get the nation building the homes it needs, including measures announced at Autumn Statement and through the Neighbourhood Planning Bill and forthcoming Housing White Paper, the Government will not introduce the proposals to withhold payments for areas without a local plan in 2017-18.

1.8 The table below shows the NHB received to date and a forecast for future years.

	2015/16	2016/17	2017/18	2018/19	2019/20
	(£)	(£)	(£)	(£)	(£)
2011/12	323,920	323,920			
2012/13	568,622	568,622	(this year has dropped off by a reduction to 5 years of payment)		
2013/14	133,255	133,255	133,255		
2014/15	222,997	222,997	222,997		
2015/16	248,975	248,975	248,975	248,975	
2016/17		247,527	247,527	247,527	247,527
2017/18			108,515	108,515	108,515
2018/19				125,000	125,000
2019/20					125,000
New Homes Bonus returned	4,913				
NHB Received/ Forecast	1,502,682 Actual received	1,749,449 Actual received	961,269 Actual received	730,017 Forecast	606,042 Forecast

1.9 The table below shows estimated amounts of NHB receivable in future years and potential uses of the NHB funding:-

	2018-19 (£)	2019-20 (£)	2020-21 (£)
Predicted NHB amount	730,017	606,042	600,000
Capital Projects	151,000	151,000	151,000
To fund the Revenue Base Budget	500,000	400,000	400,000
Dartmoor National Park allocation	TBA	TBA	TBA
Funding remaining unallocated	79,017 remaining	55,042 remaining	49,000 remaining

1.10 Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members consider this on an annual basis as part of the Budget process.

2. CAPITAL PROGRAMME 2018/19 to 2022/23

2.1 The table below shows an outline capital budget proposal for the Capital Programme for 2018/19 to 2022/23. Officers will update the capital programme bids for 2018/19 onwards and this will be subject of a Budget update report to Members in September 2017.

	2018/19	2019/20	2020/21	2021/22	2022/23
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000	15,000
Village Halls and Community Projects	36,000	36,000	36,000	36,000	36,000
Affordable Housing	100,000	100,000	100,000	100,000	100,000
Disabled Facilities Grants	450,000	450,000	450,000	450,000	450,000
TOTAL CAPITAL PROGRAMME	601,000	601,000	601,000	601,000	601,000
Suggested method of funding the Capital Programme:					
Better Care funding towards DFGs (assumed will match the spend)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
New Homes Bonus (Required to fund the Capital Programme)	151,000	151,000	151,000	151,000	151,000

Detailed notes explaining each of these annual Capital Bids was contained within the Budget Report to Council on 7 February 2017.

Further funding of £247,620 for the Government's new Community

Housing Fund

West Devon Borough Council has been allocated funds from the Government's new Community Housing Fund.

The Community Housing Fund supports Councils in tackling the problem of high levels of second homeownership in their communities.

The £60 million in the nationwide pot has been allocated to support areas where high numbers of second homes have an impact on affordable housing. This will help tackle the problem of higher than average levels of second home ownership in the area.

West Devon has received an allocation of £247,620, which will go some way to support local, community led housing initiatives across the Borough. Lack of affordable housing is an issue facing West Devon residents who wish to own their own homes. The fund will help the Council support local, community led housing across the Borough as local residents find it increasingly difficult to get on the housing ladder due a number of reasons, partly due to the proportion of second homes in the area. The Council is pleased to see that West Devon is being supported in this way and that the fund has been set up to help tackle these housing issues.

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EARMARKED AND UNEARMARKED RESERVES

1.1 The Council's Net Budget is £7.4 million in 2017/18. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £750,000.

1.2 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £750,000, the following have been taken into account:

- The size of the authority
- The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
- The risks faced by the Council with regard to funding unforeseen events
- Uncertainty over future Government funding and Business Rates
- Uncertainty over future New Homes Bonus allocations

1.3 The Unearmarked Reserves (General Fund) balance of £1 million stands above the minimum balance of £750,000 and acts as a safeguard against unforeseen financial pressures.

1.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance).

1.5 A schedule of Earmarked Reserves for 16/17 is shown below. The Council has Earmarked Reserves of £3.7 million.

1.6 The tables below show the movements on the two Earmarked Reserves that were set up as part of the Budget approved for 2016/17.

EARMARKED RESERVES	Balance at	Transfers	Transfers	Balance at
2016/17	31 March	Out	In	31 March
	2016			2017
	£000	£000	£000	£000
General Fund				
Car Parking Maintenance	408		32	440
ICT Development	0	(18)	42	24
JSG Future Options	0	-	46	46
Planning Policy & Major Developments	0	-	39	39
16/17 Budget Surplus Contingency	0	-	669	669
Innovation Fund (Invest to Earn)	0	(16)	922	906
Outdoor Sports & Recreation	0	-	7	7
Waste & Cleansing Options Review	0	-	80	80
Community Housing Fund	0	-	248	248
Leisure Services	0	(99)	273	174
LA Business Growth	25	(25)	-	-
Habitats Reserve	15	(2)	-	13
Landscape Maintenance	5	-	-	5
Invest to Save	27	-	-	27
Elections	24	-	-	24
DCC Localism Support Officer	4	-	-	4
REIP – Localism Projects	1	-	-	1
DCC TAP Funds	63	(63)	-	-
New Burdens CLG	3	-	-	3
CLG – Assets Community Value	8	-	-	8
Neighbourhood Planning Grants	65	(7)	-	58
World Heritage Key Site	5	-	-	5
Cannons Meadow	19	(3)	-	16

EARMARKED RESERVES	Balance at	Transfers	Transfers	Balance at
2016/17	31 March	Out	In	31 March
	2016			2017
	£000	£000	£000	£000
Millwood Homes	15	-	-	15
Young Persons Prevention Officer	10	(10)	-	-
DCLG Business Support Scheme	13	(13)	-	-
Inspire Annex 111	7	(7)	-	-
DCC Public Health	25	(19)	-	6
Revenue Grants	-	-	59	59
Business Rates Retention Scheme	844	(626)	-	218
Town Teams & Economic Grants	17	-	6	23
Flood Works	20	(2)	-	18
New Homes Bonus	697	(2,288)	1,818	227
Homelessness	30	-	-	30
Strategic Change (T18)	-	(81)	192	111
Planning Enforcement	45	(40)	-	5
Maintenance Fund (Estates)	-	(17)	240	223
TOTAL EARMARKED	2,395	(3,336)	4,673	3,732
REVENUE RESERVES				

Car Parking Maintenance - In line with the Council's car parking strategy, a car parking maintenance reserve is maintained to ensure that major planned works on car parks can be carried out at the appropriate time, in line with a cyclical programme of maintenance and repairs.

16/17 Budget Surplus Contingency – This reserve was created as part of the 2016/17 Budget setting process. There is an uncommitted balance remaining of £221,000.

Innovation Fund (Invest to Earn) – This fund has a remaining balance of £906,000. Of this, £500,000 has been deposited with CCLA in their Local Authority Property Fund. This is a long term investment and on average is expected to generate yields of c.5%. It is anticipated that the remainder of this fund will be used to acquire and develop land within West Devon to support local housing need.

Community Housing Fund – This reserve was set up to hold the Community Housing Fund Grant. We are working on developing a community housing initiative, which is designed to help local residents to determine and deliver appropriate and affordable housing for their communities.

Business Rates Retention Scheme - The business rates reserve covers any possible funding issues from the new accounting arrangements.

New Homes Bonus – This reserve was established to show how New Homes Bonus funding has been used on an annual basis.

Strategic Change Reserve (T18) – This reserve was set up to finance one off investments under the Council’s Transformation Programme that are required for development or the release of ongoing efficiencies.

Sensitivity analysis and risk analysis of the Budget Proposals 2017-18

1. The budget assumes approximately £1.9 million of income from fees and charges, recycling and investments. Whilst this assumption is realistic, given the position of the economy there is a risk that income could fall or be less than anticipated. A 5% reduction in income would result in a loss of £95,000.
2. The Budget Proposals rely on proposed savings over the next 5 years of £1.19 million. A 5% reduction in the savings would equate to £59,500.
3. The Budget Proposals assume budget pressures over the next 5 years of £1.58 million. A 5% increase in the budget pressures would equate to £79,000.
4. Council Tax Income and New Homes Bonus have been modelled based on an extra 225 Band D Equivalent properties per annum increase. Each extra property attracts 1,200 in NHB. If this figure were to actually be say 175 properties (i.e. 50 properties less), this would mean that Council Tax Income would be £11,000 less and New Homes Bonus income would be £61,000 less.
5. Council Tax has been assumed in the Budget Proposals to increase by £5 per annum to £223.39 in 2017/18. The additional council tax income this would generate is £100,000. If council tax for 2017/18 were to remain at £218.39, the income from council tax would be overstated by this amount in the Budget Proposals.
6. If Council Tax income collection fell by 1% (collection in 16/17 was 97.25%), this would mean a reduction of council tax income of £43,000. Similarly if Business Rates income collection fell by 1% (collection in 16/17 was 97.7%), this would mean a reduction in business rates income of £16,000.
7. Income from investments has been assumed to increase in line with the expected interest rate forecasts in Section 3. A 0.25% variation in interest rates on investment income equates to £20,000.
8. An allowance of 2% for inflation is included in the budget. Inflation costs are being managed through cost effective procurement.

9. The capital programme is funded by receipts, grants, and contributions. Realistic assumptions about these have been made for the future.
10. Known liabilities have been provided for and there are no significant outstanding claims.

Summary & conclusion

Sensitivity analysis and risks are identified above with a potential total adverse revenue effect for 2017/18 of £484,500. However, revenue reserves are recommended to be maintained at a minimum of £750,000. I therefore confirm the robustness of the Budget Proposals and the adequacy of the reserves.

Mrs Lisa Buckle, Finance Community of Practice Lead (S151 Officer)

APPENDIX F

West Devon Borough Council - Budget Timetable for 2018/19 onwards

Date	Committee
18 th July 2017	Hub Committee – to consider the Medium Term Financial Position
12 th September 2017	Hub Committee – To set the Medium Term Financial Strategy (MTFS)
September 17 (Date – to be confirmed)	Members’ Budget Workshop – To carry out a full review of the MTFS
28 th November 17	Hub Committee – Draft Budget Proposals for 2018/19
10 January 18	Planning & Licensing Committee – To consider fee and charges within the remit of the Committee.
16 th January 2018	Overview & Scrutiny Committee – To comment on the Draft Budget Proposals for 2018/19
6 th February 2018	Hub Committee – To recommend Final Budget Proposals to Council for 2018/19
15th February 18	Date which Council Procedure Rule 16 applies
20 th February 18	Full Council – To approve Final Budget Proposals for 2018/19 and set the WDBC share of the Council Tax
21 February 18	Council Tax Resolution Panel – to agree the Council Tax Resolution for 2018/19 (This is WDBC 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 Thursday 15th February 18.

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Agenda Item 6

Report to: **Hub Committee**

Date: **18 July 2017**

Title: **Proposal for a single Council for West Devon and South Hams**

Portfolio Area: **Leader of the Council**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview & Scrutiny Committee

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

Date next steps can be taken: **Council 25 July 2017**
(e.g. referral on of recommendation or implementation of substantive decision)

Author: **Catherine Bowen** Role: **Monitoring Officer**

Contact: Catherine.Bowen@swdevon.gov.uk

Recommendations:

The Joint Steering Group recommends that the Council:

1. Agrees in principle to establishing a single second-tier Council for West Devon and South Hams from 1 April 2019
2. Proceeds to consultation with the public and stakeholders from early August through to the end of September 2017
3. Agrees to bring to Council for approval in October 2017, the outcome of the consultation together with the final Proposal for submission to the Secretary of State.

1. Executive summary

1.1 The Joint Steering Group (JSG) was tasked by West Devon Borough Council and South Hams District Council to consider options to achieve financial sustainability and address the forecast budget deficit for both Councils; one of those options is the formation of a single Council, and the intention of the Proposal is to respond to severe financial public sector constraints, maximise efficiencies and simplify the way that the Councils work, whilst protecting and investing in the services that the Councils provide.

1.2 This report sets out the recommendations of the JSG to:

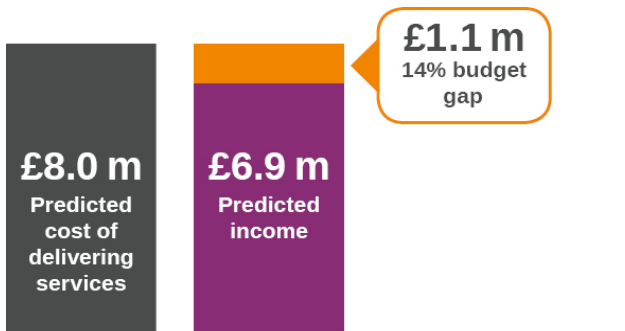
- proceed in principle with the formation of a single, second tier Council for West Devon and South Hams from 1 April 2019;
- consult with the public and stakeholders for a period from early August through to the end of September 2017; and

- bring a report to the Council in October 2017 with a final proposal for submission to the Secretary of State, having considered the outcomes from the consultation.

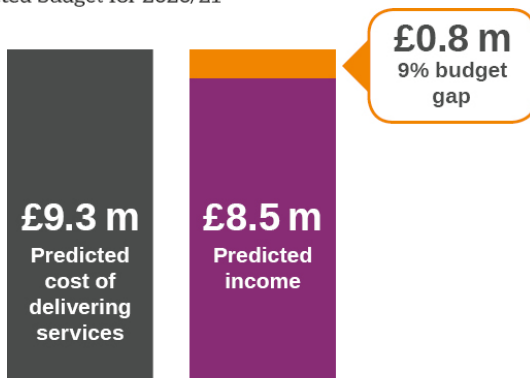
The Proposal for the creation of a Single Council is attached at Appendix A and the Consultation document is attached at Appendix B.

1.3 A new Single Council will inevitably be different from the two existing Councils and will build its own vision through engagement with its Councillors, and through them, its communities and local businesses. Central to the proposal to create a Single Council is the need to ensure that we can continue to meet the challenges that we are facing and to take full advantage of opportunities. During 2015/16 the Council reviewed its priorities and Members agreed that their top priority was to achieve financial sustainability. Members also stated that they did not want to see a reduction in the level and quality of the services delivered to their communities.

1.4 The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. Therefore the scale of the financial challenge is £1.9 million by 2020/21 as shown below.



West Devon Borough Council
Predicted budget for 2020/21



South Hams District Council
Predicted budget for 2020/21

1.5 It is important that Members note that other options are also currently being considered as part of a package of measures, (such as outsourcing of some services and the commercial property acquisition proposals) and are the subject of separate reports presented to this Council. The strategy being advocated by the JSG is to implement a number of different schemes, not

only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term. If the option to create a single Council is progressed, it will not be progressed at the expense of the other options. However no single option is guaranteed to meet the financial challenge on its own. Each option will derive benefits on differing timescales, some have the ability to deliver benefits straightaway, others will realise benefits over a longer term. These (together with the risk of 'doing nothing') are discussed in section 4 below.

- 1.6 The Proposal does not impact adversely on service delivery as the Councils already have a shared workforce and customers are unlikely to notice a immediate difference in services. On day one of a new Single Council, there will still be a physical Council presence across both West Devon and South Hams with places for communities and businesses to access our services in different areas. It is only the governance arrangements that would be affected. In time, the new Council may later its property strategy.
- 1.7 Residents and businesses would benefit from simplified arrangements to access a Single Council. It is envisaged there would be no change to locally delivered services, good customer access and strong connections between local councillors and their communities.
- 1.8 Due to the fact that both Councils have worked together in a shared services partnership since 2007 and have shared a non-manual workforce since 2015, West Devon annually saves £2.2 million whilst South Hams annually saves £3.9 million. As the financial section of the business case makes clear, the main financial driver of the proposal to become a Single Council is to protect this £6.1 million per year savings achieved through the T18 programme and to maximise each organisation's efficiency to address future financial challenges. The Proposal would also aid financial sustainability, ensuring resilience of much-valued local Council services enabling us to best support businesses and residents.
- 1.9 There would be significant financial advantage arising from the proposal in relation to additional efficiencies of (approximately) up to £0.5 million per year from staff efficiency reductions, plus increased council tax income (which varies depending on the option for equalisation) which could achieve a sustainable financial future for both Councils.
- 1.10 A new Single Council would have a single level of council tax after a period of harmonisation. The financial section of this report sets out the JSG's recommendation on how this might be achieved and the positive impact this would have on the financial sustainability of the Councils and the continued delivery of services.
- 1.11 The Proposal shows that if the Council adheres to the proposed timetable attached at Appendix C, the creation of a Single Council from April 2019 is achievable, particularly given that the majority of the Councils' services are already shared. This demonstrates that there is a low risk to the Council service delivery by pursuing this option.
- 1.12 If a decision on proceeding with this Proposal is not made at this meeting then the opportunity to submit the Proposal to the Secretary of State in time for a decision to implement for April 2019 is lost, the financial benefits as detailed would not be achieved and there is a significant risk that both

Councils would not be able to meet their legal requirement to achieve balanced budgets in the medium to long term.

- 1.13 Adherence to the timetable is important and requires that a decision to proceed in principle (together with agreement to engage in consultation from early August 2017) needs to be made in July 2017 and a decision to submit the Proposal to the Secretary of State needs to be made in October 2017. The earliest date for implementation of the proposal is April 2019 which will enable the required parliamentary stages of the process to be completed, and this would tie in with the next Borough and District Council elections in May 2019. However, the Department of Communities and Local Government (DCLG) has advised that any delay in the submission of the Proposal to the Secretary of State will mean that it is very unlikely that the creation of a Single Council could be achieved before April 2023.
- 1.14 If both Councils agree to the principle of a Single Council, there will be a period of public engagement from early August until the end of September 2017, and a final Proposal will be brought to the Councils in October for approval and submission to the Secretary of State.

2. Background

- 2.1 The scale of the financial challenge is £1.9 million and is shown in 1.4 above. The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. Both Councils applied and were accepted for the four year agreement. By 2018/19 both Councils will receive no Government funding (Revenue Support Grant) and the Councils will need to be financially self-sufficient. Both Councils' Settlement Funding Assessment (Revenue Support Grant and funding from Business Rates) is reducing by over 37% between now and 2019/20.
- 2.2 **Why form a Single Council?**
The shared services efficiency savings that have been made in the past mean that the finances of the Councils are inextricably linked and operationally the two Councils are interdependent. This is due to the degree that services and staff have been shared since 2007 with over £6 million shared services savings being achieved annually. Therefore the financial challenges that the Councils face are a shared challenge.
- 2.3 West Devon Borough Council currently has a Partnership Agreement with South Hams District Council and a completely shared workforce for all West Devon in-house services. There is a strong history of the Councils working together to achieve savings and efficiencies since 2007 to mutual advantage. In 2013 the Councils took the sharing of services a stage further with the T18 Transformation Programme which has resulted in a shared workforce and has successfully delivered efficiencies in monetary terms (joint savings of £6 million) together with efficiencies in the delivery of its services. The clear priority of both Councils is to achieve financial sustainability in order to continue providing services to their local communities, and the creation of a single Council is the next logical step.
- 2.4 **Timing Imperative**
It is important that the Councils take steps now to ensure that their financial

challenges are met and the delivery of their current services are maintained. Discussions with DCLG have made clear that there is a short window of opportunity to submit a Single Council Proposal. There are specific legislative steps that need to be undertaken in order to create a single Council (which are set out in the governance implications in section 6 and Appendix C of this report). The earliest date for the start of a Single Council (allowing for ministerial timetables and an implementation phase for the Council) is April 2019.

- 2.5 If the Councils do not submit their Proposal to the Secretary of State in October 2017 (to allow time for ministerial consideration and for making the relevant regulations by July 2018), then the DCLG has advised it is very unlikely that there will be sufficient parliamentary time for consideration of any single-council proposals during this parliament because of the Government's Brexit commitments.
- 2.6 **National Picture**
Nationally, since 2010 Local Authorities have been subject to increasing budgetary pressures, decreasing grant income from Central Government and the complete withdrawal of the Revenue Support Grant by 2018-19, in addition to uncertainty around the future of the business rate retention (which was omitted from the 2017 Queen's speech) means Councils need to alter the way in which they operate. Current Government policy is to encourage increased partnership-working, and to support Councils who wish to create combined authorities, and other local solutions. Other second tier councils are also pursuing the single/combined authority option including Suffolk Coastal, West Suffolk, East Kent, Dorset and Taunton Deane and West Somerset Councils. In June this year, Forest Heath District Council and St Edmundsbury Borough Council agreed in principle to the proposal for a single West Suffolk Council and are currently consulting on their proposals.
- 2.7 **Why not unitary or wider shared service?**
There is no current interest from other Devon authorities in terms of further sharing or provision of services, or for creating a larger single Council. Officers will continue to explore any possibilities that arise, but pursuing the creation of a Single Council between South Hams and West Devon would not preclude these dialogues. It is clear that there is no current appetite locally for a Unitary Council in Devon (and the unitary agenda is not currently being pushed by Central Government). The Proposal therefore concentrates on a solution that is within the gift of our two Councils to achieve.
- 2.8 The Single Council proposal will affect the following:
Residents: local people will benefit from the simplification of dealing with one organisation which has one contact point and one website. There will be no detriment to the delivery of services during the implementation period as the Councils already operate a customer focussed, shared workforce. Potentially, a larger single Council will have the capacity to take on and deliver more services for residents, if this proposal is pursued in conjunction with other income generation or cost saving initiatives, as a financially sustainable Council will be created.

Council Tax: The Council Tax policy for West Devon residents will be dependent on the option taken forward for the harmonisation of council tax. There is currently a £63 difference in Council Tax between the Councils and council tax equalisation options are set out in Appendix E. The preferred options of the Joint Steering Group for equalisation of council tax are Options 5 and 5a. These are set out in further detail in Appendix F.

Under Option 5, West Devon residents would see an increase in their Band D Council Tax of £5 per year for 3 years and then a council tax freeze for 2 years. The current West Devon Band D is £218.39 for 2017/18. Under Option 5a, West Devon residents would see an increase in their Band D of £5 per year for five years from 2019-20 to 2023-24. Please refer to the table in 3.10 as to how this will affect other bands.

Businesses: as with residents, business will benefit from simplification of dealing with one Council, particularly any businesses that operate across the whole area, and there will be no impact on business rates.

Public Sector partners: Devon County Council, Plymouth City Council, Torbay, other District Councils, the National Park, Police, and Health Trusts will benefit from dealing with only one Council rather than two and a simplification of decision-making. There are opportunities for Parish and Town Councils to increase the services that they deliver locally and for closer working with both councillors and the community.

Staff: All staff employed by West Devon and South Hams would transfer to the new Council from day one. There will be a reduction of less than 10 posts across the whole organisation (out of current establishment of 430.5 fte) and these few posts are likely to be lost through natural turnover rather than redundancy. Additionally, there is a positive impact on work-loads as a result of dealing with one set of policies, ledgers, committees and working groups, and this capacity will enable a greater focus on the delivery of key projects and strategic priorities.

Councillors: a change of governance from two Councils to one is likely to see a reduction in Councillors by 2023. Initially, the proposal is for no change to the number of Members (62) in 2019, but to request a Boundary Commission review during the next administration for implementation in 2023. A single Council will also be an opportunity for Members to build on their current joint meetings and collaboration, and critical to the success of the new Council would be the local leadership role of ward members. A single Council will have a stronger voice as the largest district in Devon, and the single Council would also benefit from the support of the 11 County Councillors.

3. Outcomes/outputs

- 3.1 The objective is to achieve a single second tier Council for West Devon and South Hams in order to protect services and achieve a sustainable financial future.
- 3.2 **Timetable and legislative requirements:** the powers that enable the creation of a new Council are set out in the governance implications in section 6 below and this approach has been agreed with the DCLG. The timetable for the Proposal is attached at Appendix C and includes the formal statutory process for creating a single Council. The earliest date to enable

implementation of a new Council is 1 April 2019. Conversations with DCLG to date have made it clear that in order to achieve this, the Councils will need to submit the Proposal to the Secretary of state in Autumn 2017. This is because the Secretary of State needs to consider the proposal before making his recommendations in the Spring of 2018, with a view to making regulations for parliamentary debate and approval by July 2018. This will enable a period of approximately 8 months within which to implement the necessary changes. Based on discussion with the DCLG, Officers are confident that implementation can be achieved within that timescale. A public referendum is not required to form a new Council or to increase Council Tax by more than the current £5 / 1.99% limit per annum, to achieve council tax equalisation.

3.3 **DCLG principles:** the Proposal covers the five key principles adopted by DCLG for considering proposals for combining authorities. Namely:

- Improved local public services
- Greater value for money
- Stronger local leadership at a strategic and local level
- Significant cost savings
- A sustainable future in the medium to longer term

These are not statutory nor more widely defined, and no weightings are given to the five principles. The Proposal in Appendix A addresses these issues under several headings:

- The rationale for the new Council
- Governance and members
- Our workforce
- Accommodation and assets
- Timing and process
- Consultation
- Financial justification
- Risk and opportunities

3.4 **Consultation:** The Proposal must also demonstrate that the Councils have consulted on the Proposal; it is a matter for individual councils to decide how to engage with local people, businesses and organisations. There is no statutory requirement for a referendum or to consult in a particular way for a particular period, however, the Proposal must include evidence of support for a new Council from the County Council and local Members of Parliament. If approved, a consultation will take place from early August to the end of September 2017, during which period the Council will:

- Publish a summary of the Proposal which will also include specific questions which our residents, local businesses, public sector partners and other partner organisations can answer. Please see Appendix B
- Set up a dedicated website called 'One Council' featuring the proposal documents, frequently asked questions, and on-line survey
- Commission a statistically sound telephone survey of residents and businesses across West Devon and South Hams
- Engage with the public through attending a number of events and briefing sessions throughout both Council areas over the summer to capture additional responses to the public consultation
- Issue 'One Council' newsletters to residents, local businesses and public sector partners & other partner organisations
- Issue press releases and engage the public through social media

- Engage with neighbouring councils and other key stakeholders, public sector partners and other partner organisations (such as Dartmoor National Park, Devon and Cornwall Police etc.) on the proposal.

3.5 **Summary of details in the Proposals:**

3.5.1 **Governance:**

There is no proposal to reduce the number of members from the current 62 for the implementation date of 1 April 2019. The current number of elected Members can embed the strengthened local leadership role. The Secretary of State does have the power to amend the number of members on the Council when he considers and decides on the Proposal, but otherwise the new Council will request the Boundary Commission to undertake a review in order that revised arrangements are in place for the 2023 elections. The Boundary Commission review will also present the opportunity to consider 'single member' wards and the effective number of members for the urban centres. It is likely the number of elected members representing the new Council will be reduced by 2023.

3.5.2 Governance arrangements are prescribed by law, and the new Council will have the option of operating executive arrangements either through an elected mayor with a cabinet executive, or a leader and a cabinet executive. The proposal is that the new Council operates a Leader with a 'Cabinet' and the change in terminology from Committee and Executive system, will signify a positive change from both current structures. A Cabinet can comprise up to 10 members, and whilst this is a matter for the new Council, the JSG has recommended that the Cabinet comprises between 6 and 8 members in accordance with best practice in order to operate with maximum effectiveness. Individual portfolio holders will have defined decision-making powers (which will be decided by the new Council) such as debt write-off and award of community grants.

3.5.3 The new Council will retain a democratically sound model, but with an end to duplicated and separate decisions by the existing Councils on shared issues. There will be a reduction in the overall number of council bodies for a single organisation (Council, Cabinet, Audit Committee) but the Proposal sets out that there will be at least two Development Management Area Committees, and two or three Overview & Scrutiny Committees comprising of Members not on the Cabinet, with the opportunity of the O&S Committees being chaired by a member of the minority parties.

3.5.4 The new Council with a combined population of 138,500 would be the largest district in Devon (54,000 for West Devon and 84,500 for South Hams) and allow the larger organisation to have more influence regionally and nationally. A new Single Council will be better able to play its part in delivering its strategic goals shared by all of the public services in Devon. A larger, Single Council will have more resilience than two smaller organisations and therefore better able to face the significant changes and challenges that local government will experience in the future, for example, the changes relating to local government funding, changes to New Homes Bonus and 100% business rate retention.

3.6. **Statutory frontline services and benefits to our communities:** the efficiencies that can be delivered through staff capacity, by supporting one rather than two Councils, will protect our statutory frontline services, as this capacity can be dedicated to provide further support to these services. This

will ensure the Council can continue to meet its statutory obligations. There may also be some options to improve services as a larger Council would have the scale to take on and deliver more services, and as a larger Council, with a stronger negotiating position, the new Council will have a stronger voice both nationally and locally.

3.7 **Efficiencies in back office services:** this will be particularly relevant to accounting as we would move to one ledger removing the necessity for apportionment and recharging. We will be able to have a single set of the Council's policy framework documents (budget, Constitution) and other policy documents. A Single Council would enable further efficiencies such as a single membership fee or licence where this is currently payable by both Councils (such as ICT licensing fees). Further efficiencies can be achieved through the reduction in member support for those member meetings currently duplicated. Efficiency savings across both Councils are predicted to be up to £0.5 million per annum in total.

3.8 **Accommodation and Assets:** the Councils already have a flexible workforce who can work from any location. In the longer term, the new Council would need to consider whether there is a continued need for two large head offices and how best to support customers across both areas who need access to Council staff. A single Council would enable:

- The assets of both Councils to be combined (£20 million West Devon and £75 million South Hams)
- A comprehensive review of the Councils' operational locations
- Increased partnership working closer to communities, with officers or committees co-locating with other public bodies or in community buildings to reduce or avoid the need for customers / staff / Members to travel large distances
- The potential disposal and/or redevelopment of the two head office locations

Further details of the JSG Asset Strategy can be found at Appendix D. No figures for savings have yet been modelled into the proposal.

3.9 **Financial section**

3.9.1 Cost of Implementation and Efficiencies and Savings

Modelling of one-off costs of planning and implementation are predicted to be £325,000 as shown below. This is for costs such as IT costs, public consultation, remodelling of Council finances, legal costs and a prudent estimate for any redundancy and pension strain costs.

3.9.2 Savings of up to £0.5 million a year are predicted. These savings are not frontline service cuts and would be from efficiencies from back-office activities. The number of staff posts affected would be in the single figures (i.e. less than 10) and it is hoped that this could be largely addressed through natural turnover. However, redundancy and pension-strain costs have been included within the financial modelling as a worst-case scenario.

3.9.3 Becoming a Single Council would mean releasing some capacity absorbed by serving two bodies. This would reduce the amount of time spent on complex or duplicated processes. Financial systems would be simpler, with single reporting requirements, with a removal of the complexities of recharging money between both Councils and the need for two sets of reconciliations (such as bank reconciliation, control account reconciliations, shared services reconciliations etc.). This would release some staff capacity as a result of

more simple and effective ways of working, allowing staff to focus on the delivery of key projects and strategic priorities.

3.9.4 The table below shows the one-off implementation costs of £325,000 and the annual savings predicted of up to £0.5 million per annum. The one-off investment costs of £325,000 are paid back within the first year (2019/2020). The table also shows the additional income generated from council tax under equalisation of council tax (Option 5), which is shown for illustration purposes only.

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Planning and Implementation costs							
Advice and modelling for Council Tax	3,000	3,000	4,000				
Project Management and Support	15,000	15,000	15,000				
Public Consultation	12,500	2,500					
IT costs		25,000	25,000				
Comms Support / Branding/ website etc		5,000	10,000				
Remodelling council finances etc		25,000	10,000				
Legal, including novation of contracts		10,000	5,000				
Redundancy and pension strain costs			85,000	20,000	20,000	15,000	
Implementation Costs per annum	30,500	85,500	154,000	20,000	20,000	15,000	0
				Total Implementation costs			325,000
Savings			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Staff efficiency reductions				-370,000	-370,000	-370,000	-370,000
One Financial Ledger (50% reduction) including reductions in processing recharges between councils etc				-25,000	-25,000	-25,000	-25,000
Accommodation rationalisation (TBA)							
Member reductions (20% of £425,000)							-85,000
Reduction in subscriptions and memberships			-20,000	-20,000	-20,000	-20,000	-20,000
Reduction in Audit Fees			-40,000	-40,000	-40,000	-40,000	-40,000
Annual Savings			-60,000	-455,000	-455,000	-455,000	-540,000
				Total Savings			-1,965,000
Increased Income			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Council Tax equalisation (option 5 is shown for illustration purposes only)			-800,000	-1,600,000	-2,500,000	-2,200,000	-1,900,000
Net cost/(additional income)	30,500	85,500	-706,000	-2,035,000	-2,935,000	-2,640,000	-2,440,000

If the proposal is approved, the costs of £30,500 in 2017/18 and £85,500 in 2018/19 would need to be paid for from each Councils' Unearmarked Reserves. These costs would be split 50%/50%. From 2019/20 onwards, the implementation costs could be paid for from the savings generated.

The table above shows that by 2019/2020, the net income position is £706,000 for the Single Council and this rises to £2.035 million by 2020/2021 (using Option 5 for equalisation of council tax for illustrative purposes). By Year three (2021/22) the net income raised is £2.935 million and then this would fall to £2.44 million by Year 5 if council tax was frozen by the Single Council in Years 4 and 5. The Single Council Proposal being considered by the Joint Steering Group is one of two options which are the most likely to achieve financial stability for both Councils. The other option is the commercial property acquisition strategy which is mentioned in section 4.5 below. Neither of these two options will meet the immediate budget deficit for 2018/19 so in any case the Council will also need to consider some other short term solutions through the budget setting process this year for 2018/19.

3.10 Council Tax Equalisation

Appendix E sets out possible options for the equalisation of Council Tax.

There are many different ways in which this could be achieved. There is currently a £62.97 difference in Band Council D Tax levels between West Devon (£218.39) and South Hams (£155.42) for 2017/18. The number of years over which Council Tax can be equalised can be anywhere from 1 to 5 years.

The options in Appendix E have been considered by the Joint Steering Group and their preferred Options are Options 5 and Options 5a. Appendix F evaluates these two options in more detail and shows in a graphical format the council tax income yield from each of these options, in comparison to the council tax income yield already modelled into each Councils' Medium Term Financial Strategy (MTFS).

The maximum increase allowed whilst remaining within the council tax threshold would be a £5 increase in the combined Band D and combined Taxbase (which is Option 3 in Appendix E). DCLG have confirmed that the Council can submit options that also include those that exceed the council tax threshold and this will be considered by Ministers.

Options 5 and 5a are summarised below:

	Option 5	Option 5a
WDBC Annual increase in Band D - This sets out the impact on West Devon residents	£5 increase in West Devon Band D each year for first three years; then frozen for Year 4 and Year 5	£5 increase in West Devon per year for each of the 5 years
SHDC Annual increase in Band D – This sets out the impact on South Hams residents	£25.99 increase in South Hams Band D each year for first three years (16.2% increase), then frozen for Year 4 and Year 5	£17.59 increase in South Hams per year for each of the 5 years
Value of Band D that is equalised to by Year 5 (2023-24)	£238.39 by 2021-22	£248.39 by 2023-24

Equalisation period	3 years	5 years
Council tax threshold	Exceeds council tax threshold	Exceeds council tax threshold

The table below further shows the impact on South Hams residents of the council tax equalisation by bands.

Effect of South Hams Council Tax Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Ratio to Band D (9ths)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
Option 5 - Council Tax Increase £25.99 (Band D) per annum for 3 years and then a council tax freeze for 2 years	£ 17.33	£ 20.21	£ 23.10	£ 25.99	£ 31.77	£ 37.54	£ 43.32	£ 51.98
Option 5a - Council Tax Increase £17.59 per annum for 5 years	£ 11.73	£ 13.68	£ 15.64	£ 17.59	£ 21.50	£ 25.41	£ 29.32	£ 35.18

3.11 Financial Strategy of the Joint Steering Group

The strategy being advocated by the Joint Steering Group is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term.

Each scheme will vary in risk profile, achievability and the impact on our finances. By implementing a number of solutions rather than over-reliance on one option, the Councils will spread the risk and maximise the benefits.

3.12 The successful outcome of the proposal will be the establishment of the single Council in April 2019, once the regulations have been approved by the Minister, and the implementation changes have been completed. Following this point, efficiencies and improvements in service delivery can be achieved.

3.13 The success of the proposal will be initially demonstrated by endorsement from the MPs and Devon County and through the support of our communities and stakeholders and the subsequent approval of the Proposal by the Secretary of State. If the Proposal is approved, a legislative Order will be made, and a single Council created on 1 April 2019. Success can be measured with balanced budgets and a sustainable medium to long term financial plan with no detriment to services and a stronger local voice.

4. Options available and consideration of risk

- 4.1 **Option 1: Do nothing:** This is not a viable option as we have a statutory duty to balance our budgets, and the other options that the Councils are exploring alongside this Single Council Proposal do not provide one single solution to the budget deficit on their own. The budget would need to be balanced in a different way (such as service cuts) but ultimately if the Council fails to set a balanced budget the Government would intervene, with the likely option of a forced merger with another authority. Considering this proposal now before the Council reaches that position, in a planned way, will cost less and enable the Council to retain control over its future.
- 4.2 **Option 2: Extend shared services to other Councils.** This is not solely in the gift of the two Councils and relies on participation from other organisations; there is limited appetite from other Councils to extend our model of shared services, though there may be opportunities to work with Torbay in future. The financial benefits for West Devon and South Hams of extending shared services are extremely limited and would not help meet our forecast deficit as these savings have already been taken from moving to the current model; however there should be benefits in terms of resilience from extending the workforce. Extending our model to other Councils would create disruption to service delivery and the workforce, and require significant management capacity. However, the proposal to form a single Council does not preclude the extension of shared services in the future or other restructures (e.g. Unitary) if the Council is so minded; in fact having a single Council would make any such proposals less complicated to achieve in future.
- 4.3 **Option 3: Cut/reduce services.** One of the Council's key objectives is to protect services, not cut them. The JSG did consider this option early on and agreed that the appropriate mechanism for changes to services is through the budget setting process. Officers will bring proposals forward during the autumn for consideration by Council during the budget process, however the intention is not to cut services if at all possible. Members should note that, without other measures, cutting services in West Devon is unlikely to close the entire budget gap.
- 4.4 **Option 4: Out-sourcing / Wholly owned company.** In February/ March 2017 the Councils decided not to set up a Local Authority Controlled Company for all services. However this is still an option for some services, as is continued or further outsourcing of some services where there is a clearly defined market or efficiency opportunity. It is possible to pursue this option alongside the Proposal for a Single Council, and the JSG supports a dual strand approach to achieving the objectives of financial sustainability and protecting services. This is therefore the subject of another report from the JSG to Council on today's agenda.
- 4.5 **Option 5: Property Acquisition strategy.** This involves borrowing to acquire commercial property with the aim of achieving significant revenue to help meet the budget deficit. A proposal has been worked up by the Invest to Earn Working Group. There is no guarantee that the Property Acquisition strategy alone would meet the financial challenge we face, but it is recommended that it is pursued as part of a multi-strand approach to achieve our financial sustainability objectives. The recommendation from the Hub Committee is for a £25 million initial property portfolio. The net income that

could be achieved from the commercial property investment strategy on a £25 million property portfolio is between £190,000 and £450,000. Therefore this option on its own does not meet the known budget deficit. It also does not address future cost pressures such as public sector pay increases, further reductions in New Homes Bonus etc. Again, this option can be pursued alongside the proposal for a Single Council.

The two schemes most likely to achieve financial sustainability are the property acquisition strategy and the single Council proposal - neither of which will meet the immediate budget deficit for 2018/19 so the Councils will also need to consider some other short term solutions through the budget setting process this year.

4.6 **Option 6: Proposal for a Single Council.** This proposal has the ability to meet the financial challenge and protect services in the long term. All elements within the control of the Councils are easily achievable and relatively low cost to implement. There is a dependency on DCLG to approve the Proposal and adhere to the timetable set out in order to achieve implementation for April 2019.

4.7 The options have been evaluated by the JSG, which has met 4 times since the Council tasked it with considering a range of options to achieve financial sustainability to address the forecast budget deficit. The options it considered at its first meeting were:

Single Council

Service reductions

Asset growth and income

Merger with Plymouth or other Councils

More shared services with other Councils

Outsource services

Full SHWD Combined Council

Wholly owned council company for specific services

Unitary proposal

Further channel shift

Increase Fees and Charges

Structural review

Council tax increase

4.8 Those highlighted in bold were considered viable options for the JSG to consider further. Other options such as Channel Shift were already being progressed as business as usual and Fees & Charges are reviewed annually already. Service reductions had previously not been an option for Members and it was agreed that it was more appropriate to consider this option through the budget process. A council tax increase above £5 would involve a referendum costing approximately £230,000 (£100,000 for West Devon and £130,000 for South Hams) and it was considered that it would not be viable as a stand-alone option as it could be explored through the Single Council option which does not require a referendum.

4.9 Extending shared services with other Councils was not progressed due to the reasons set out above. Having defined the priority areas for consideration and refining has resulted in options 4 and 6 being considered in detail and reports being put before Council for approval today. Alongside this are the proposals

for the Property Acquisition Strategy. As set out previously, none of these options are stand-alone options and may be pursued at the same time.

Each of the options considered vary in risk profile, achievability, and impact on the Council's finances. By implementing a range of measures and solutions the Council is spreading and mitigating its risk and maximising the benefits. The two schemes most likely to achieve financial sustainability are the commercial acquisition strategy and the Single Council proposal - neither of which will meet the immediate budget deficit for 2018/19 therefore the Council will also need to consider some other short term solutions through the budget setting process this year. All of the options contribute to closing the budget deficit, but don't give the wider non-financial benefits given by the Single Council option that are identified above.

- 4.10 Consultation is a key part of the Single Council proposal and Members are being asked to approve the consultation process as set out in paragraph 3.4 above. The outcomes of the consultation process will be brought back to the Council in October for consideration alongside the final proposal.

5. Proposed Way Forward

- 5.1 The JSG recommends that the Council agrees in principle to the creation of a single second tier Council for the area of West Devon and South Hams as set out in the accompanying proposals. The JSG's preferred options for the equalisation of council tax are Options 5 and 5a which are evaluated in Appendix F.

- 5.3 The following impacts have been identified in relation to the Proposal:
- Positive impacts:** there are clear financial benefits through efficiencies and increased income (which will result closing the gap and providing future sustainability). There will be removal of duplication in officer time and meetings, and a simplification of governance structures for residents, businesses, partners and staff. Significantly, there will be no cuts to services.
- Negative impacts:** there will be an increase in Council Tax above the £5 council tax increase threshold for South Hams residents in order to achieve harmonisation. There will be implementation costs of £325,000 but these are one off costs only.
- Other impacts:** Potential reduction in the number of Councillors from 2023 and a likely rationalisation of offices and assets. There will be no direct impact on residents and businesses as a result of the implementation of the proposal, and once the new Council has been created, there will be improvements to residents as identified above.
- Risks.** These are set out in the table in section 6 below.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Powers for the Councils to create a Single Council are set out in two key pieces of legislation.</p> <p>Sections 8 -10 of the Local Government & Public Involvement in Health Act 2007: the Local Government</p>

		<p>Boundary Commission for England may undertake a review at the request of the Secretary of State or the Local Authority. The review may request boundary changes, including the abolition of a local government area (i.e. a Council area) and the setup of a new council area. This procedure can be used to merge two district councils (this is a different process from the Boundary Commissions regular electoral review of ward boundaries).</p> <p>Section 15 of the Cities & Local Government Devolution Act 2016 sets out a more expedited process for review of local authority areas and councillor numbers. Under this process, the request for a merger can be put directly to the Secretary of State (as opposed to the Boundary Commission). Proposals for the size of the new Council (i.e. number of Councillors) can also be put to the Secretary of State directly, with the Boundary Commission having a more restricted role developing new boundaries for the new Council.</p> <p>Discussions with DCLG have confirmed that the Councils would need to submit, directly to the Secretary of State, a formal proposal for merger and the formation of a new Council under the 2016 Act, but the procedure would also require a modification of the 2007 Act. This means in practice, that the Government needs, therefore, to make two sets of regulations (which need to be debated in Parliament) before it can make an Order setting up the new single Council.</p> <p>DCLG has also set out 5 key principles that it expects the Council to address in its proposals: Improved local public services</p> <ul style="list-style-type: none"> • Greater value for money • Stronger local leadership at a strategic and local level • Significant cost savings • A sustainable future in the medium to longer term <p>These principles have been addressed in the Proposal document.</p> <p>Only full Council can agree submit a proposal for a single council and a further report will be brought back to the Council in the Autumn seeking this agreement.</p> <p>A public referendum is not required to form a new Council or to increase Council Tax by more than the current £5 / 1.99% through the equalisation of council tax process.</p>
Financial	Y	<p>Modelling of one-off costs of planning and implementation are predicted to be £325,000 as set out in 3.9. If the proposal is approved, the costs of £30,500 in 2017/18 and</p>

		<p>£85,500 in 2018/19 would need to be paid for from each Councils' Unearmarked Reserves. These costs would be split 50%/50%. From 2019/20 onwards, the implementation costs could be paid for from the savings generated.</p> <p>The table in 3.9.4 shows that by 2019/2020, the net income position is £706,000 for the Single Council and this rises to £2.035 million by 2020/2021 (using Option 5 for equalisation of council tax for illustrative purposes). By Year three (2021/22) the net income raised is £2.935 million and then this would fall to £2.44 million by Year 5 if council tax was frozen by the Single Council in Years 4 and 5.</p> <p>The Single Council option is an option being considered by the Joint Steering Group which is one of two options which is the most likely to achieve financial stability for both Councils. The other option is the commercial investment strategy (property acquisition strategy) which is mentioned in Option 5 below. Neither of these options will meet the immediate budget deficit for 2018/19 so the Council will also need to consider some other short term solutions through the budget setting process this year.</p> <p>The financial implications for the options for the equalisation of council tax are shown in Appendices E and F. There is currently a £63 difference in Council Tax between the Councils. The preferred options of the Joint Steering Group for equalisation of council tax are Options 5 and 5a. These are set out in further detail in Appendix F.</p> <p>Under Option 5, West Devon residents would see an increase in their Band D Council Tax of £5 per year for 3 years and then a council tax freeze for 2 years. The current West Devon Band D is £218.39 for 2017/18. Under Option 5a, West Devon residents would see an increase in their Band D of £5 per year for five years from 2019-20 to 2023-24. Please see the table in section 3.10 for further details.</p> <p>The financial implications of the Asset Strategy are shown in Appendix D. A single Council would enable the assets of both Councils to be combined (£25 million West Devon and £75 million South Hams). No figures for savings have yet been modelled into the proposal.</p>
Risk	Y	<p><i>One partner does not agree to Single Council Proposal and a reputation risk if Government intervention is necessary:</i> if one Partner Council does not agree then there is a significant risk that the Council will not attain financial sustainability as a combination of measures are required. If there is Government intervention then this will have a reputational risk for the Council, and have adverse financial impact and limit the control of the Council in relation to its own future.</p>

	<p><i>Not meeting the timetable for submission:</i> if the Council has not agreed to submit proposals to the DCLG by the Autumn it is likely that there will be no parliamentary time to consider such proposals during the current parliament which will mean that the Council may not achieve the financial sustainability it needs. A timetable has been drafted to ensure that the Council submits the proposal in time for DCLG consideration.</p> <p><i>Not accepting the proposal and delays at DCLG:</i> whilst we have received strong indications that the DCLG supports proposals for single councils between two or more authorities, there is no guarantee that the DCLG will accept the proposal and issue the appropriate regulations to enable us to proceed. If there are delays in the timetable by the DCLG then it is likely that the regulations would not be made in the summer of 2018. Delays after this are likely to mean that there is insufficient parliamentary time to consider proposals for a single council until during this parliament. This is outside the control of the Council.</p> <p><i>Customer remoteness from Council Offices:</i> there would be no immediate changes to the office locations however a priority for the new Council would be to develop its asset strategy and consider locations for service delivery. Although the Council will continue to enhance its digital and online access routes, local presence will be important. The Locality Team will play a critical part in ensuring a presence across the area.</p> <p><i>Expected financial benefits are not realised:</i> The savings identified in this report are considered to be robust. Where savings or increased income are likely but not quantifiable, these figures have not been included in the calculations. Delivering services through one Council may also provide future opportunity to consider how services are delivered across the new area – for example, aligning our Waste service across the area (South Hams currently in house West Devon Outsourced)</p> <p><i>Confusion for residents, businesses and partners during the implementation of the new council / Adverse response to consultation:</i> A detailed and extensive communications and engagement plan has been developed to ensure that all stakeholders are clear on the changes. In reality, there should be very little difference – other than the change of name of the new council and new bank account etc. From the point of decision by DCLG, we would have 8 months to implement the new Council to be ready by 1st April 2019, during which we would communicate through a number of channels.</p> <p><i>Uncertainty around future external environment:</i> Having recently concluded a general election and now entering</p>
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		<p>into Brexit negotiations, Local Government is still in a period of uncertainty however our Medium Term Financial Strategy sets out clearly the financial positions for both Councils and action needs to be taken to ensure future sustainability of services. A single new council will have greater resources available to it and will therefore be more resilient and more able to adapt to future challenges.</p> <p><i>Political change and conflict between the Councils:</i> Councils are political organisations and the current Partnership between the two councils carries significant risk to its sustainability in the event of conflict arising in the event of political change, or through conflict arising between the Councils. This risk could result in the breakup of the partnership arrangement and the loss of the shared services savings to date, causing intolerable financial pressure for both Councils and this risk would be mitigated by the creation of a single Council.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		<p>There will be extensive publicity and engagement with our customers and stakeholders during the consultation and any future phases. There will be no impact on the day to day delivery of council services.</p> <p>The Council Tax equalisation will have a greater impact on South Hams residents.</p> <p>Staff will be kept updated throughout and would TUPE into new Council, carrying out the same roles as they do now.</p> <p>Initially the number of Members in the new Council will remain at 62, but are likely to be reduced following a Boundary Review. There will be one new governance structure and one Leader in the new Council.</p>
Safeguarding		None. No change to staff roles and their responsibilities.
Community Safety, Crime and Disorder		None. No change to staff roles and their responsibilities.
Health, Safety and Wellbeing		Staff – will be transferred into the new Council carrying out same role at same location. Consultation will continue with staff and unions through the TUPE process. HR will provide support and drop in sessions for anybody concerned by change. Jobs should remain safe, services protected through a sustainable future.
Other implications		<p>Finance/Budgets – JSG funding has been provided to develop the option of setting up of a new Council.</p> <p>Procurement/Contracts – existing contracts would look to</p>

		be novated across to the new Council with existing terms and as they expire, new contracts will be drawn up.
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Supporting Information

Appendices:

- **Appendix A:** Proposal for the creation of a Single Council for South Hams and West Devon
- **Appendix B:** Consultation Document for the Proposal of a Single Council
- **Appendix C:** Timetable for submission of Single Council proposal
- **Appendix D:** JSG Asset Strategy
- **Appendix E:** Equalisation of Council Tax options
- **Appendix F:** Evaluation of Council Tax Equalisation Options 5 and 5a

Background Papers:

Medium Term Financial Position for 2018/19



One Council

for South Hams and West Devon

Proposal for the creation of a Single Council
for South Hams and West Devon



Foreword from Joint Steering Group

This Proposal, to create one single new Council to serve the areas currently managed by South Hams District Council and West Devon Borough Council, is one of several measures that we are considering to help us close a £1.9 m gap in our finances.

This is a top priority for both Councils. If either of us cannot set a balanced budget, there would be severe financial consequences for both of us because we already share one workforce.



If this were to happen we may lose the ability to set our own future path.

In this Proposal we predict that by creating a single new Council we could save up to £0.5 million a year, and that is excluding any potential income resulting from an increase in Council Tax. These savings would not be made through cuts to services, but because a Single Council will cost less to operate.

The Councils have shared a Chief Executive (and latterly shared Executive Directors) since 2007 and now we also share a joint workforce and many of our policies and procedures are aligned. However, during this time the political structures and decision-making processes of the two Councils have remained completely separate. This means that we still have two Leaders, two sets of Councillors, two sets of accounts and two sets of political meetings.

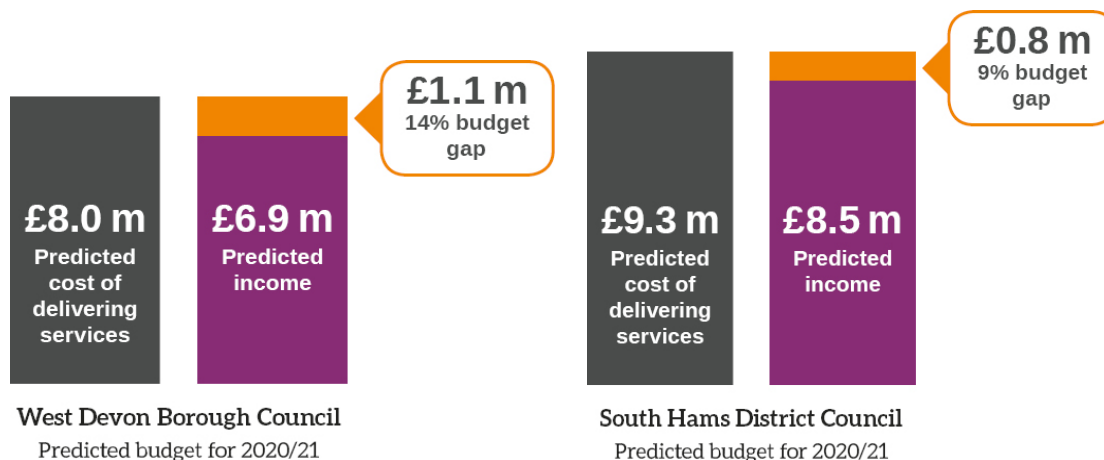
This is a Proposal to bring the two political structures together, a natural continuation of the shared service journey that both Councils have been on. It also looks at further savings that could be made by reducing the number of Councillors and combining our assets.

This Proposal lays out how we think the creation of a Single Council would work and how the efficiencies would be achieved. It also includes a timeframe for getting approval from the Secretary of State.

1. Executive Summary

- 1.1. This is a Proposal is to set up a single, new Council from 1 April 2019 for the area that is currently served by South Hams District Council and West Devon Borough Council. The Councils are asking residents, businesses and other organisations for their views on this Proposal and will be consulting widely from early August until the end of September 2017, with the intention of sending the final Proposal for a Single Council to the Government in autumn 2017.
- 1.2. The purpose of the Proposal is to respond to severe financial public sector constraints, maximise savings that would arise from creating a Single Council instead of operating two separate Councils, and therefore, importantly, protect and invest in the services that South Hams and West Devon currently provide. Whilst the key reason for creating a Single Council is financial, an important consideration is to ensure future resilience and sustainability of valued Council services. The Councils believe that creating a Single Council will help us to continue to meet the challenges that we are facing and take advantage of any opportunities that arise in the future.
- 1.3. South Hams and West Devon have a strong history of working together to achieve savings and deliver services in a more efficient way. This history of working together (from 2007) has culminated in the Councils' recent T18 transformation programme and has successfully resulted in a smaller workforce delivering these services whilst saving £5 million per year. The Councils want to both protect these savings and to also make further savings and efficiencies in the way we deliver our services, and creating a Single Council is the next logical step in this journey; the Councils are already interdependent on each other financially given the extent of the shared workforce and delivery of shared services.
- 1.4. The Single Council Proposal is one of several measures that the Councils are considering to help to close the £1.9m funding gap across both Councils. Other measures that the Councils are currently considering are outsourcing some of their front-line services such as waste and recycling services and also considering a programme of buying and renting out commercial properties. These measures are being considered alongside each other as there is no single solution to the financial pressures faced by the Councils to meet the funding gap, and to ensure financial stability for the medium to long term.

- 1.5. The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council.



- 1.6. The Councils predict that, by creating a Single Council, they can save up to £0.5 million a year. This will not be through cuts to services, but because a Single Council will cost less to operate; the new Council will need fewer Council and Committee meetings and there will be no need for each Council to make separate decisions; there will be one budget and one set of financial systems. The staff capacity that these efficiencies will release will be focused on the delivery of services.
- 1.7. Currently, the Councils have different levels of council tax, but (after a period of harmonisation) a new Single Council will have a single level of council tax across the whole area; how this can be achieved is set out in paragraph 9.28 below. This will increase the amount of income that the Council receives, helping to close the funding gap, and retain valued Council services.
- 1.8. The Councils need to follow a prescribed process and timetable in order to create a Single Council and this is set out in Section 7 below.
- 1.9. As part of this Proposal, the Councils have addressed the five key principles set out by the Government for considering changes in Council structures. The principles are:
- Improvement of local public services
 - Providing greater value for money
 - Delivering a stronger local leadership - across both Council areas and locally at ward level
 - Generate significant cost savings
 - Supporting a sustainable future (structurally and financially) in the medium to longer term

- 1.10. If the Proposal to create a Single Councils is progressed, it will not be at the expense of the other options mentioned in paragraph 1.4; however, no single option is guaranteed to meet the financial challenges on its own. There is a risk that if the combination of proposed measures are not implemented, at least one of the Councils will not achieve a balanced budget in the near future which will have severe financial consequences for both Councils.

2. Background

- 2.1. South Hams and West Devon are two geographically different areas in the south west of Devon, but both Councils are committed to shaping the arrangements for local government in the south west of Devon, in order to deliver services and support residents, businesses and other organisations in facing future challenges. The Councils believe that the best option to achieve this is through the creation of a new, single district or borough council for the south west of Devon from April 2019.

National Context

- 2.2. Since 2010 Local Authorities have been subject to increasing budgetary pressures and decreasing grant income from Central Government. This position is looking significantly worse for the future given the recent budget settlement.
- 2.3. To ensure that valued, local public services can continue to be delivered in the future, many Councils are looking at a range of solutions for addressing their budget gaps from outsourcing of services, establishing companies to deliver services to councils and sharing services between councils (as South Hams and West Devon are currently doing).

Local context

- 2.4. South Hams District Council and West Devon Borough Council have a strong history of working together to achieve savings and deliver services in a more efficient way. This history of working together since 2007 has resulted in a fully shared workforce and shared delivery of the majority of the Councils' services and the Councils have produced important joint plans and policies such as the Joint Local Plan, and have aligned, as far as possible, other supporting documents such as the enforcement policy. Councillors have also engaged with the close working relationship through joint member meetings and working groups which explore common themes across the two areas.

2.5. West Devon and South Hams are marked by their similarities rather than differences; as the map in 1b shows, the Councils share a common boundary and are both predominantly rural areas neighbouring larger urban areas such as Torbay and Plymouth. Both areas face similar challenges and opportunities for the future.

2.6. Currently West Devon serves the smallest population base of all Devon districts, whilst South Hams sits at mid-point. The following table sets out the populations served by the Devon district and unitary councils ranked in order of size, and a single Council for South Hams and West Devon will give a combined population of 138,900 creating the largest district council in Devon, (excluding Plymouth Unitary Council) with 117 Parish and Town Councils.

Table 1a – Devon districts by population (as at 2015 data)

	Population (as at 2015)
West Devon	54,400
Torridge	66,300
Mid Devon	79,500
South Hams	84,500
North Devon	94,200
Exeter	127,300
Teignbridge	128,800
Torbay	133,400
East Devon	138,100
<i>Single South Hams and West Devon Council</i>	<i>138,900</i>
Plymouth	262,700

2.7. The following map illustrates the current two Council areas in the South West of Devon with the proposed new Single Council area highlighted in yellow, and would cover geographical area of some 2066 sq. km – just over a third of the total Devon county area (6711 sq. km).

Diagram 1b – Devon districts map (yellow highlighting indicating new council area)



Table 1c – Summary of Key Statistics

West Devon Borough Council	South Hams District Council
<ul style="list-style-type: none"> • Population: 54,400 • Households: 23,000 • Councillors: 31 • Area: 1160 sq km 	<ol style="list-style-type: none"> 1. Population: 84,500 2. Households: 38,000 3. Councillors: 31 4. Area: 906 sq km

A history of working together

2.8. The shared services programme has enabled the Councils to meet their financial obligations until 2018, and the creation of a Single Council is the next logical step enabling the delivery of a full range of services without cuts or long term reduction in quality. The Councils have saved in excess of £6 million per annum through sharing of staff and other costs (which includes £5 million from the T18 Transformation Programme). All of these savings and efficiencies have been achieved without external funding or changes in the Councils' governance structures.

2.9. West Devon Borough Council is currently forecasting a £1.1m budget gap by 2020/21, with South Hams forecasting a £0.8m budget gap for the same period. Both Councils acknowledge that there is no single solution to addressing the reduction in funding while maintaining services across the two areas, and a number of initiatives are being considered in parallel. To put this into context, West Devon has a net revenue budget of £7.4m in 2017/18 and South Hams has a net revenue budget of £8.3m for the same period.

2.10. The Councils are already exploring options around the future of their waste and street cleansing services in order to ensure best value for money. This may take the form of outsourcing some of those services or delivering them through a wholly owned company. The Councils are also due to consider a strategy to acquire commercial properties located across the UK in order to increase revenue income.

2.11. The initiatives set out above are not mutually exclusive to the formation of a single Council. Some of the above options could be enhanced by the creation of a Single Council – for example, if outsourcing frontline services was progressed for one larger Council, there would be increased savings due to economies of scale.

3. Benefits in creating a Single Council

3.1. A Single Council for South Hams and West Devon will provide the following benefits:

Value for money and financial savings

3.2. As set out in more detail in the financial section below, becoming a Single Council is estimated to generate up to a further £0.5m of annual savings, as well as protecting the annual shared services savings of £6m per annum across the two Councils. This is excluding any potential income resulting from an increased Council tax (which varies depending on the option for equalisation).

3.3. Becoming a Single Council will also mean releasing some capacity that is currently absorbed by serving two Councils (for example staff resources currently required in supporting two separate sets of council and committee meetings). This would enable a Single Council to focus on a single Accommodation Strategy (to generate new income to support services and to meet the funding gap) and for investing in communities. A single main office base will also deliver long term savings. It would also mean doing the best for residents in terms of using this capacity to maintain and improve service delivery, rather than spending time on complex or duplicated processes.

3.4. New income opportunities and savings will continue to be realised when contracts and system requirements come up for review, and dual arrangements can be replaced with a simpler, cheaper, single contractual relationship.

Simplification

3.5. Becoming a Single Council could be seen as a natural continuation of the shared service journey. The Councils are currently interdependent on each other due to the fully shared workforce and delivery of services. By removing the remaining complexities inherent in serving two bodies, a Single Council will be simpler to run and manage. Financial systems will be simpler, with single reporting requirements, and a removal of the need for reconciliation between different council budgets as is the case when running a shared operational service. Simplifying systems within the Council (accounting systems, committee support etc.) and reducing duplication of licences, subscriptions and memberships will free up taxpayers money that can be invested in services to our communities.

- 3.6. Whilst we would still want a physical presence across the whole of South Hams and West Devon with places for communities and businesses to access our services in different localities, the new Council would consider relocating to a single, centrally located head office.
- 3.7. There will also be staff capacity released resulting from supporting only one set of Council and Committee meetings and Councillors, and the removal of the duplication of reports and officer attendance, which will allow focus on the delivery of key projects and strategic priorities.
- 3.8. By applying consistent policies for business and communities across the wider geographical area, we would remove the requirement for staff to apply different policies in each Council area. This would be particularly beneficial for businesses that currently operate across both Council areas.

Democratic accountability

- 3.9. A Single Council would mean the retention of a democratically sound model, but with an end to the need for separate decisions on similar and shared issues by each Council, and this will result in more efficient decision-making on matters affecting the whole area. Residents, businesses and other organisations will benefit from simplified and single processes that a Single Council would enable.

Influence

- 3.10. A larger Single Council, with a bigger population and local economy and would allow us more influence on the regional or national stage. A Single Council in south west Devon would have a population of over 138,900, making it the largest district council in Devon, which will mean a stronger voice among our peers and central Government.
- 3.11. In particular, a larger Single Council would be a more significant organisation in the context of a devolved model of working, alongside fellow district, County and unitary authorities in the region and other partners with whom we want to pursue integrated working. This would be especially important when it comes to collaborating with services such as health and social care where, as a Council small enough to have strong local working relationships and knowledge, but large enough to deliver complex services competently, we could have a real impact on the lives of our residents and families.
- 3.12. A single larger Council will have the support of four Members of Parliament and 11 County Councillors whose support is currently split across the two areas, and this will make for a much stronger voice for the whole area locally, regionally and nationally.

Resilience

- 3.13. A Single Council will be a more resilient organisation than two smaller Councils in the future and therefore better able to face the significant changes and challenges that Local Government expects to face in the future.
- 3.14. A Single Council will be more resilient in the changing landscape of local government and pressures arising from changes to local government funding, such as the cuts in government grants, reductions in New Homes Bonus funding and the uncertainty of 100% Business Rates Retention (the timetable for the introduction 100% BRR is now unclear). This is explored further in the financial section later in this document.
- 3.15. A Single Council will have a solid governance structure going forward which will enable, rather than preclude, further sharing of services with other Councils in the future.
- 3.16. Equalisation of Council tax will, in the longer term, produce income that can be used to protect and invest in the Councils' communities and give the new Council a strong, resilient financial base for the medium to long term.

4. Council Governance and Councillors

- 4.1. Whilst the Councils are currently separate entities who are required to make separate decisions with a separate budget, the Councillors already work together in several contexts, for example, the Joint Steering Group which considers the future of the Councils and the options available, joint member working groups and shared interests and priorities (such as for leisure services and the Joint Local Plan) shared induction and Councillor development programmes together with informal joint committee meetings on common issues.
- 4.2. There is no proposal to reduce the number of Councillors from the current 62 (31 in each Council) before the implementation date of 1 April 2019. The current number of elected Councillors can embed the strengthened local leadership role. The Government does have the power to amend the number of Councillors on the Council when deciding the Proposal, but our Proposal is that the current 62 are retained for the first few years, and the new Council will request the Boundary Commission to undertake a review in order that revised arrangements are in place for the 2023 elections. The Boundary Commission review will also present the opportunity to consider 'single Member' wards and the effective number of Councillors for the urban centres. It is likely the number of elected Councillors representing the new Council will be reduced by 2023.

- 4.3. Currently, South Hams operates a Leader with an Executive style of governance whilst West Devon operates a committee system. Governance arrangements are prescribed by law, and the new Council (because of its larger size) will have to operate executive arrangements. The proposal is that the new Council operates a Leader with a Cabinet, with the change in terminology signifying a positive change from both current structures. A Cabinet can comprise up to 10 Councillors, and whilst this is a matter for the new Council, the Proposal is that the Cabinet comprises between 6 and 8 Councillors in order to operate with maximum effectiveness. Individual portfolio holders will have defined decision-making powers (which will be decided by the new Council) such as debt write-off and award of community grants.
- 4.4. The new Council will retain a democratically sound model, but without the need for duplicated and separate decisions by the existing Councils on shared issues. The proposal is for a reduction in the overall number of council bodies for a Single Council (one Council, Cabinet, and Audit Committee) but there will be two Development Management Area Committees, and two or three Overview & Scrutiny Committees comprising of Councillors not on the Cabinet, with the opportunity for the O&S Committees being chaired by a member of the minority parties.
- 4.5. In forming the new Council, there is the opportunity to establish a new role for Councillors, in line with a modern approach to Local Government and with the opportunity to engage more positively with Parish and Town Councils. During the implementation of the new Council, we will seek the views of Town and Parish Councils in how they would envisage the Single Council working with them.
- 4.6. Residents' expectations are changing as a result of changes in technology and service delivery brought about by austerity measures. Many residents now look to engage with their local Council through social media platforms and expect a prompt response. The new Council will ensure that it maximises the opportunities offered through these platforms and ensure that Councillors have the training and tools to meet customer expectations.
- 4.7. The skill set for Councillors is shifting with a greater emphasis on connective, digital and reflective skills. A full induction programme for new Councillors will be developed through the implementation phase to support this.

Support to Councillors

4.8. A strong local presence and a shift to resolving customer issues at the front end of the business is a fundamental principle has been at the forefront of the T18 transformation programme and will continue to be a key principle of the new Council. The Councils currently operate a Locality Team comprising 'on the ground' officers, and it is proposed that the Single Council area will be divided into geographic zones with all Councillors having an identified Locality Officer as their "Go To" person for local problem-solving and community liaison. The Locality Officers patrol their geographic areas in Council-branded vans, and carry out a wide range of tasks for many Council services (such as issuing enforcement notices, reporting fly tipping etc.).

Diagram 4a – How the Locality Team works



4.9. Locality Officers are an important link with both Councillors and the Community with the aim of early identification and resolution of issues, and the role of the Locality Team is pivotal in demonstrating strengthening local leadership and will become increasingly important in ensuring local presence and engagement in the communities served by a Single Council with a large geographical area.

Engagement with Town and Parish Councils

4.10. During the implementation phase, the Councils will work closely and positively with Town and Parish Councils, to ensure that their voice is heard in the larger geographical area and that local connections are enhanced and not lost.

4.11. The Councils will explore opportunities for Town and Parish Council sustainability, building capacity and capability, including the development of clustering arrangements to ensure better representation and influence and, potentially, an increase in services delivered locally.

5. Our Workforce

- 5.1. All staff (currently 430.5 full time equivalents) employed by South Hams and West Devon would transfer to the new Council on its first day, 1 April 2019, delivering the same services for the Single Council.
- 5.2. As part of the T18 transformation, the Councils already have a fully shared, customer-focused workforce which understands, and has extensive experience of, the South Hams and West Devon areas, and its residents, communities, businesses, and other organisation including Town and Parish Councils.
- 5.3. The Councils' current shared workforce has already realised significant savings efficiencies, and while there are no plans to undertake further large-scale transformation of the services delivered by a Single Council, there is scope for reducing the duplication currently necessary in supporting the governance structures of the two Councils. It is estimated that this could realise up to £0.5m of savings a year from 2020.

6. Accommodation and Assets

- 6.1 A Single Council would have an Asset Base valued at over £95m. These assets are in full ownership of each respective Council, such as car parks, green spaces, head office and other operational buildings – such as the Dartmouth Ferry / Salcombe Harbour, depot locations, public conveniences, potential development sites and non-operational property - such as industrial units and investment land. Non-operational land typically generates income for the two respective Councils, as do some parts of head office locations which are let to third parties.
- 6.2 At present, the two Councils have customer facing locations at Tavistock and Totnes, along with a customer service centre at Okehampton. Limited customer interactions take place at the Council owned and operated depot sites in the South Hams.
- 6.3 **Options regarding the operational bases**

If Members opted to form one Single Council, the new Council could consider:

- A comprehensive review of the Councils' operational locations
- Combining operational assets of both Councils
- Increased partnership working closer to communities, with officers or committees co-locating with other public bodies (e.g. the police, the NHS, DCC, Town Councils) or in community buildings to reduce or avoid the need for customers / staff / Members to travel large distances to conduct Council business
- Devolving certain decisions to other bodies reducing the need for physical premises in certain areas
- The potential disposal and/or redevelopment of the two head office locations

- 6.4 Both Councils already have a flexible workforce who can work from any location. Assuming that the needs of the single Council differ to that of the existing organisation, it is likely that the Council will require a smaller 'footprint' of dedicated floor space. Options available include:
- Full letting of existing buildings to third party organisations
 - Redevelopment of the head office site(s)
 - Disposal of certain buildings
 - Remain as is
- 6.5 Any change to the property strategy would need to be carefully considered, costed and consulted upon and therefore major changes are unlikely to be appropriate in the short term.

7. Timescales and Process

7.1. The Proposal is to form a new Council on 1 April 2019 with elections to the new Council in May 2019 based on the existing number of Councillors (31 from each Council).

7.2. The Proposal does not impact adversely on service delivery as South Hams and West Devon already have a shared workforce and customers are unlikely to notice a difference in the delivery of services. There will still be a physical Council presence across both South Hams and West Devon with places for communities and businesses to access our services in different areas. It is only the governance arrangements that would be affected.

7.3. The following table sets out the indicative timetable for consultation on the Proposal, the submission of the final Proposal and for decision by the Government as to whether a Single Council will be created:

Table 7a – Outline Timetable for forming a single council

Action	Date
Consultation period (public and key stakeholders)	August - September 2017
Final proposal prepared for approval by Councils and submitted to Secretary of State for consideration	Autumn 2017
Period for further representation	Autumn 17/ Spring 2018
Recommendation by Secretary of State	Spring 2018
Preparation of Order	
Regulations laid before Parliament	Early May 2018
Debated in Parliament	May – July 2018
Final Order made	July 2018
Transition phase	July 2018 – March 2019
Single Council formally comes into being	1 April 2019

8. Public Engagement

8.1. The Proposal must also demonstrate that the Councils have consulted on the Proposal; it is a matter for individual councils to decide how to engage with local people, businesses and organisations. There is no statutory requirement for a referendum or to consult in a particular way for a particular period, however, the Proposal must include evidence of support for a new Council from the County Council and local Members of Parliament. If approved, a consultation will take place from early August to the end of September 2017, during which period the Council will:

- Publish a summary of the proposal which will also include specific questions which our residents, local businesses, public sector partners and other partner organisations can answer. Please see Appendix B
- Set up a dedicated website called ‘One Council’ featuring the proposal documents, frequently asked questions, and on-line survey
- Commission a statistically sound telephone survey of residents and businesses across South Hams and West Devon
- Engage with the public through attending a number of events and briefing sessions throughout both Council areas over the summer to capture additional responses to the public consultation

- Issue 'One Council' newsletters to residents, local businesses and public sector partners & other partner organisations
- Issue press releases and engage the public through social media
- Engage with neighbouring Councils and other key stakeholders, public sector partners and other partner organisations (such as Dartmoor National Park, Devon and Cornwall Police etc.) on the proposal.

9. Financials

9.1 Implementation Costs

9.2 There would be up-front costs in forming the new Council but these are likely to be significantly less than many similar council reorganisations as the services transferring into the Council have already been through significant transformation, staffing levels have been reduced and new case management systems implemented.

9.3 Based on forming the Council from 1 April 2019, the majority of costs would be incurred in 2019/2020 financial year. There would however potentially be some ongoing costs in respect of redundancy and pension strain costs for a further 3 years.

9.4 We estimate that the costs of forming the Single Council would be £325,000 which would include:

Specialist Advice and financial modelling for this Proposal and a Single Council

Project Management Support to ensure the smooth transition to the new Council

A temporary website for the consultation phase, random telephone survey and a programme of face to face questionnaires undertaken by Locality Engagement Officers as part of their current roles. In addition there would be a series of local meetings with Town and Parish Councils to discuss the proposal.

Cost of data transfer from individual Council systems into single versions of the systems

Communications and branding including design of new council logo, creation of new website, rebranding of signs at Head Quarters

Legal support for novation of existing supplier contracts to the new Council.

Staff redundancy cost. These would be in line with the currently aligned redundancy policies for South Hams and West Devon Councils. This is likely to be less than 10 employees. The Senior Leadership Team would seek to significantly reduce the overall requirement for redundancy through active vacancy management in the years prior to going live with the new Council.

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Planning and Implementation costs							
Advice and modelling for Council Tax	3,000	3,000	4,000				
Project Management and Support	15,000	15,000	15,000				
Public Consultation	12,500	2,500					
IT costs		25,000	25,000				
Comms Support / Branding/ website etc		5,000	10,000				
Remodelling council finances etc		25,000	10,000				
Legal, including novation of contracts		10,000	5,000				
Redundancy and pension strain costs			85,000	20,000	20,000	15,000	
Implementation Costs (one-off)	30,500	85,500	154,000	20,000	20,000	15,000	0
					Total Implementation costs		325,000

9.5 The costs are relatively low for the formation of a Single Council compared to other Councils. This is largely down to South Hams and West Devon already sharing their services, systems and processes. Information on the payback period for this costs is provided in Section 9 of this report.

Position for the current South Hams District Council and West Devon Borough Council

9.6 The scale of the financial challenge is shown in 1.5 above. The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams and £1.1m for West Devon. This includes savings realised as part of the T18 transformation programme which has now largely concluded. This is shown in detail in 1.5.

9.7 During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. Both Councils applied and were accepted for the four year agreement. By 2018/19 both Councils receive no Government funding (Revenue Support Grant) and the Councils will need to be financially self-sufficient. Both Councils' Settlement Funding Assessment (Revenue Support Grant and funding from Business Rates) is reducing by over 37% between now and 2019/20.

9.8 From working in a shared services partnership and from the joint transformation programme, South Hams is annually saving £3.9 million a year and West Devon £2.2 million a year. The proposal for a Single Council would build upon an existing shared workforce and joint working. With unprecedented pressures on Local Government budgets and Councils needing to become 'self-financing', a proposal for a single Council would assist the Councils to retain their financial viability in the future, to safeguard the services delivered.

9.9 The proposal for forming a single council aims to reduce fragmentation of the current operating system and enhancing future financial sustainability of the Councils. South Hams and West Devon predict that the creation of a single council could save up to £0.5m every year. This is excluding any potential income resulting from an increase in Council Tax. It could go a long way to bridging the funding gap to provide a sustainable future for both Councils. These savings would not be made through cuts to services, but because a single council will cost less to operate.

Business Rates and Fairer funding review

9.10 It is normal for new Councils formed to operate with aggregated baselines and funding from pre-existing Councils. If new Business Rates and funding baselines are set in 2019-20, it is likely that the new Council will receive its own baseline – not necessarily aggregated. The Fair Funding Review will also create new baselines which could be higher or lower. This needs to be noted as a risk in the proposal as at this stage we don't know enough about how the Government will reset baselines to quantify the risk.

Asset Strategy

9.11 Section 6 of this Proposal sets out that the new Council will need to develop its Asset Strategy. Additional income could be achieved in the medium term by letting out the current space utilised by the Councils' staff, however this would only be achieved if the Council found other premises and these would require funding. No figures for savings or income relating to assets have been modelled into the proposal, as such changes will only be considered by the new Council.

9.12 Appendix D presents a summary of a new, Single Council Balance Sheet based on the 2016/17 Unaudited Statement of Accounts.

Release of Reserves

9.13 South Hams currently has £1.8 million of Unearmarked Reserves (£8.3 million net budget) and West Devon currently has £1.1 million of Unearmarked Reserves (£7.4 million net budget) – i.e. £2.9 million across both Councils.

9.14 A combined Council (with a net budget of less than £16 million) could hold less reserves as the larger size of the new Council allows some of the reserves to be released because risk is pooled over a larger authority. If reserves were held of say 15%, this would equate to £2.4 million. This could allow the combined Council to set aside a sum of money (e.g. £350,000 say) to be ring-fenced for the sole benefit of residents in South Hams. This could be for a number of things – e.g. a grants scheme for residents to apply to and options could be considered by Members.

9.15 The table below shows the level of Unearmarked Reserves and Earmarked Reserves for both Councils.

Level of Revenue Reserves	South Hams District Council (£)	West Devon Borough Council (£)	Combined Single Council (£)
General Fund (Unearmarked) Reserves	£1.765m	£1.125m	£2.89m
Earmarked Reserves	£13.074m	£3.732m	£16.806m
TOTAL	£14.839m	£4.857m	£19.696m

9.16 The creation of a new single Council would enable a fundamental review of earmarked reserves and balances held by the two separate Authorities. Where the Councils hold Earmarked Reserves for the same stated purpose, a single Council approach could entail consideration of revised and potentially lower levels for these.

Capital finance considerations

9.17 A new single Council would need to fundamentally review its capital programme priorities and funding. Capital financing considerations would form an element of this. There could be some potential to review the treasury management strategy of the single Council, as the new Council would have access to greater volumes of cash and varying profiles.

Pensions

9.18 An actuarial report was commissioned by the Councils' actuaries confirms that a combined employer pension contribution rate that would apply to a new combined Council.

9.19 The combined rate for a single Council is 14.2%. Modelling the new combined rate gives a small saving of £7,000 per year on the pay bill for the single Council for employer pension contribution rates. This is based on the single Council taking on responsibility for all historic liabilities. This has not been shown in the modelling as it is virtually a stand still position to what both Councils pay now.

Payback period and Financial summary

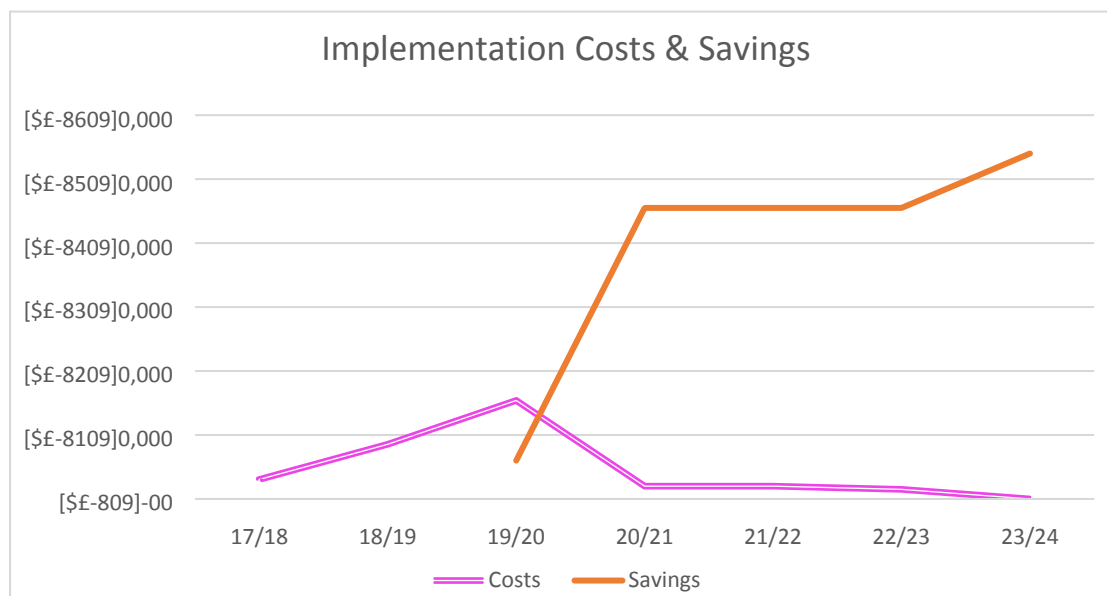
9.20 The following table summarises the costs and savings as a result of implementing a single Council across South Hams and West Devon. The one-off investment costs of £325,000 are paid back within the first year (2019/2020).

<u>Financial Summary</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Planning and Implementation Costs (one-off)	30,500	85,500	154,000	20,000	20,000	15,000	0
Annual Efficiency Savings	0	0	-60,000	-455,000	-455,000	-455,000	-540,000
Increased Income from Council Tax equalisation (Option 5 shown for illustration purposes only)			-800,000	-1,600,000	-2,500,000	-2,200,000	-1,900,000
Net cost/(income)	30,500	85,500	-706,000	-2,035,000	-2,935,000	-2,640,000	-2,440,000

Option 5 for council tax equalisation is modelled as an example for illustrative purposes.

The table above shows that by 2019/2020, the net income position is £706,000 for the Single Council and this rises to £2.035 million by 2020/2021 (using Option 5 for equalisation of council tax for illustrative purposes). By Year three (2021/22) the net income raised is £2.935 million and then this would fall to £2.44 million by Year 5 if council tax was frozen by the Single Council in Years 4 and 5.

9.21 Modelling of one-off costs of planning and implementation are predicted to be £325,000 as below. Savings of up to £0.5 million a year are predicted. These savings are not service cuts and would be from efficiencies from back-office costs. The number of staff posts affected would be in the single figures (i.e. less than 10) and would be minimised as much as possible from natural turnover.



9.22 There would be benefits from the scale of a single council seen through increased leverage when looking to purchase goods and services and delivering services across a single geographical area.

9.23 Savings would be realised from the first year of the Council’s operation. While the financial modelling assumes no reduction in Councillors until 2023/2024, there is the potential for interim measures from the 2019 elections which would generate some savings earlier.

9.28 Council Tax Equalisation

9.29 Appendix E sets out possible options for the equalisation of Council Tax. There are many different ways in which this could be achieved. There is currently a £62.97 difference in Band Council D Tax levels between West Devon (£218.39) and South Hams (£155.42) for 2017/18. The number of years over which Council Tax can be equalised can be anywhere from 1 to 5 years.

9.30 The options in Appendix E have been considered by the Joint Steering Group and their preferred Options are Options 5 and Options 5a. Appendix F evaluates these two options in more detail and shows in a graphical format the council tax income yield from each of these options, in comparison to the council tax income yield already modelled into each Councils’ Medium Term Financial Position (MTFP).

9.31 The preferred options of the Joint Steering Group for equalising council tax are Options 5 and 5a.

	Option 5	Option 5a
WDBC Annual increase in Band D - This sets out the impact on West Devon residents	£5 increase in West Devon Band D each year for first three years; then frozen for Year 4 and Year 5	£5 increase in West Devon per year for each of the 5 years
SHDC Annual increase in Band D – This sets out the impact on South Hams residents	£25.99 increase in South Hams Band D each year for first three years (16.2% increase), then frozen for Year 4 and Year 5	£17.59 increase in South Hams per year for each of the 5 years
Value of Band D that is equalised to by Year 5 (2023-24)	£238.39 by 2021-22	£248.39 by 2023-24
Equalisation period	3 years	5 years
Council tax threshold	Exceeds council tax threshold	Exceeds council tax threshold

9.32 The table below further shows the impact on South Hams residents of the council tax equalisation by bands.

Effect of South Hams Council Tax Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Ratio to Band D (9ths)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
Option 5 - Council Tax Increase £25.99 (Band D) per annum for 3 years and then a council tax freeze for 2 years	£ 17.33	£ 20.21	£ 23.10	£ 25.99	£ 31.77	£ 37.54	£ 43.32	£ 51.98
Option 5a - Council Tax Increase £17.59 per annum for 5 years	£ 11.73	£ 13.68	£ 15.64	£ 17.59	£ 21.50	£ 25.41	£ 29.32	£ 35.18

10. Risks and Opportunities

10.1. There are a number of risks and opportunities associated with implementing a single new council across South Hams and West Devon which will be critical considerations in implementing a Single Council.

Risks

10.2. *One partner does not agree to Single Council Proposal and a reputation risk if Government intervention is necessary:* if one Partner Council does not agree then there is a significant risk that the Council will not attain financial sustainability as a combination of measures are required. If there is Government intervention then this will have a reputational risk for the Council, and have adverse financial impact and limit the control of the Council in relation to its own future.

10.3. *Not meeting the timetable for submission:* if the Council has not agreed to submit proposals to the DCLG by the Autumn it is likely that there will be no parliamentary time to consider such proposals during the current parliament which will mean that the Council may not achieve the financial sustainability it needs. A timetable has been drafted to ensure that the Council submits the proposal in time for DCLG consideration.

10.4. *Not accepting the proposal and delays at DCLG:* whilst we have received strong indications that the DCLG supports proposals for single councils between two or more authorities, there is no guarantee that the DCLG will accept the proposal and issue the appropriate regulations to enable us to proceed. If there are delays in the timetable by the DCLG then it is likely that the regulations would not be made in the summer of 2018. Delays after this are likely to mean that there is insufficient parliamentary time to consider proposals for a single council until during this parliament. This is outside the control of the Council.

- 10.5. *Customer remoteness from Council Offices:* there would be no immediate changes to the office locations however a priority for the new council would be to develop its asset strategy and consider locations for service delivery. Although the council will continue to enhance its digital and online access routes, local presence will be important. The Locality Team will play a critical part in ensuring a presence across the area.
- 10.6. *Expected financial benefits are not realised:* The savings identified in this report are considered to be robust. Where savings or increased income are likely but not quantifiable, these figures have not been included in the calculations. Delivering services through one Council may also provide future opportunity to consider how services are delivered across the new area – for example, aligning our Waste service across the area (South Hams currently in house West Devon Outsourced).
- 10.7. *Confusion for residents, businesses and partners during the implementation of the new council / Adverse response to consultation:* A detailed and extensive communications and engagement plan has been developed to ensure that all stakeholders are clear on the changes. In reality, there should be very little difference – other than the change of name of the new council and new bank account etc. From the point of decision by DCLG, we would have 8 months to implement the new Council to be ready by 1st April 2019, during which we would communicate through a number of channels.
- 10.8. *Uncertainty around future external environment:* Having recently concluded a general election and now entering into Brexit negotiations, Local Government is still in a period of uncertainty however our Medium Term Financial Strategy sets out clearly the financial positions for both Councils and action needs to be taken to ensure future sustainability of services. A single new council will have greater resources available to it and will therefore be more resilient and more able to adapt to future challenges.
- 10.9. *Political change and conflict between the Councils:* Councils are political organisations and the current Partnership between the two councils carries significant risk to its sustainability in the event of conflict arising in the event of political change, or through conflict arising between the councils. This risk could result in the breakup of the partnership arrangement and the loss of the shared services savings to date, causing intolerable financial pressure for both Councils and this risk would be mitigated by the creation of a single Council.

Opportunities

10.10. A Single Council will support the Government's principles for a Single Council by providing the opportunity for:

- **Improved local public services**
 - Releasing capacity through serving a Single Council which can be refocussed on maintaining and improving services to our residents and businesses
 - Longer term financial stability will enable the delivery of further services
 - Greater and consistent democratic accountability through a single and simplified decision-making model for the whole area
 - A simplification in the relationships with other organisations as a single voice
 - By applying unified and consistent policies for business and communities across the wider geographical area.

Greater value for money

- Protecting the annual shared operating savings of £6 million per annum
- Removing the complexities inherent in serving two councils; a single Council has less complex and administration
- A greater income potential from a single asset strategy across the area
- Contributing to financial sustainability and enabling self- sufficiency

Stronger local leadership

- Influence, locally, regionally and nationally as the largest district Council in Devon
- Having a stronger voice in the context of the Devolution programme
- The combined support of four Members of Parliament and 11 County Councillors whose support is currently fragmented across the two areas with potentially diverse views and interests
- Local, and faster, decision-making by Councillors of the Cabinet with defined portfolio powers
- Increased community focussed roles for non-cabinet Councillors

Cost savings

- Generating annual savings of up to £0.5 million that are currently spent on supporting two separate Councils
- New income when contracts and systems requirements come up for review, and dual arrangements can be replaced with a cheaper single contractual relationship
- Focus on a single asset strategy to generate new income, and one main office base will deliver long term savings

- Income generation from increased Council Tax after a period of harmonisation which will contribute towards the funding gap and improving valued services.
- By only operating a single financial system with one set of accounts and one Audit of accounts

A sustainable future

- Increased income, in the longer term, from the equalisation of Council Tax to give the Single Council a strong, resilient financial base
- The sustainability of existing valued services and the opportunity to deliver further services
- A stronger base for future collaborative working with other organisations.

Appendices

Appendix 1 - Map showing proposed Council Area

Appendix 2 – Analysis of current Councillors and population served

Appendix 3 – Details about the Council areas

Appendix 1

Map of proposed Council Area



Appendix 2

Existing Councillors by population

South Hams District Council 2017				West Devon Borough Council 2017			
Ward	Cllr Numbers	Electorate	Per Cllr	Ward	Cllr Numbers	Electorate	Per Cllr
1 Allington & Strete	1	2416	2416	1 Bere Ferrers	2	2972	1486
2 Bickleigh & Cornwood	1	2287	2287	2 Bridestowe	2	2611	1305
3 Blackawton & Stoke Fleming	1	1840	1840	3 Buckland Monachorum	2	3057	1528
4 Charterlands	1	2257	2257	4 Burrator	2	2964	1482
5 Dartington & Staverton	1	2090	2090	5 Chagford	1	1232	1232
6 Dartmouth & East Dart	3	6361	2120	6 Dartmoor	1	1414	1414
7 Ermington & Ugborough	1	2216	2216	7 Drewsteignton	1	1429	1429
8 Ivybridge East	2	4322	2161	8 Exbourne	2	3109	1554
9 Ivybridge West	2	4748	2374	9 Hatherleigh	2	2404	1202
10 Kingsbridge	2	4579	2289	10 Mary Tavy	1	1377	1377
11 Loddiswell & Aveton Gifford	1	2161	2161	11 Milton Ford	1	1515	1515
12 Marldon & Littlehempston	1	2305	2305	12 Okehampton North	3	4003	1334
13 Newton & Yealmpton	2	4984	2492	13 Okehampton South	2	2940	1470
14 Salcombe & Thurlestone	2	4085	2042	14 South Tawton	1	1609	1609
15 South Brent	2	4205	2102	15 Tamarside	1	1432	1432
16 Stokenham	1	2223	2223	16 Tavistock North	3	3778	1259
17 Totnes	3	6747	2249	17 Tavistock South East	2	3038	1519
18 Wembury & Brixton	2	3774	1887	18 Tavistock South West	2	2982	1491
19 West Dart	1	2068	2068				
20 Woolwell	1	2310	2310				
Wards x 20	31	67978	2193	Wards x 18	31	43866	1415
	Cllrs	Total Electorate	Av per Cllr		Cllrs	Total Electorate	Av per Cllr

Appendix 3

Details about South Hams District Council and West Devon Borough Council

South Hams

- 1.1. South Hams is the fifth largest geographical district in Devon in both size and employment terms and has the highest business density. Due to the location of Dartmoor National Park within the district's borders, the coastline having Area of Outstanding Natural Beauty status, as well as a number of popular tourist attractions, tourism plays an important role in the South Hams economy. The area's roles are reflected in its sectoral structure as is South Hams' employment specialism in manufacturing.
- 1.2. South Hams has a low population density of 1.04 persons per hectare (the England average is 4.1), and only 4 of South Hams' 61 parishes, have a population density above this average.
- 1.3. South Hams District Council has its administrative centre in Totnes and has 31 Councillors across 20 wards serving 84,500 people - an average of 2,193 electorate per Member.

West Devon

- 1.4. West Devon is the largest geographical district in Devon and is predominantly rural, with almost half of its area falling inside Dartmoor National Park boundary. The Borough is sparsely populated and has a high employment rate, boosted by high self-employment and out-commuting. The accommodation and food sector is highly represented, reflecting the large visitor economy generated by the National Park. Workplace wages in the district are exceptionally low (just 75% of the national average) and therefore many travel outside the district to access higher paid employment.
- 1.5. The Borough has a low population density of 0.5 people per hectare, considerably below the English average of 4.1, with only three of the Borough's 55 parishes with a population density above this average.
- 1.6. West Devon Borough Council's offices are in Tavistock; however as the majority of employees are shared between both Councils, office based services are largely delivered from the South Hams office in Totnes. The Council also has a small office and customer service centre in Okehampton. West Devon comprises 31 Councillors across 18 wards serving 54,400 individuals with an average of 1,415 electorate per Member.



One Council

A proposal from South Hams and West Devon



WHAT IS THE PROPOSAL?

This proposal, to create one single new council to serve the areas currently managed by South Hams District Council and West Devon Borough Council, is one of several measures that we are considering to help us close a £1.9 m gap in our finances.

This is a top priority for both councils. If either of us cannot set a balanced budget, there would be severe financial consequences for both of us because we already share one workforce.

If this were to happen we may lose the ability to set our own future path.

In the proposal, which is one of a number of measures the councils are considering to close the funding gap, South Hams and West Devon predict that the creation of a single council could save up to £0.5 m every year. This is excluding any potential income resulting from an increase in Council Tax. These savings would not be made through cuts to services, but because a single council will cost less to operate.

Both councils have shared a Chief Executive since 2007 and now we also share a joint workforce with many of our policies and procedures aligned. However, during this time the political structures and decision making processes of the two councils has remained completely separate. This means that we still have two Leaders, two sets of councillors, two sets of accounts and two sets of political meetings.

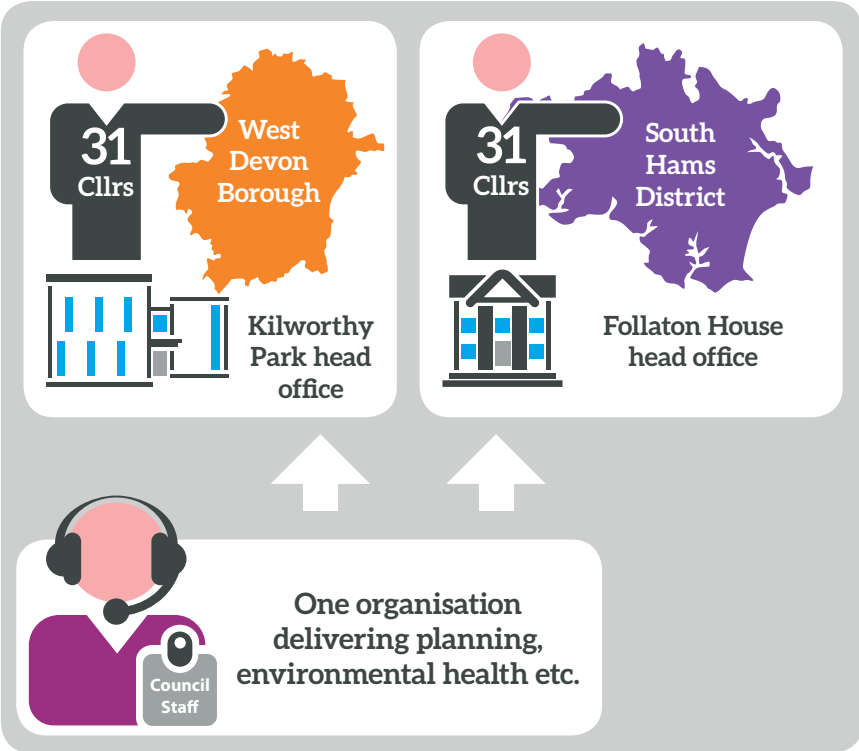
This is a proposal to bring the two political structures together, a natural continuation of the shared service journey that both authorities have been on. It also looks at further savings that could be made by reducing the number of councillors and combining our assets.

HOW IT WORKS NOW

County

Devon County Council - health, schools, recycling centres etc.

District / Borough

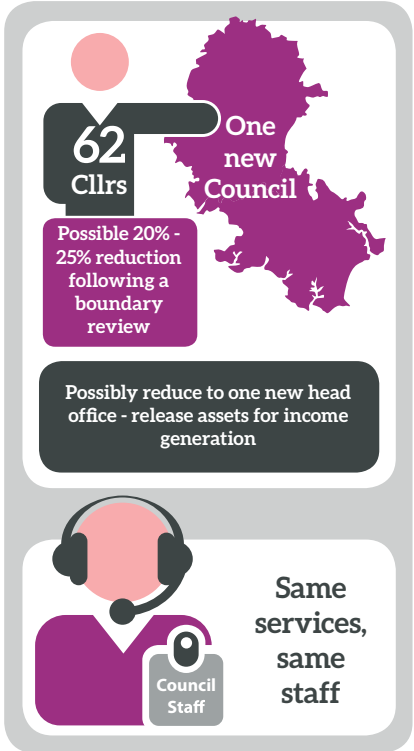


Parish

Parish Council - local issues etc.

THE PROPOSAL

Devon County Council - nothing would change



Parish Council - nothing would change

This proposal lays out how we think the creation of one council would work and how the efficiencies would be achieved. It also includes a timeframe for getting approval from the Secretary of State.

However, before we finalise our proposals and submit them to the Secretary of State who will decide if we can set up a new council, we want to know what you think.

Your opinion will help the secretary of state make a fully informed decision when we submit the proposal later in the year.



Cllr J Tucker
Leader,
South Hams
District Council



Cllr P Sanders
Leader,
West Devon
Borough Council



Cllr S Wright
Deputy Leader,
South Hams
District Council



Cllr L Samuel
Deputy Leader,
West Devon
Borough Council

We want to hear your views

One Council

for South Hams and West Devon



HOW TO HAVE YOUR SAY

From x August until x we will be asking for your opinion. During which time we will be asking you to respond to **6 questions about the proposal.**

(See the questions and more information about the proposal below)

You can access the proposal and the consultation survey via a dedicated website www.onecouncil.org.uk

So that you can ask us and our officers' questions, we will be holding briefing sessions at the following times and venues:

TOWN / VILLAGE	DATE OF EVENT	EVENT
<h2>Details of events to go here</h2>		

You may also get a call from x who are conducting a phone poll on our behalf. They have randomly selected a representative group of people from South Hams and West Devon and will be asking them the same 6 questions.

To stay informed of the process, please do sign up for our dedicated **One Council** newsletter:

(SIGN UP)

www.onecouncil.org.uk

Follow us on twitter and facebook and join in the discussion



#SHDC #WDBC
#ONECOUNCIL



Southhamsdistrictcouncil
Westdevonboroughcouncil



WHY DO WE NEED TO CREATE ONE COUNCIL?

Since 2010 there have been huge pressures on all local government budgets, not just locally but across the country. All councils are being asked to find ways of funding themselves and not to be reliant on funding from central government.

South Hams and West Devon are facing a combined funding gap of £1.9 million by 2020. If we don't make changes, the essential services that you rely on will be at risk. To date, neither authority has cut statutory services, those services that the councils are required to provide by law.

However, it is essential that we make changes now and find better ways of using our resources, or risk having to reduce the levels of statutory services that we currently provide. If either council are unable to close the funding gap, central government could take control of our future and make decisions for us.

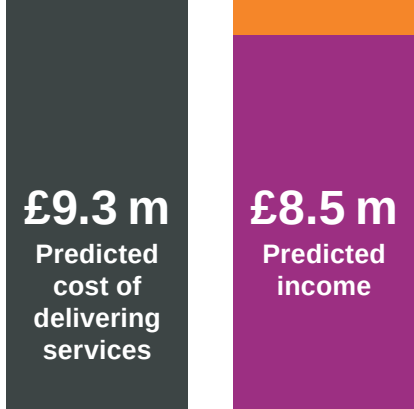
At South Hams and West Devon we have always been at the forefront of change in local government, embracing new working practices in order to maintain financial stability without cutting front line services.

In 2007 we were the first local authorities to share a Chief Executive and we now share one single workforce. Over the years this arrangement has delivered a number of efficiencies, but these savings alone have not been enough to secure our future.

In 2013 we embarked on an award winning transformation programme (T18) which radically altered the way the organisation is structured. The purpose of T18 was to enable both councils to meet their financial obligations up until 2018. With the introduction of new technology and more online services, we got rid of the old council silos, created a more flexible workforce and delivered a combined saving of £5 million.

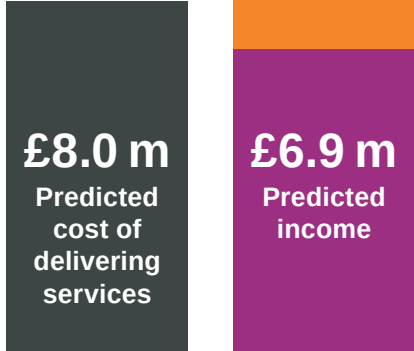
However, with further cuts to our central government grant and the reduction of new homes bonus funding, we are once again facing a combined £1.9 m funding gap by 2020.

£0.8 m
9% budget gap



South Hams District Council
Predicted budget for 2020/21

£1.1 m
14% budget gap



West Devon Borough Council
Predicted budget for 2020/21



THE PROPOSAL TO CREATE ONE COUNCIL

At South Hams and West Devon we are marked by our similarities, we share a common boundary and our areas are both predominantly rural which neighbour more urban areas such as Torbay and Plymouth. Both of us face similar challenges and opportunities for the future.

We currently have 62 elected councillors serving 138,000 people across the two areas. South Hams is the fifth largest geographical district in Devon both in size and employment opportunities and West Devon is the largest and is predominantly rural.

This proposal would see the creation of a new single South and West Devon District or Borough Council to serve both areas from April 2019, with all of the staff and assets from South Hams and West Devon transferred into one new council.

We are in the unique position of already sharing one workforce. However, by managing two separate political and decision making structures our officers still have to produce two sets of work. If we were to become one council there are a lot of efficiencies that can be made quickly by reducing this duplication of work and enabling officers to focus more on delivering services. As well as significant cost savings we would instantly be delivering better value for money to our customers.

This proposal does include a small reduction in the number of staff, primarily in areas where the duplication of work is the greatest, however, staff reduction is not the focus of this proposal. The formation of one single organisation to service the two councils has already been achieved and we anticipate that any reduction in staff would be less than 10 full time posts.

Further efficiencies could also be made through a reduction in running costs, currently for every piece of software and application that the councils licence, there are two costs. In many instances these could be renegotiated to reflect the cost for one single organisation rather than two, so one website platform, one back office system etc.

If this proposal is approved by the secretary of state we anticipate these initial efficiency savings could generate up to £0.5 m a year.

But this is only part of the story up until 2019. This proposal also looks at the possible reduction in councillors, the rationalization of assets and the equalization of council tax.

REDUCING THE NUMBER OF COUNCILLORS

There is no proposal to reduce the number of councillors before the 1st April 2019. The ultimate intention of the proposal is to reduce the number of councillors by approximately 20-25% in time, but in order to do this the Boundary Commission would be needed to conduct a review of all council wards and their representation. Any changes they propose would not come into place until the elections in 2023.

This review would also give us the opportunity to refresh how we work and deliver a new modern local government for a new era. Technology and social media is changing how residents wish to interact with their council, this review would give us the opportunity to ensure that we have the training and tools to meet customers expectations.

As elected councillors we could also redefine our roles, working closely Towns and Parish councils to establish how we can work more effectively with them in the future.

A strong local presence and a desire to resolve customer issues at the first point of contact will remain a fundamental principle of the new council. We currently have a team of locality officers, a team on the ground who work across specific geographic areas and complete a wide range of tasks for many council services.

As an important link between the councillors and the community we see this team as vitally important to help us engage with the communities served by a single council with a large geographic area.

MAKING THE BEST USE OF OUR ASSETS

A new council would need to consider what it does with its property, how to make best use of office space, working arrangements for staff and how this might contribute towards closing the funding gap. All of these assets which currently belong to the two councils would be transferred to the one new council. There would then be a comprehensive review of all of the property and the new council would need to agree a strategy.

The review would need to consider whether the council should retain the two head offices at Killworthy Park and Follaton House or whether they should be sold, redeveloped, used to produce an ongoing income or remain as it is.

It will look at the potential of creating one single head office for the new council, which would reduce operating costs, and whether there could be an increase in partnership working within the community, working closer with other public bodies such as the NHS or the police.

The single council would have to carefully consider its property strategy, it would need to be fully costed and consulted upon. Therefore, any major changes to which buildings the new council operates from are unlikely to take place in the short term.

Any savings or income that could be made from the property strategy would be additional to the savings that we have already identified.



ONE COUNCIL, ONE VOICE

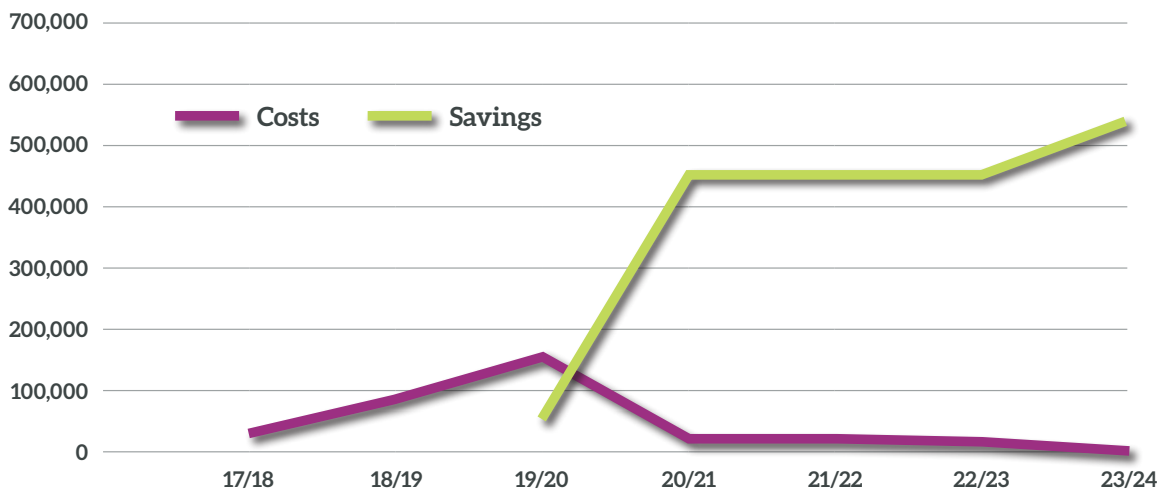
We believe that South Hams and West Devon will be much stronger together as one entity rather than two. Currently West Devon Borough Council has the smallest population of all of the Devon Districts at 54,4000 people and South Hams is somewhere in the middle 84,500 people (2015). The formation of one single council has the potential to create much stronger local leadership which will be representing 138,000 people the second largest in Devon behind Plymouth, with 117 parishes.

The new physical boundary of the two authorities would also create the largest district in Devon, just over 1/3 of the total area covered by Devon County.

This would give our leaders more people power when it comes to debating and negotiating regional issues, giving us a much louder voice.

THE COSTS

The one-off implementation costs will total £325,000 (the cost will be spread over a number of years) and the annual savings are £0.5 m. The chart on the following page shows costs and savings.



NOW TELL US WHAT YOU THINK

IN THIS FIRST SECTION WE ASK YOU FOR YOUR THOUGHTS ON THE PROPOSAL:

What won't change

- You will still be able to vote for a councillor to represent your Town, Parish and Ward
- Your functions of your Town and Parish Council will remain unchanged
- Services delivered by Devon County Council will be unaffected by this change
- You will still get the same services from your local council only delivered by one council across the whole of South Hams and West Devon instead of two.
- Key strategies such as the Joint Local Plan will not be affected.
- The staffing structure of the councils will largely remain unchanged
- The new council will continue to look for opportunities to work in partnership with Town and Parish Councils

What will change

- There will be one council covering the areas currently administered by South Hams and West Devon
- Ultimately there would be fewer district councillors, a new structure would be in place for the elections in 2023
- There would be a single revenue and capital budget for delivering services in your area with a single set of strategies and policies.
- The name and branding of your local council would change
- The council tax between the two areas is different and will need to be equalized, there is currently a £62.97 difference between the two councils
- The location of your council head office is likely to change over time
- How and where your local council meetings are held could also change

IN THIS SECOND SECTION WE WELCOME YOUR THOUGHTS ON OUR APPROACH TO CLOSING THE FUNDING GAP

What are the other options for closing the funding gap?

In the spring of 2017, we asked our officers to explore how we could close a forecast budget gap of £1.9 m by 2020, and how we could protect the services that we deliver to you.

They came back to use with a number of proposals, which collectively could deliver the savings that we need. They include

- Creating one single council to deliver further efficiencies
- Outsourcing frontline services in South Hams and West Devon
- Setting up a company to run all of South Hams and West Devon's front line services
- Borrowing money and investing it to earn an income

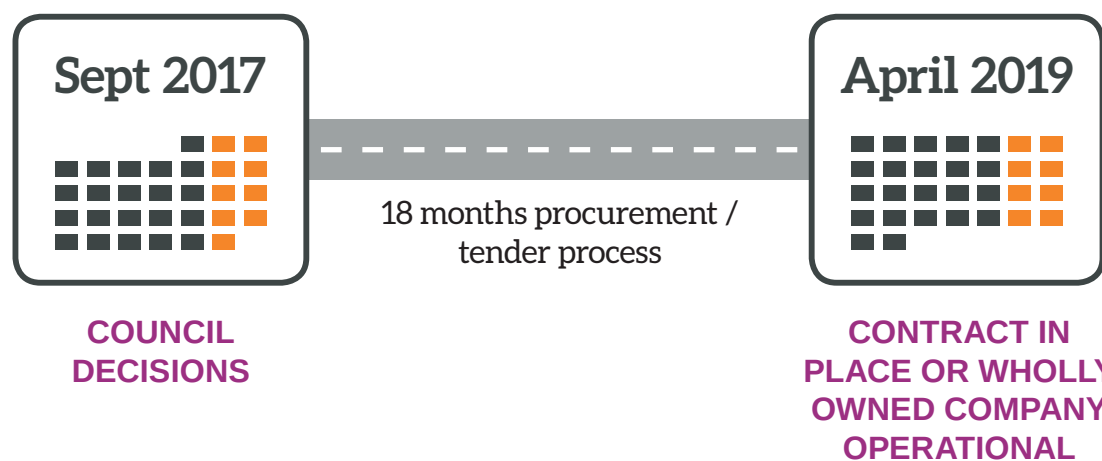
Wholly owned company or outsourcing of frontline services

While holding discussions about whether we could create one single council, we have also been exploring the best options for delivering our front line services such as waste, street cleaning and maintenance. We are currently in the process of testing the market to see what options would be available us.

Once this piece of work is complete, we will know what the best costed options are for us and we will again be asked to decide how we would like to proceed.

We will be choosing between whether we bring all of these services in-house in West Devon, where they are currently outsourced to FCC, to go out to tender and include those services for South Hams as well, bring all of those services for South Hams and West Devon in house or set up a separate company to run those services.

Time frame for decisions



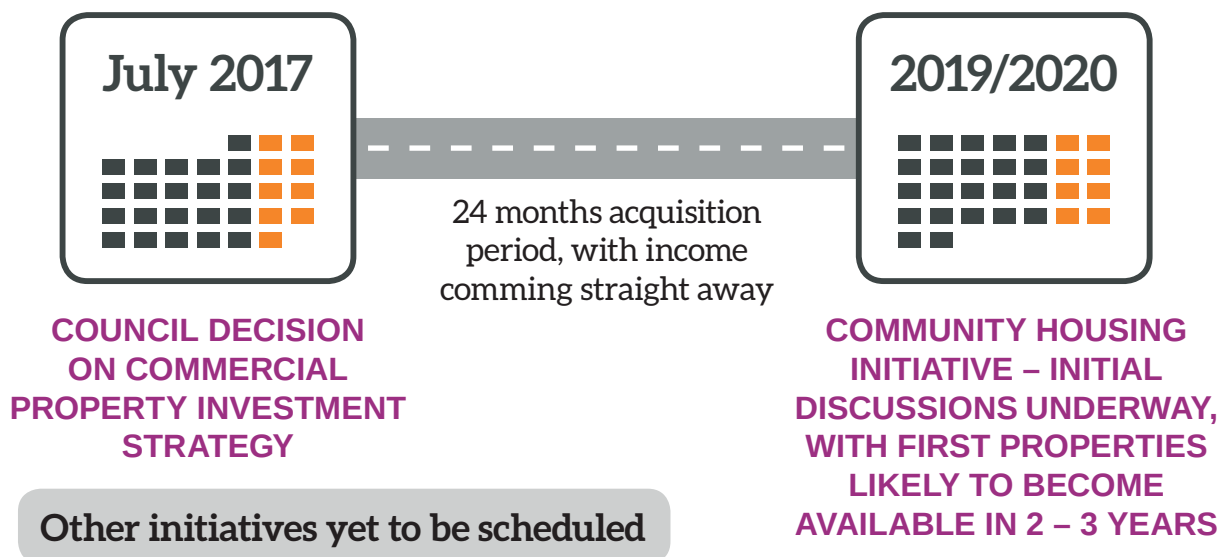
Investing to Earn

We have an ongoing project with a working group of councillors, where we are exploring all of the options available to us to generate an income.

This includes borrowing money and investing it in commercial property so that we can create an investment portfolio that can provide an ongoing income. We are also working on developing a community housing initiative, which is designed to help local residents to determine and deliver appropriate and affordable housing for their communities.

We are also exploring how we could sell our expertise in areas such as environmental health, offering additional food safety advice and generating an income from selling advertising space on our properties and assets.

Time frame for decisions



Not one of these options will generate enough income on their own to fill the forecast funding gap. If we do not act now and consider all of these options we will be left with no choice but to reduce the levels of service that we provide.

Consultation Questions

1. Do you support the proposal of creating one new council as one of the options for closing the funding gap and protecting services?
2. Do you have a suggestion for the name of the council?

IN THIS THIRD SECTION WE WANT TO KNOW HOW YOU THINK THIS MIGHT AFFECT YOUR COMMUNITY

Tiered government will remain

Creating one council would leave many things unchanged. You would still be represented at district /borough level by a councillor who you elect, only now they will all belong to one new council covering the whole of South Hams and West Devon.

The new council would have a new name, but it would keep the areas covered by South Hams and West Devon the same, preserving their identities and those of the local communities.

There would still be a two-tier arrangement in place. So Devon County Council would continue to be responsible for services like highways, street lighting and social care, there would be no change to services delivered by DCC as part of forming this new council. As before the new district or borough council would be responsible for services like planning, housing benefits, waste collection and environmental health. There would still be elections for County and District councillors in order to preserve local representation.

Parish and Town councils would still exist and operate in the way they do now, but if we proceed to form a new council, we will be having early conversations with them to see if there are any ways that a new council could improve how we work together.

Will there still be a mayor of West Devon?

Currently West Devon Borough Council has a mayor, but South Hams District Council do not. We would welcome your thoughts on whether the new council should seek to have borough status and a civic mayor.

At West Devon Borough Council, the Mayor is expected to uphold and promote the constitution of the council. They chair the meetings of the full council to make sure that its business is carried out efficiently and to ensure that council meetings are a forum for the debate of matters of concern to the local community and to promote public involvement in the council's activities. In South Hams this function is filled by the Chairman of the council.

Will my council tax be affected?

There is currently a £63 difference (on an average Band D property) between the two authorities. Therefore there would be a need to bring the element that both authorities charge in council tax to the same proportions.

Detail TBC following member meetings.

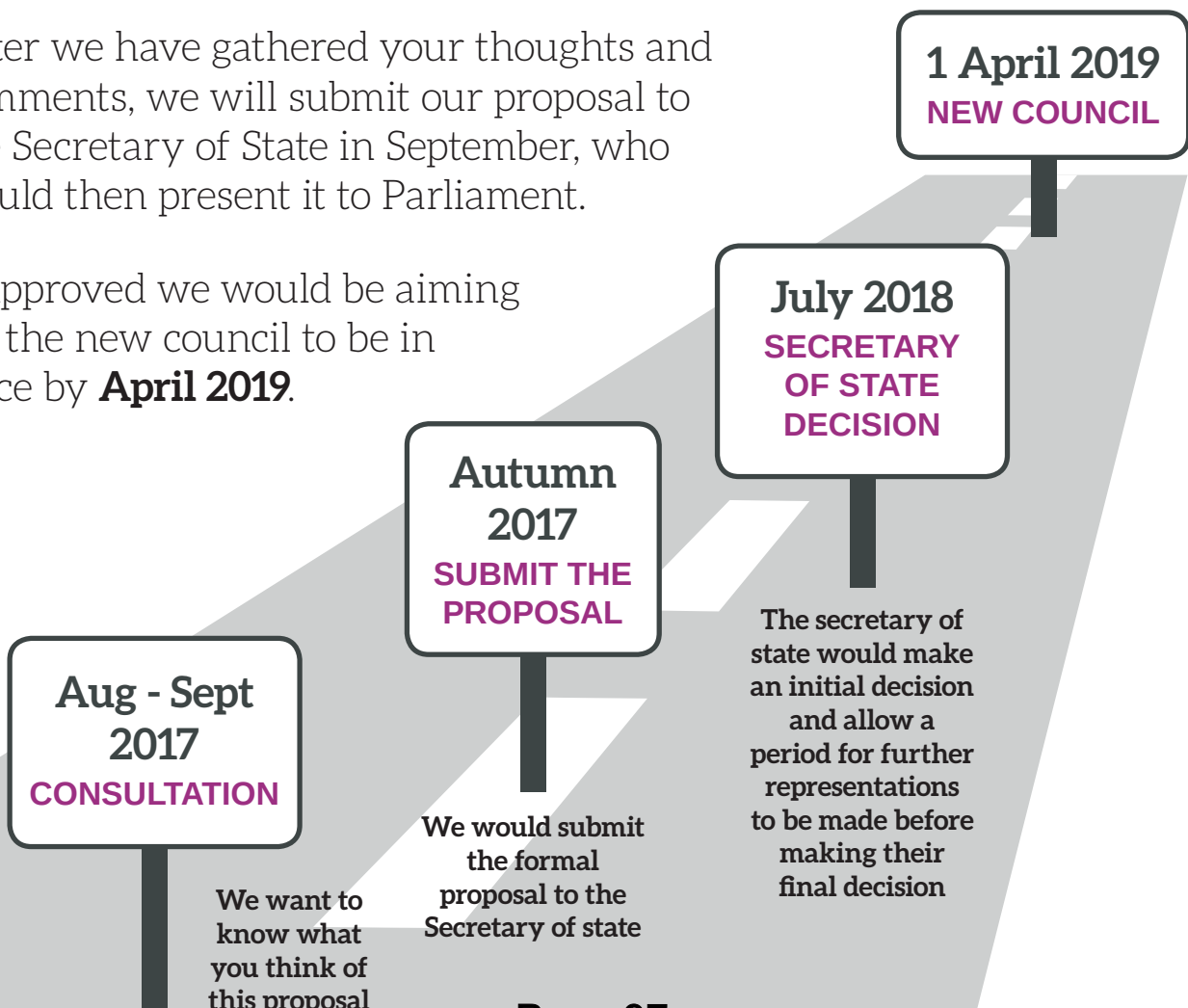
Consultation Questions

3. Is it important for you that there is a mayor for the combined area covered by the proposal?
4. What benefits do you feel a new single council would bring to your community?
5. Do you think that the proposal might lead to any significant impacts on you, if so what might they be and how could those be reduced?
6. Do you have any other comments to make on the proposal for a new single council?

WHAT HAPPENS NEXT?

After we have gathered your thoughts and comments, we will submit our proposal to the Secretary of State in September, who would then present it to Parliament.

If approved we would be aiming for the new council to be in place by **April 2019**.



SUMMARY – TELL US WHAT YOU THINK

The consultation to gather your thoughts and comments will run from x to x.

You can tell us what you think, read the proposal or see a list of frequently asked questions visit at:

www.onecouncil.org.uk

Consultation Questions

1. Do you support the proposal of creating one new council as one of the options for closing the funding gap and protecting services?
2. Do you have a suggestion for the name of the council?
3. Is it important for you that there is a mayor for the combined area covered by the proposal?
4. What benefits do you feel a new single council would bring to your community?
5. Do you think that the proposal might lead to any significant impacts on you, if so what might they be and how could those be reduced?
6. Do you have any other comments to make on the proposal for a new single council?

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Appendix C

Timetable for creation of a single Council

Action	Date
Proposal for single council and consultation to be debated by the Hub and Executive and approved for consultation with public and key stakeholders	18 and 20 July 2017
Proposal for single council and consultation to be debated by the Councils and approved for consultation with public and key stakeholders	25 and 27 July 2017
Consultation period (public and key stakeholders)	August - September 2017
Final Proposal for a single Council approved by Councils and submitted to Secretary of State for consideration	Autumn 2017
Secretary of State considers the proposal, makes a decision and prepares the Draft Order	Autumn 2017 – Spring 2018
Debated at Parliament	May – July 2018
Final Order made	July 2018
Transition arrangements	July 2018 – March 2019
New single Council formally comes into being	1 April 2019
Elections to new council	May 2019

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Asset Strategy

This document focuses on the land and property assets of the two Councils and sets out initial thoughts on the possible options that a new single Council could consider regarding their treatment. These assets are items which are under the full ownership of each respective Council, such as car parks, green spaces, head office and other operational buildings – such as the Dartmouth Ferry / Salcombe Harbour, depot locations, public conveniences, potential development sites and non-operational property - such as industrial units and investment land. Non-operational land typically generates income for the two respective Councils, as do some parts of head office locations which are let to third parties.

At present, the two Councils have customer facing locations at Tavistock and Totnes, along with a customer service centre at Okehampton. Limited customer interactions take place at the Council owned and operated depot sites in the South Hams.

A new Council would need to consider its future asset strategy, i.e. is there a continued need for two large head offices and how best can the new single Council support its customers across both areas who need access to Council staff.

Any change to the property strategy would need to be carefully considered, costed and consulted upon and therefore major changes are unlikely to be appropriate in the short term.

Options regarding the combining of Council assets

There are number of options as to how the assets & liabilities of both Councils will be treated. For example, the treatment of:

- Liabilities / Revenues accruing from non-operational land or premises
- Liabilities / Revenues accruing from operational land or premises
- Liabilities / Revenues from existing or proposed asset developments / sales / acquisitions;
- Reserves held to cover specific capital items
- Other allocated or unallocated reserves
- Benefits accruing under s106 agreements.

Where legally permissible, Members could opt to combine everything and consider these assets as a whole OR segregate assets by their former owner and distribute any benefit or liability only within the former owner's district / borough.

The former option would generate the maximum benefit across the combined area and be simpler and more efficient to administer. If the decision to form a single Council is made, within the next election cycle it is envisaged that a boundary review would be completed and council tax revenues would be harmonised across both Council areas. Therefore, both South Hams and West Devon would be served by a single elected Member base and a single workforce, working together to maximise the use and potential of the single Council's combined assets for the benefit of all residents.

The latter option would impinge on the single Council's ability to deliver the maximum benefit for all residents.

How the combining of assets should be dealt with needs further discussion and Member consideration if and when the decision to form a single Council is made.

Options regarding the operational bases

If Members opted to form one single Council, the new Council could consider:

- A comprehensive review of the Councils' operational locations
- Combining operational assets of both Councils
- Increased partnership working closer to communities, with officers or committees co-locating with other public bodies (e.g. the police, the NHS, DCC, Town Councils) or in community buildings to reduce or avoid the need for customers / staff / Members to travel large distances to conduct Council business
- Devolving certain decisions to other bodies reducing the need for physical premises in certain areas
- The potential disposal and/or redevelopment of the two head office locations

Both Councils already have a flexible workforce who can work from any location. Assuming that the needs of the single Council differ to that of the existing organisation, it is likely that the Council will require a smaller 'footprint' of dedicated floor space. Options available include:

- Full letting of existing buildings to third party organisations
- Redevelopment of the head office site(s)
- Disposal of certain buildings
- Remain as is

Kilworthy Park, Tavistock

- Current estimated value* @ 1/4/17: £2.4m
- This site currently has 7 tenants, occupying approx. 31% of the lettable area.
- The site currently generates £75k per annum in rent from the let areas.
- All existing tenants (bar one) are on non-secure tenancies, meaning that they can be evicted at no cost at the end of their tenancy. However one tenant is on a secure tenancy, meaning that they would need to be paid compensation to vacate the building if a valid reason for their eviction can be given (such as redevelopment of the building). An estimate of this compensation has not been calculated.
- Existing third party leases expire at different times. None extend beyond 6 years.
- If the areas currently occupied by SHWD were to be let to a third party as a whole, this could generate an additional £136k pa in income
- In total, the whole building could potentially yield £211k pa – However, in reality it may be difficult to let the entire space as office accommodation, as there is little demand for office accommodation of this size and type in this location.

**In-house RICS valuation based on a capitalised rental valuation.*

Note: Prudential borrowing was taken to facilitate the refurbishment and extension of Kilworthy Park. This borrowing is not secured against the property and therefore does not restrict the options open to the Council.

The borrowing was taken on a maturity basis and a reserve has been created to fund the capital repayment of the loan. The loan maturity is not due for another 36 years (expiring 2053).

Follaton House, Totnes

- Current estimated value* @ 1/4/17: £5.4m
- This site currently has 5 tenants occupying approx. 22% of the lettable area.
- All existing tenants are on non-secure tenancies, meaning that they can be evicted at no cost at the end of their tenancy.
- The third party leases expire at different times. None extend beyond 6 years.
- The site currently generates £150k per annum in rent from the let areas.
- If the areas currently occupied by SHWD were let to a third party as a whole, this could potentially generate an additional £324k pa in income.
- In total, the whole building could potentially yield £474k pa in rental income. In reality it may be difficult to let the entire space as office accommodation, as demand for such accommodation has not been market tested.

The Follaton House valuation is based on the existing building in its existing use along with an assumed valuation of the grounds. However, incremental value could be created by developing residential accommodation within the grounds (in addition to the existing office accommodation) or the site could be redeveloped into other uses. This is likely to be acceptable in planning terms, but would require a full options appraisal and business case.

**In-house RICS valuation based on a capitalised rental valuation.*

Centralised Head Office Location

There is an opportunity for a new Council to develop a purpose built head office located in a more convenient location than the current bases at Tavistock and Totnes. Any new building would have inherently lower operating costs than the existing head office locations.

A new building could accommodate the single Council and some of the existing tenants (if they wanted to move with the Council) or have the potential to include lettable areas for other tenants, thereby offering economic inward investment and additional employment benefits to the local community and opportunities for the further income generation for the Council.

Employment land values have been estimated at c. £200,000 an acre and construction costs are estimated at £2,500 per m² for an office development. This could mean a £5m investment for a new, fully owned building. A £1m s106 employment contribution from the Langage Power Station could be used to support such an initiative, if there is demonstrable economic benefit and creation of new industrial / employment accommodation.

Combined Asset Base and Balance Sheet for a new Single Council

A single Council would have an Asset Base valued at over £95m. Below is a summary of how the single Councils balance sheet could look, based on the 2016/17 Unaudited Statement of Accounts of both Councils:

	South Hams District Council £'000s	West Devon Borough Council £'000s	Combined Single Council £'000s
Long-Term Assets	76,089	19,526	95,615
Current Assets	36,568	12,182	48,750
Current Liabilities	(12,975)	(5,597)	(18,572)
Long-Term Liabilities	(57,843)	(29,020)	(86,863)
NET ASSETS	41,839	(2,909)	38,930
Usable Reserves	18,866	5,482	24,348
Unusable Reserves	22,973	(8,391)	14,582
TOTAL RESERVES	41,839	(2,909)	38,930

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Appendix E - Council Tax Equalisation

The following table shows a set of possible options for the equalisation of Council Tax. There are many different ways in which this could be achieved. The number of years over which Council Tax can be equalised can be anywhere between 1 and 5 years. The options in the table below have been equalised over 3 years and 5 years for modelling purposes. The impact of council tax equalisation on the level of council tax income achieved also varies depending on the option chosen.

In the table below, income from each option is compared to the level of council tax income already assumed within each Council's Medium Term Financial Strategy (The MTFs already assumed a £5 increase in council tax per annum).

All of the Options assume that the SHDC Band D Council Tax of £155.42 (17/18) increases by £5 to £160.42 in 18/19 and that the WDBC Band D Council Tax of £218.39 (17/18) increases by £5 to £223.39 in 18/19.

The maximum increase allowed whilst remaining within the council tax threshold would be a £5 increase in the combined Band D and combined Taxbase which is Option 3. DCLG have confirmed that the Council can submit options that also include those that exceed the council tax threshold and this will be considered by Ministers.

Option	Combined Band D Equalised To (£)	Impact on SHDC Band D (£)	Impact on WDBC Band D (£)	Difference in Council Tax Income in 2019-20 (£) Yr1	Difference in Council Tax Income in 2020-21 (£) Yr2	Difference in Council Tax Income in 2021-22 (£) Yr3	Difference in Council Tax Income in 2022-23 (£) Yr4	Difference in Council Tax Income in 2023-24 (£) Yr5
Option One Flat Band D combined	£177.33 by 2021-22	Increase of £5.64 for 3 years (3.5% increase in 19-20)	Decrease of £15.35 for 3 years (6.9% decrease in 19-20)	Decrease of £0.4m	Decrease of £0.8m	Decrease of £1.2m	Decrease of £1.2m	Decrease of £1.2m
Option 2 – 2% increase in combined Band D	£191.95 by 2021-22	Increase of £10.51 for 3 years (6.6% increase in 19-20)	Decrease of £10.48 for 3 years (4.7% decrease in 19-20)	Decrease of £0.1m	Decrease of £0.2m	Decrease of £0.3m	Decrease of £0.3m	Decrease of £0.3m
Option 3 - £5 increase in combined Band D	£197.32 by 2021-22	Increase of £12.30 for 3 years (7.7% increase in 19-20)	Decrease of £8.69 for 3 years (3.9% decrease in 19-20)	Nil	Nil (1K extra)	Nil (2K extra)	Nil (1K less)	Nil (5K less)
Option 4 –	£223.39 by	Increase of	Nil increase	Extra	Extra	Extra	Extra	Extra

Option	Combined Band D Equalised To (£)	Impact on SHDC Band D (£)	Impact on WDBC Band D (£)	Difference in Council Tax Income in 2019-20 (£) Yr1	Difference in Council Tax Income in 2020-21 (£) Yr2	Difference in Council Tax Income in 2021-22 (£) Yr3	Difference in Council Tax Income in 2022-23 (£) Yr4	Difference in Council Tax Income in 2023-24 (£) Yr5
bring South Hams up to WD in 3 years - then freeze for 2 years	2021-22 then freeze for 2 years	£20.99 for 3 years (13.1%) then freeze for 2 years	for 5 years WDBC Band D frozen	£0.5 million	£1.03 million	£1.6 million	£1.3 million (council tax frozen)	£1.0 million (council tax frozen)
Option 5- bring South Hams up to WD in 3 years – WD increases £5 per year – then freeze for 2 years	£238.39 by 2021-22	Increase of £25.99 for 3 years (16.2% increase in 19-20) then freeze for 2 years	Increase of £5 for 3 years then freeze for 2 years	Extra £0.8 million	Extra £1.6 million	Extra £2.5 million	Extra £2.2 Million (council tax frozen)	Extra £1.9 Million (council tax frozen)
Option 4a – bring South Hams up to West Devon over 5 years (WD freezes for 5 years)	£223.39 by 2023-24	Increase of £12.59 for 5 years (7.9%)	Nil increase for 5 years (WDBC level frozen)	Extra £0.2 million	Extra £0.4 million	Extra £0.6 million	Extra £0.8 million	Extra £1.0 million
Option 5a – bring South Hams up to West Devon over 5 years (WD increases by £5 for 5 years)	£248.39 by 2023-24	Increase of £17.59 for 5 years (11%)	Increase of £5 for 5 years	Extra £0.5 million	Extra £1 million	Extra £1.5 million	Extra £2.0 million	Extra £2.5 million

Explanation of the Options

The Options above explain how Council Tax Equalisation could be achieved.

For example in Option One, the South Hams Band D increases by £5.64 each year for 3 years until it equalises at £177.33 in 2021-22. The West Devon Band D reduces by £15.35 each year for 3 years until it also equalises at £177.33 in 2021-22. This option is within the council tax threshold but it means that overall the combined Council loses council tax income of £0.4 million in 19/20 and by 21/22 the loss of council tax income increases to £1.2 million (the loss of council tax income is in comparison to each Council's current MTFs). The greyed options show where there is a loss of council tax income overall.

Option 3 is within the council tax threshold and means that the South Hams Band D would increase by £12.30 for each year of 3 years, until it equalises at £197.32. The West Devon Band D would reduce by £8.69 each year for 3 years, until it also equalises at £197.32 in 2021-22. This option more or less produces the same amount of council tax income as that already modelled in the MTFs for each Council (a slight additional council tax income of £2K is generated by 2021-22).

Options 4 and 5 start to produce a higher amount of council tax income than that already modelled in the MTFs for each Council. Option 4 generates an additional £1.6 million by 2021-22 (yr 3) and Option 5 generates an additional £2.5 million by 2021-22 (yr 3). The reason these two options produce a higher level of council tax income is because in these options the West Devon Band D is not equalised downwards. Instead, the South Hams Band D is brought up to meet the West Devon Band D, with the Band D for West Devon being frozen at £223.39 in Option 4. In Option 5, more council tax income is achieved as the West Devon Band D is increased annually by £5 per annum and the South Hams Band D is brought up to this level over the 3 years of equalisation. Options 4 and 5 exceed the level of the council tax threshold.

Options 4 and 5 have been extended another two years into 2022-23 (Yr4) and 2023-24 (Yr 5) to show the impact on the council tax income produced if in both these options council tax was frozen by the combined Council in Year 4 and Year 5. So for example Option 4 means there is additional council tax income generated of £1.6 million by Year 3 (2021-22) and this income reduces by £300,000 to £1.3 million in Year 4 if council tax is frozen. Council tax income further reduces to £1 million by Year 5.

Options 4a and 5a show the figures if Council Tax is equalised over 5 years (rather than 3 years). So for example in Option 5a, the South Hams element increases by £17.59 for 5 years (11% increase) and the West Devon element increases by £5 for 5 years. This generates additional council tax income of £2.5 million by Year 5 (2023-24).

DCLG have confirmed that a few options (say 3 to 4) can be presented to Ministers for consideration.

Prepared by Lisa Buckle 14 June 2017

Additional Evaluation of Option 5 and Option 5a for Council Tax Equalisation

The preferred options of the Joint Steering Group for equalising council tax are Options 5 and 5a.

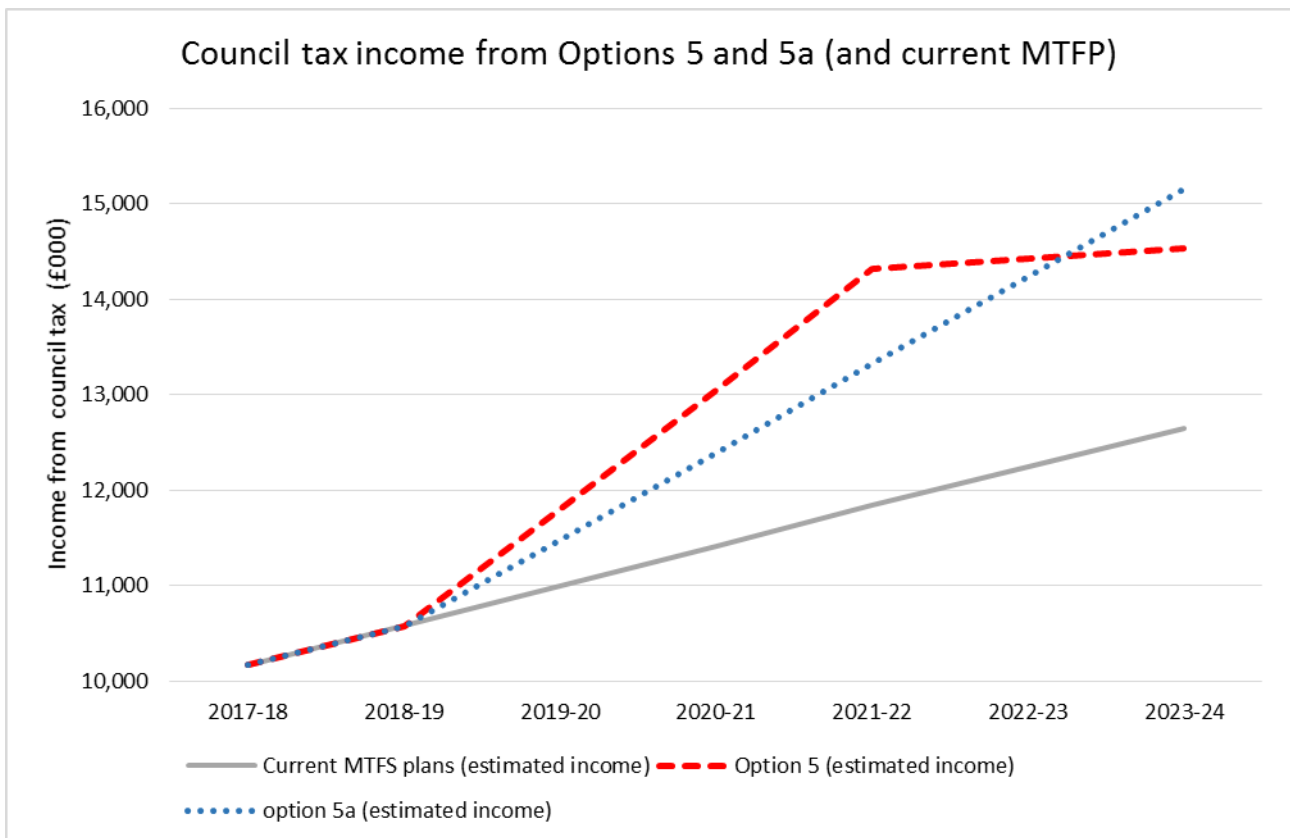
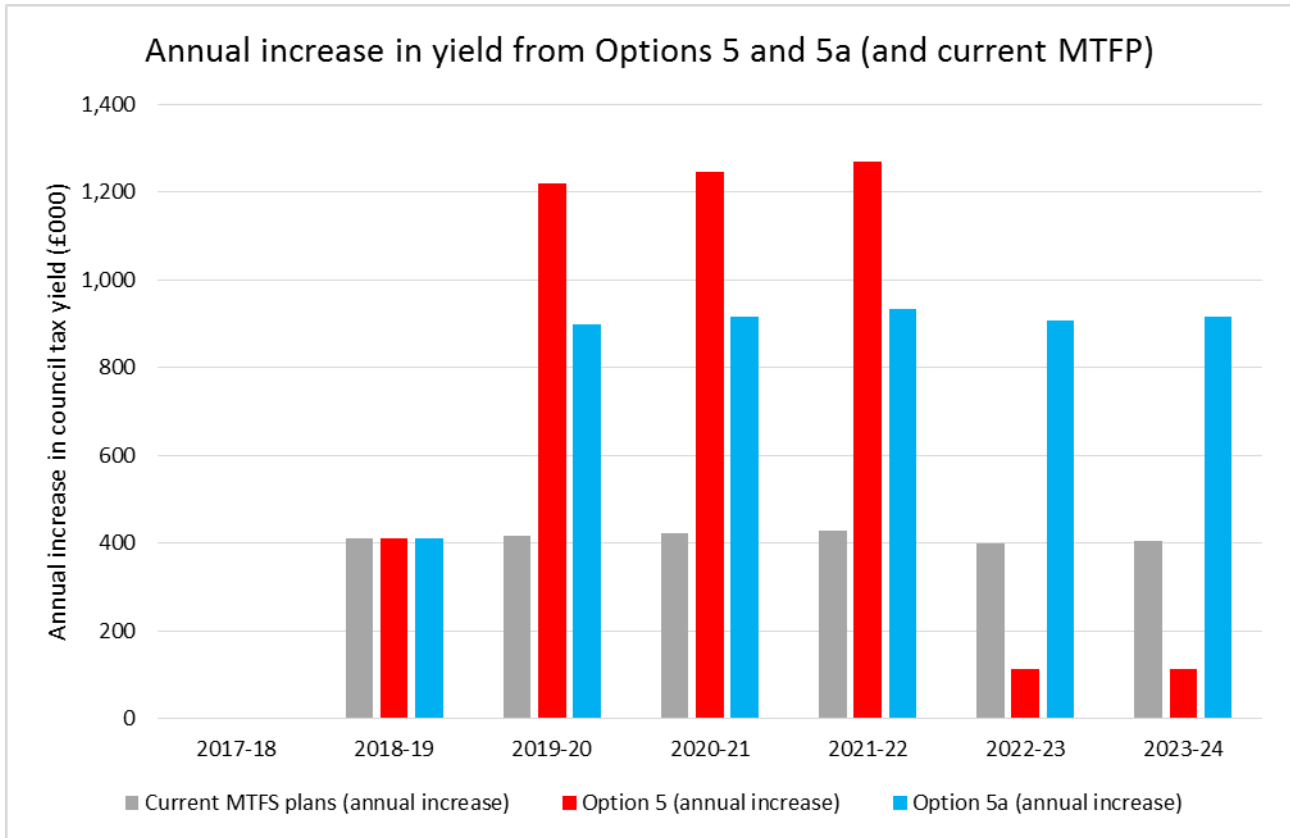
	Option 5	Option 5a
WDBC Annual increase in Band D - This sets out the impact on West Devon residents	£5 increase in West Devon Band D each year for first three years; then frozen for Year 4 and Year 5	£5 increase in West Devon per year for each of the 5 years
SHDC Annual increase in Band D – This sets out the impact on South Hams residents	£25.99 increase in South Hams Band D each year for first three years (16.2% increase), then frozen for Year 4 and Year 5	£17.59 increase in South Hams per year for each of the 5 years
Value of Band D that is equalised to by Year 5 (2023-24)	£238.39 by 2021-22	£248.39 by 2023-24
Equalisation period	3 years	5 years
Council tax threshold	Exceeds council tax threshold	Exceeds council tax threshold

The table shows (a) the annual increase in yield for each option and (b) the estimated total income from each option. The estimated income from the current MTFS projections is also shown for comparison.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Annual increase in yield							
Current MTFS plans		409	416	423	429	400	405
Option 5		409	1,219	1,245	1,271	219	221
Option 5a		409	898	916	934	906	917
Estimated income from council tax							
Current MTFS plans	10,166	10,575	10,991	11,414	11,843	12,243	12,648
Option 5	10,166	10,575	11,795	13,040	14,310	14,529	14,750
Option 5a	10,166	10,575	11,473	12,389	13,323	14,229	15,147

The first chart shows the increase in yield in each financial year for each option. Option 5 generates large increases in yield in the first 3 years of the new single council (years 2019-20, 2020-21, and 2021-22), followed by flatter yield thereafter (there are small increases due to the growth in taxbase). Option 5a has slower growth in yield – because the equalisation of South Hams takes place over 5 years rather than 3 – but the yield after 5 years is higher. This is because the average Band D council tax is increased by £5 per year for each year (5 years in total), whereas Band D council tax effectively only increases by £5 per year for the first 3 years.

Future growth in yield will depend on decisions the new council makes about increases in its Band D council tax (and the growth in taxbase). However, option 5a would give the new council a higher base from which to grow its council tax, and would give the new council the opportunity to continue with yield that is some £610,000 higher.



Advantages of Option 5

<p>Option 5 tackles equalisation more rapidly so that a freeze in Years 4 and 5 can be offered</p>	<p>Option 5 tackles equalisation more rapidly (over 3 years) and gives the new council the opportunity to use savings from the combined Council to offer a freeze in Year 4 and Year 5. This is an opportunity to demonstrate to residents that the new council has delivered real benefits.</p>
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Advantages of Option 5a:

<p>More gradual increase in Band D council tax in Option 5a</p>	<p>Growth in council tax income is more gradual for Option 5a, with increases in council tax being more gradual. Band D for residents in South Hams is increasing by £17.59 per year (which includes both an element for equalisation and the underlying £5 increase in Band D). In option 5, Band D increases by £25.99 per year for 3 years for South Hams (and then is frozen).</p>
<p>Higher base for council tax income in Option 5a</p>	<p>The base for council tax income is higher for the single council at the end of the 5-year period in Option 5a. Band D has continued to increase by £5 per year across the whole 5-year period, and so the base is higher. The yield from council tax is £610,000 higher in Option 5a, which gives the new council greater scope to generate income from council tax in the future. Under this option, the single Council has £610,000 more council tax income from Year 6 onwards as the Band D equalised to is higher at £248.39.</p>

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Report to: **Hub Committee**
Date: **18th July 2017**
Title: **Business Rates – Locally Administered Business Rate Relief Policy**
Portfolio Area: **Cllr Oxborough**
Wards Affected: **all**
Relevant Scrutiny Committee:

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

Date next steps can be taken:

Author: **Isabel Blake** Role: **COP Lead Housing Revenues & Benefits**

Contact: **01822 813551: Isabel.blake@swdevon.gov.uk**

Recommendations:

1. That Hub **RECOMMEND** to Full Council, that following consultation with Devon County Council, Devon & Cornwall Police & Devon & Somerset Fire Rescue the Locally Administered Business Rate Relief Policy be adopted

1. Executive summary

1.1 Members are asked to consider and recommend the policy (Appendix 1) to administer the 4 year funding agreement, awarded by central Government to support those who have seen an increase in their rates bill due to the 2017 revaluation exercise.

2. Background

2.2 As a result of the 2017 revaluation exercise, central Government allocated £300m over 4 years to help those who saw an increase in their rates bill. In West Devon the annual awards are as follows:

- 2017/18 - £112k
- 2018/19 - £54k

- 2019/20 - £22k
- 2020/21 - £3k

- 2.4 There are some conditions to the grant which can be found at point 1.3 of Appendix 1 – the locally administered Business Rate Relief policy.
- 2.5 The policy proposes to divide funding in to two separate funds. A lump sum payment to businesses that have seen an increase in their rates bill after all reliefs have been taken into account. The criteria of this award can be found at 2.2 of Appendix 1 – The Policy. The second fund concerns discretionary awards for those businesses regardless of their eligibility for the lump sum payment. These applications will be considered by the already existing Rate Relief Panel and must meet criteria set out in Appendix 1, 2.4 – The Policy.
- 2.6 The scheme will be reviewed by the end of December 2017 alongside other Business Rate Policies including a terms of reference for the Rate Relief Panel.

3. Outcomes/outputs

- 3.1 It is intended to adopt this policy as soon as possible in order that the scheme can be advertised and applications considered. This will ensure that delays are kept to a minimum.

4. Options available and consideration of risk

- 4.1 The Government will fully fund WDBC and the other preceptor Authorities their share of lost income from the awards through a grant.
- 4.2 Any relief awarded above the grant will not receive Government funding, so it is imperative the fund is closely monitored.
- 4.3 The Economy Working Group have input into this policy, and will give a verbal update on any proposed changes to this draft policy arising from their meeting on 11 July 2017.
- 4.4 All other Devon Authorities are working together to create a common framework to underpin a local policy. This is due in a matter of weeks. We will consider this framework once published and it will form part of the December policy review.

5. Proposed Way Forward

- 5.1 That Members recommend to Full Council the adoption of the Locally Administered Business Rate Relief Policy following consultation with the other preceptors.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Local Government Act 1988, Section 47
Financial	Y	<p>The funding for this scheme has come from central government. The 4 years of annual award are detailed in the background section</p> <p>The funding is to help businesses affected by the revaluation, however Government have agreed an additional £12k in new burdens funding to administer this scheme, the pub relief scheme and the supporting small businesses scheme, with an additional payment due once costs can be established in light of businesses receiving relief under each scheme.</p>
Risk		It is an expectation by central government that each Local Authority will have scheme in place and be administering awards by the end of June 2017, and all Local Authorities have received a letter from the Minister for Local Government to this effect.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		

Supporting Information

Appendices:

Appendix 1 – Locally Administered Discretionary Rate Relief Policy

West Devon Borough Council

Business Rates – Locally Administered Business Rates Relief Policy

Issue details	
Title:	Locally Administered Business Rates Relief Policy
Version number	Version 1.0
Officer responsible:	Isabel Blake Community of Practice Lead Specialist, Housing, Revenues & Benefits
Authorisation by:	Full Council
Authorisation date:	

1 Background

- 1.1 The Government in the Spring Budget of 2017, announced a fund to Local Authorities to help those who have had an increase in their Rates bill due to the 2017 revaluation.
- 1.2 The Government have allocated £300 million nationally over the next four years.
- 1.2.1 West Devon Borough Council have been allocated: 2017/18 - £112,000; 2018/19 - £54,000; 2019/20 - £22,000; 2020/21 - £3,000 To provide support under the scheme.
- 1.3 The Government will fully fund West Devon Borough Council, and the major precepting authorities, their share of lost income from the awards under this policy by way of a Section 31 Grant. The Grant will have conditions attached to it:
- 1.3.1 Any relief awarded above the allocated Grant amount will not receive full Government Funding.
- 1.3.2 The Grant must be used to support only ratepayers facing an increase in their bills following Revaluation.

2 The Council's Policy

2.1 Introduction

West Devon's policy is to ensure that support is provided to those Businesses that have seen an increase in their bill due to the Revaluation by way of a payment to reduce their Business Rates, and then to also have a separate fund for those who are suffering additional hardship through the increase in their Business Rates bills – especially where they are not for profit organisations providing local support and advice.

Initial lump sum payment

2.2 The Council will make an award of up to £800 but no more than the actual increase in the rates bill to business who have seen an increase due to the revaluation. This is provided they fulfil the following criteria:

- The increase is based on the Rateable Value as at 31.03.2017 compared to the Rateable Value of the same property as at 01.04.2017
- The ratepayer is occupying the premises and is the same ratepayer on both dates
- The Rateable Value on 01.04.2017 was £12,000 or greater, but less than £200,000
- The ratepayer is a local business, wholly or predominantly based in Devon
- The ratepayer is paying more on 01.04.2017 after all reliefs have been taken into account
- The ratepayer must not be in receipt of a mandatory relief

2.3 The payment is made based on a daily charge, and will be adjusted down:

- If there is a change to the ratepayers circumstances where the property is vacated (the ratepayer ceases to be liable, or leaves the property empty)
- If the ratepayer subsequently receives a reduction – such as small business rates relief) that reduces their bill

Discretionary Applications

2.4 The Council will make available a proportion of the Government Funding for applications from any ratepayer where there has been an increase in the rateable value of the property on 01.04.2017 compared to 31.03.2017 whether they were eligible for the lump sum payment or not. These applications will go before the rate relief panel for consideration. Whilst any application will be considered it must meet the following criteria:

- There must have been an increase in the amount of rates payable (after mandatory reliefs have been taken into account) between the rates due on 31.03.2017 and 01.04.2017
- It must be of benefit to local taxpayers to award the relief
- The ratepayer must provide goods or services to the benefit of the West Devon residents

- The ratepayer is suffering hardship due to the increase in the rates payable or it will affect their ability to provide goods or services to the residents of West Devon
- The ratepayer must supply any documentation to support their application that the Rate Relief Panel decide is required for them to make a decision

Changes of Circumstances

- 2.5 Where a ratepayer has received a reduction under this policy, they will be required to notify the Council within 21 days of a change to their circumstances that will affect the amount of reduction they receive.
- A change would include, but is not limited to: a reduction in the 2017 Rateable Value of the property; vacating the property or leaving it empty; opening businesses outside of the West Devon area.
- 2.6 Failure to notify the Council of such a change may result in the amount of relief paid out under this policy being removed completely.

Award Period

- 2.7 The award of relief under this policy will be for a maximum of one year and only for the 2017/18 Financial Year (i.e. maximum period 01.04.2017 – 31.03.2018).

Review of local scheme

- 2.8 The 2017/18 scheme will be reviewed by The Hub Committee by the end of December 2017 and reserves the right to increase the amount of any award as it sees appropriate to do so.
- 2.9 The eligibility criteria for year two will also be identified as part of the above review to ensure that it still best meets the needs of local ratepayers.
- The funding from Government reduces by 52% in year two and therefore if the scheme were to remain broadly as is, the initial lump sum payments will be reduced.
 - In years three and four of the scheme, Government Funding will reduce by 80% and 98% respectively, so the scheme may alter to require all applications to be considered by the Rate Relief Panel

3 Administering the scheme

- 3.1 Locally Administered Business Rates Relief Awards must be applied for in writing, by the ratepayer or an authorised employee where the ratepayer is a company. Applications will not be accepted from an agent or third party.

There is no requirement to pay a fee to make an application.

3.2 The Council will identify entitlement to a lump sum payment and an application form will automatically be sent to those who may qualify. They will be required to confirm that:

- They are in occupation of the premises
- They are a business wholly or predominantly based in Devon
- They will notify the Council within 21 days of any change in their circumstances
- The payment will not breach State Aid rules

3.3 Once a signed application is received, the relief will be awarded and a revised Business Rates bill issued.

3.3.1 This relief will be awarded by an officer of the Council and will not need to go back to the Rate Relief Panel for confirmation.

3.3.2 Should the eligibility for relief change, due to a change in circumstances, an officer of the Council will be responsible for calculating the reduction in award.

3.4 Discretionary Payment awards under this policy will be put before the Rates Relief Panel for a decision on whether to award any relief and if so, what amount.

3.4.1 Should the eligibility for relief change, due to change in circumstances, an officer of the Council will be responsible for calculating a reduction in the award

Publicity of reductions and reliefs

3.5 The Council will publicise this and all other reliefs through its website and other media to ensure ratepayers are aware of all the reliefs that they may be entitled to claim.

3.5.1 All entitlement to reliefs will be published on the Council's website in accordance with current Freedom of Information requirements.

Right to appeal

3.6 If the ratepayer is not satisfied with an award in accordance with this policy, they may request a review in writing stating their reasons for appeal.

3.6.1 All appeals will be put before the Rate Relief Panel for a review of the decision.

3.7 There will be no further review of the decision by the Council once the Rate Relief Panel has reconsidered a decision under point 3.6.

4 Equality impact considerations

Low

- 4.1 This Equality Impact Assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:
- Age (including children and young people)
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation
 - Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)
 - An additional WDBC local factor of community considerations such as socio-economic factors, criminal convictions, rural living or Human Rights
- 4.2 This policy has a positive or neutral impact on all protected characteristics.
- 4.3 The protected characteristics which are positively impacted are local factor of community considerations. This is because the policy, will reduce the outgoings through the rates bill of local businesses. When considering discretionary applications, the Rate Relief Panel will have the interests of local taxpayers in mind.

5 Related Policies/Strategies, Procedures and Legislation

5.1 Related policies

None

5.2 Legislation

Local Government Act 1988 – Section 47

6 Policy date for review

- 6.1 This policy will be reviewed by The Hub Committee by the end of December 2017 to review its effectiveness in meeting the needs of local businesses who have suffered an increase in their rates bills, and also to decide the award eligibility criteria for 2018/19 Financial Year.

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Report to: **Hub Committee**

Date: **18 July 2017**

Title: **Review of WDBC community grant schemes**

Portfolio Area: **Customer First**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny**

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

Author: **Rob Sekula** Role: **Specialist, Assets and Place Making**

Contact: **Rob.Sekula@swdevon.gov.uk or 01822 813701**

Recommendations:

That Hub Committee RECOMMEND to Council to:

1. Incorporate the Sports Grant into a 'Community Grant' scheme, retaining £2,000 as a revenue line to cover 'training/coaching grants.'
2. Exclude applications to the Community Grant from projects within Dartmoor National Park which have already received support from the DNPA Sustainable Communities Fund.
3. Support production of a one page summary of grant schemes which officers and Members can use to increase and sustain the level of promotion to local communities.
4. Support ongoing officer engagement with DCC to refocus the TAP scheme criteria on its original purpose, and reinstate the process that is outlined at paragraph 7.3 below.
5. Support the Arts Task & Finish Group recommendations shown in section 3.3-3.4 of the report regarding revenue funding to communities.

1. Executive summary

- 1.1 Members of Overview and Scrutiny Committee have requested a review of existing Council community grant schemes, including options for streamlining or improving the schemes.

A version of this report is on the agenda for Overview and Scrutiny Committee on 11 July 2017 and the views expressed at that meeting will be verbally reported to the Hub Committee.

- 1.2 The Council administers a number of capital and revenue grant schemes which are open to applications from Town/Parish Councils and 'not for private profit making' community groups. These schemes support projects which deliver against Council priorities including Community, Environment, and Wellbeing. A summary of these schemes is set out in Appendix A, and the number of applications and commitments in Appendix B.
- 1.3 This report highlights the recommendation of the Arts Task and Finish Group which is for a new revenue scheme (using funds from the capital Community Project Grant scheme) to support initiatives which support community cohesion and vibrancy. See Appendix C for full Arts Task & Finish Group findings and recommendations.
- 1.4 This report makes recommendations intended to streamline the schemes and to ensure an increased level of applications to the schemes (detailed in Appendix D), ultimately maximising the ability of these schemes to deliver beneficial projects to West Devon communities.

2. Background

- 2.1 Members of Overview and Scrutiny Committee highlighted that the grant scheme offer could be clearer, with seemingly multiple similar grant schemes.
- 2.2 The grant schemes available to the West Devon community are funded by the revenue budget, New Homes Bonus, and through developer funds previously generated by major planning applications. Whilst supporting similar projects (namely new or improved community facilities), each scheme is administered in a slightly different manner dependent on the intended purpose of the scheme and origin of the funds (detailed in Appendix A).
- 2.3 The level of applications vary across the grant schemes (see Appendix B). Whilst some schemes (TAP, DNP SCF) have had a high number of applications, others have had a disappointing level of applications in recent years.
- 2.4 The number of applications to the Community Projects and Sports Development schemes have historically fluctuated from year to year, and accordingly underspends have traditionally been rolled forward. It is also acknowledged that prior to and following T18 the level of promotion by specialist officers has reduced (namely Sports Development Officer, Arts Officer, and Regeneration Officer, each of whom were responsible for one of these grant schemes).
- 2.5 All WDBC grant schemes are currently administered by a Case Manager with support from a Specialist. With this reduced officer

input, this is a good opportunity to review the schemes and subject to Members continuing to supporting the level of funding, to maximise the level of good applications to the funds.

3. Arts Task & Finish Group

- 3.1 Following the recommendations of the Economy Working Group to reduce funding to Villages In Action from £8,000 p.a. in 2016/17 to £4,000 p.a. in 2017/18 and concerns raised by Members at the joint Overview and Scrutiny Committee (17th January 2017 - O&S 8 refers), a Task & Finish Group formed to look at the support given to the Arts and to make relevant recommendations.
- 3.2 Appendix C shows the Terms of Reference, membership, findings and recommendations of the Arts Task & Finish Group.
- 3.3 Key recommendations as follows:
 - a. Create a Community Fund allowing for both **revenue** and capital grant applications.
 - b. To keep funding criteria for the Community Fund revenue monies broad including arts to allow for as many community projects as possible to apply provided applications support community cohesion and vibrancy.
 - c. Operate the revenue element of the fund similar to South Hams Sustainable Community Fund.
 - d. All revenue applications to be signed off by relevant Ward Member(s) before submission to officers to process payments.
 - e. In kind funding to be eligible as match funding in revenue applications.
 - f. Where possible first time applicants to be given priority over previous applicants.
 - g. Returning applicants to provide proof of how previous funds awarded were well spent.
 - h. Successful applicants to recognise the Council funding in any publicity by naming the Council as a contributor.
 - i. Villages In Action funding to be ring fenced and if not used by VIA to be transferred to the revenue Community Fund.
 - j. Museum funding to continue as considered good value for money.
 - k. That this new revenue component of the Community Fund to total £5,300 (as per previous Arts Grant Scheme annual budget) with applicants able to apply for up to £500 per grant.
- 3.4 The sum of £5,300 could be covered by reserves in 2017/18 due to successive underspend of the capital budget, and formally included in the budget in 2018/19. In 2018/19 the capital Community Project Grant budget would be reduced by £5,300 and a separate revenue budget line of the same amount created. The origin of the funds would remain the New Homes Bonus, which can be spent on

revenue or capital expenditure. It is recommended these arrangements are reviewed in 12-18 months to gauge how a new revenue Community Fund performs and whether £5,300 is an appropriate figure.

4. Incorporate the Sports Grant into a 'Community Grant' scheme, retaining £2,000 as a revenue line to cover training/coaching

- 4.1 This is a simple incorporation of the Sports Grant into an overarching 'Community Grant' scheme. Any of the existing capital equipment/facility applications would continue to be eligible for the Community Grant. A revenue line of £2,000 would be retained to cover training and coaching applications as these are seen as being beneficial to the sustainability of grass roots sports in West Devon.
- 4.2 Officers will seek to maximise the promotion and support offered by the Okehampton Recreation Community Association to increasing sports participation and development across West Devon. OCRA are supported with an annual £2,000 payment, previously subject to a Service Level Agreement (now expired). Part of the previous SLA was for OCRA to act as the first point of contact for clubs wishing to develop facilities and coaching.
- 4.3 The arrangement with OCRA is likely to be subject to review by the Commissioning Manager and Leisure Specialist, and the requirement to align this 'first point of contact' role with supporting groups to apply to the Community Grant will be a key requirement of any future formal agreement.
- 4.4 Additionally, OCRA have now entered an agreement with Fusion (Leisure centre provider) with respect to delivering a Sports and Activity Development Plan on behalf of Fusion. This offers a further opportunity for OCRA to promote the WDBC Community Grant to suitable sports clubs across West Devon.

5. Exclude applications to the Community Grant from projects within Dartmoor National Park which have already received support from the DNPA Sustainable Communities Fund

- 5.1 Currently applicants to the Community Project Grant scheme from within Dartmoor National Park can also apply to the Sustainable Communities Fund for the same project. The source of both of these funds is the New Homes Bonus money paid to WDBC, part of which is then paid to DNPA according to the number of house completions within DNP, and subsequently administered to community groups via the SCF.
- 5.2 Applicants from outside DNP are only eligible to apply to the Community Project Grant. It is proposed that to equalise the opportunity to access funds, applicants should only be able to secure funds from one of these funding pots towards a single project.

5.3 Accordingly it is proposed to exclude applications to the Community Grant if a project already has a commitment of funds from the DNPA SCF, and vice versa.

6. Support officer production of a one page summary of grant schemes which officers and Members can use to increase and sustain the level of promotion to local communities.

6.1 Each grant scheme is promoted by officers through existing networks (e.g. CVS newsletters), attendance at events (e.g. presentations at funding events), emails and presentations to Town and Parish Clerks, WDBC website, and the local press.

6.2 As is evident from the small number of applications to the Sports and Community Projects in some recent years it is apparent that officers need to do more to promote the schemes and ensure potential beneficiary groups hear about the schemes (and subsequently apply).

6.3 It is not considered that the small number of applications to the Sports and Community Projects in some recent years is evidence that the schemes are no longer required. Levels of applications do fluctuate, and it is clear from the applications in 2016/17 and this current financial year to the Community Projects Grants scheme that there is still a need from the West Devon community.

6.4 Subject to Member support, to assist with clarity of promotion, officers will produce a one page summary of grant schemes which officers and Members can use to increase and sustain the level of promotion to local communities. Members can play a key role in ensuring that potential beneficiary groups/projects within their Ward hear about the schemes, and to encourage groups to apply.

6.5 Clearly, if the scheme is better promoted and levels of applications remain low then there may be a case for reviewing the size of the Community Grant scheme, however it is considered that this would currently be premature and to the detriment of the West Devon community.

7. Support ongoing officer engagement with DCC to continue to refocus the TAP scheme criteria on its original purpose, and require officers to circulate project applications to Link specific DCC and WDBC Members in advance of circulating Link agenda

7.1 As a result of an Audit of the TAP Fund in 2017 by DCC and further discussion of findings by DCC Cabinet, DCC officers are seeking to work with Borough/District officers to review the existing TAP Fund Guidance in readiness for 2018/19, with the aim of revitalising and reinforcing the TAP Fund brand; returning to its original concept of

a joint DCC/District scheme that supports new, collaborative and innovative ideas generated by communities to benefit those communities.

- 7.2 It is proposed that WDBC officers engage with this process to bring their experience to the table and report back to WDBC and DCC Members accordingly of any amendments to the existing TAP Fund Guidance and approach proposed by DCC officers.
- 7.3 It is further noted that the lead officers administering the TAP Fund scheme have only recently been made aware of the previously agreed requirement whereby Council officers should circulate a summary of each TAP Fund application to the local DCC and WDBC Members for their informal consideration prior to being included on a Link Committee agenda. The purpose of this requirement was to enable officers to review applications first to ensure that they complied with the Fund criteria, with any issues then being highlighted in advance to local Members for their early consideration. If concerns were raised during this stage, then there would be the opportunity for applications to be either reviewed and/or withdrawn before a Link Committee agenda is published. This stage of prior consultation has not been implemented over the last couple of years and it is recommended that it be re-instated with immediate effect.
- 7.4 Accordingly, officers have noted this requirement, and will commence the circulation of such a summary with immediate effect.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>There are no legal implications arising from the recommendations of this report as West Devon Borough Council accepts no liability for projects beyond the provision of Community Project Grants.</p> <p>The Council has powers to give these grants in order to support its priorities through the Localism Act's Powers of General Competence.</p>
Financial	Y	<p>The existing Community Project Grant scheme is a Capital Budget line, with the majority of the West Devon Capital Programme funded by the New Homes Bonus. Funds from the NHB can be used towards capital or revenue expenditure. If Members are minded to set up a new budget line for revenue projects this would be acceptable use of NHB monies. This could be actioned within the 17/18 financial year funding the revenue from</p>

		<p>reserves initially and then building it into the budget formally for 18/19.</p> <p>Incorporating the Sports Grant into a Community Grant would have no financial implications, although the £2,000 retained from the £8,130 Sports Grant for training grants would need to be built into the budget formally in 2018/19.</p> <p>Overall, the report is not recommending any changes to the overall budget available for community grants.</p>
Risk		<p>It is not considered that incorporation of the Sports Grant into a Community Grant carries any risk.</p> <p>Excluding applications to the CP grant scheme from projects within DNP which have already received support from the DNPA SCF will disadvantage a small number of projects which might otherwise have sought funds from both schemes.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Grants support funding to a wide range of community groups, therefore promoting equal opportunities.
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	Y	Grants commonly deliver health and wellbeing benefits to West Devon communities.
Other implications	N	

Supporting Information

Appendices:

Appendix A – Current and recently ceased WDBC grant schemes

Appendix B – Summary of commitments in current and recently ceased WDBC grant schemes

Appendix C – West Devon Arts Task and Finish Group

Appendix D – Options, pros & cons of current and alternative approaches

Background Papers:

None

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Appendix A – Current and recently ceased WDBC grant schemes

Current WDBC Grant Schemes								
Scheme	Purpose	Decision making	Funds	Source of funds	Max/Min/%	Features of scheme	Typical projects	Previous or forthcoming changes to the scheme
Town and Parish (TAP) Fund	Town and Parish Councils working collaboratively to trial solutions to local issues, empower communities and enable community resilience.	At Link meetings Northern – each meeting South – twice per annum Eastern – once per annum Town and Parishes all get one vote, final decision by DCC and WDBC Members	£51,717 Split between three Link Committee areas Total depends on number on electoral roll	DCC contributes £1 per elector WDBC contributes £0.10 per elector Revenue budget	No maximum £100 minimum No match funding requirement	Capital and revenue projects Applications must be collaboration between more than one town/parish council, with one council acting as lead applicant New projects only, will not support repeat bids (i.e. same project each year)	Ditching and drainage works/lengthsman Verge maintenance Defibrillators Village Hall improvements Parish websites Cycle racks	Consideration of applications from single Town or Parish applications now considered on a case by case basis subject to confirmation of support from at least one other Council Applications from single Town or Parishes for ditching and drainage works are now considered acceptable 'Environmentally related' (e.g. grass verge cutting, gully clearing and street cleaning) applications will now be considered DCC will be reviewing the scheme with Devon Borough and District Council officers following the 2017 DCC election with a likely refocus on the original aims of the project and consistency across Devon
Community Projects Grant	Grants which provide support for a wide range of community projects that meet local needs and deliver benefits to the community, led by community organisations, ranging from tree planting to building a village hall.	Rolling decision making, officer consults with Ward Member and makes recommendation Grants up to £2,000 to be approved by Lead Specialist – Place and Strategy Grants over £2,000 to be made by Lead Specialist in consultation with the Chair and Vice Chair of Hub Committee and circulated to all members in the Member Bulletin, for comment and call-in to Committee if concerns.	Typically £36,000 p/a The Capital Budget Monitoring report to the Hub Committee on 1 November 2016 highlighted that the scheme had a budget allocation of £106,000 in 2016/17 (including commitments) and an anticipated underspend of at least £36,000. No budget allocation was made for 2017/18 and the underspend from 2016/17 was rolled forward to meet costs in 2017/18. At the time of writing there is £25,959 committed/pending approval in 2017/18 leaving £32,647.90 uncommitted funds.	New Homes Bonus Capital budget	Minimum - £100, Maximum - £5,000 Flexibility to approve funding of up to £10,000 for exceptional projects Maximum percentage funding per project – 50%	Capital projects only.	Village Hall improvements Play area improvements Sports facility improvements	In 2014/15, the previous Village Hall grant scheme was incorporated into the Community Projects scheme. The Revenue and Capital Budget Proposals Report 2017-18 (Council, 7 th Feb 2017) includes a provisional proposal for £36,000 p/a to the Community Project Grants scheme for the four financial years between 2018 and 2022

Current WDBC Grant Schemes

Sports Grant	Improve health and wellbeing and access to physical activity.	Rolling decision making, officer consults with Ward Member and makes recommendation, with decision by Lead Specialist – Place and Strategy	£8,130	Revenue budget	Minimum - £100, Maximum - £700, For training grants the maximum is £350 Maximum percentage funding per project – 50%	Individuals can apply for training grants Scheme includes equipment/asset grants, and grants to train volunteers	Training club members to become coaches Kit/equipment for clubs Small grants to improve facilities	Training Grant was introduced in 2013/14. That same year saw the cessation of the Sports Development officer post. Applications have been reduced since that time to this scheme (see Appendix B) possibly due to limited officer promotion to and support for clubs
Section 106 (s106) Community Facilities Fund	Providing new or upgraded community facilities to mitigate the pressure of new residents on local community facilities.	Consultation with local Ward Member and Town/Parish Council	Okehampton Town/Hamlets - £212 (to be committed by 2021) Spreyton - £2,085 (to be committed by Dec 2017) Tavistock - £16,500 (to be committed by 2023) Tavistock (Crowndale sports facility improvements only) - £46,283 (to be committed by 2024)	S106 legal agreements – developer funds	No minimum or maximum Up to 50% of costs (as a guide, with flexibility)	Capital projects only	Play area improvements Village Hall improvements Sports facilities improvements Youth centre improvements	The scheme was introduced to make the process of committing these funds transparent and defensible The Community Facilities Fund are the remainder of the generic s106 funds collected towards ‘community facilities’ which predated the CIL Regs. There are a couple of other small s106 agreements on sites which have not yet been developed which could generated further small amounts of s106 funds With the introduction of CIL Regs, any community facilities, or Open Space, Sport and Recreation projects must be named within the s106 agreement, and accordingly generic payments towards facilities are no longer collected
Dartmoor Sustainable Community Fund	Provide new or upgraded community facilities to meet identified community needs, with respect to the pressures of new development on DNP communities	Annual sum is paid to DNPA. DNP officer consults with the local Ward Member, the PC and the DNPA link member for the parish and their views inform the decision reached. Final decision rests with DNPA CEO.	£24,137 in 2016/17 Fluctuates according to house completions within West Devon part of DNP	New Homes Bonus	No maximum or minimum Up to £500 for the environmental projects pot	Capital projects only	Play area improvements Village Hall improvements Sports facilities improvements	The SCF is being run again in 2017/18, although DNPA may revisit other uses for the NHB monies in future years In addition to a main fund in 2016/17, a small grants pot supported environmental projects undertaken by local community action groups on publicly accessible land.

Recently ceased WDBC Grant Scheme

Scheme	Purpose	Decision making	Funds	Source of funds	Max/Min/%	Features of scheme	Previous or forthcoming changes to the scheme
Economic Development Grant	Support economic prosperity of businesses and communities in West Devon (including supporting arts based projects)	<p>Rolling decision making, WDBC officer consults with Ward Member and makes recommendation.</p> <p>Grants up to £2,000 were approved by Lead Specialist – Place and Strategy</p> <p>Grants over £2,000 were made by Lead Specialist in consultation with the Chair and Vice Chair of Hub Committee and circulated to all members in the Member Bulletin, for comment and call-in to Committee if concerns.</p>	<p>£10,271 up to 2013/14</p> <p>2014/15 – scheme merged with Arts Grant scheme – annual budget of £15,571</p> <p>2014/15 – Agreed by Council to contribute £10,000 per annum to the Heritage Lottery Tavistock Heritage Initiative Project up until 2019/20 leaving an Economic Development grant pot of £5,571 per annum</p>	Revenue budget	<p>Up to £2500 was available with a maximum percentage funding per project of 50%</p> <p>A maximum of £7,500 for long term projects over 3 years was considered in exceptional circumstances</p>	<p>Capital and revenue projects</p> <p>Will consider projects stretching over 3 years</p> <p>Groups of businesses can apply (if working for common benefit)</p> <p>This scheme incorporated a previous Arts Grant scheme</p>	<p>In 2016/17 the West Devon Economy Working Group noted that there was only one application in 2015-17 (for an arts based project), and that ceasing the scheme was warranted <i>‘Given the low level of interest in applying for these funds, the availability of other sources to obtain funding and the identified need to increase funding to BIP.’</i></p> <p>The Economy Working Group recommended (29/11/2016, Minute HC40 – Economy Working Group Recommendations) ceasing the grant scheme with immediate effect and this was subsequently agreed by Council (06/12/2016, Minute CM46), with this funding being utilised to meet an increase in funding to the Business Information Point with an increased focus on assisting new businesses and helping new businesses to survive beyond 12 months.</p> <p>NB – A previous Arts Grant scheme was incorporated into the Economic Development scheme in 2014/15 – at which time arts/heritage based scheme were required to demonstrate how their project would benefit the local economy</p>

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Appendix B – Summary of commitments in current and recently ceased WDBC grant schemes

Recent commitments through West Devon grant schemes				
Scheme	Budget (p/a)	Year	Number of grants offered	Total funds committed
Community Projects Grant	£36,000	2014/15	11	£12,650
		2015/16	5	£10,493
		2016/17	9	£30,748
		2017/18	4 + (4 pending)	£15,393 + (£10,566 pending = £25,959)
Sports	£8,130	2014/15	1	£651
		2015/16	2	£1,400
		2016/17	7	£3,613
		2017/18	-	-
TAP fund	£49,785	2014/15	16	£49,785
	£52,700	2015/16	15	£52,700
	£51,717	2016/17	33	£51,717
Previous commitments to Arts/Heritage projects				
(NB - prior to 2014/15 through the Arts Grant, from 2014/15 to Dec 2016 through the Economic Development Grant)				
Scheme	Budget (p/a)	Year	Number of grants offered	Total funds committed
Arts Grant	£5,300	2011/12	14	£5,300
		2012/13	9	£4,100
		2013/14	9	£4,250
Economic Development	£5,571	2014/15	4	£1,750
		2015/16	1	£500
		2016/17	1	£500

Points to note:

- The specialist Arts Officer departed in 2014/15, and the specialist Regeneration Officer departed in 2015/16
- Of the applicants to the Arts Grant since 2011/12:
 - o 1 organisation received funds in 4 separate years
 - o 3 organisations received funding in 3 separate years.
 - o 1 organisation received funds in 2 separate years

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Appendix C - WEST DEVON ARTS TASK & FINISH GROUP

Background

Following a discussion at the joint O&S Committee meeting held on 17 January 2017 (O&S 8 refers), it was agreed to form a Task & Finish Group to look at the support given to the Arts and to make relevant recommendations. The Council's contribution to various arts projects appears in the budget under 'Economic Development' and recent work by the Economy Working Group resulted in the Council deciding to cut the funding to one of the lines (Villages in Action) as there was insufficient evidence that it was directly benefitting the local economy. This caused some Members concern and it was therefore agreed to establish a small T&FG to look again at the Council's program for supporting the Arts.

Terms of Reference

1. Members of the T&F Group are drawn from the membership of both the O&S Committees. They are Cllrs Cheadle, Moyse, Roberts, Musgrave, Cloke and Pearce. They are supported by Alexandra Walker and Nadine Trout.
2. The Group will:
 - a. define the scope of 'the Arts'
 - b. review past and current budget allocations
 - c. identify the anticipated benefits of such funding as a component of community life
 - d. determine by what measure previous allocations have delivered such benefit
3. Investigate funding mechanisms (including the Community Fund) for funding future initiatives.
4. Identify the metrics by which future bids for support will be assessed.
5. Report the above, with if relevant, recommendations to the new O&S Committee no later than July 2017.

Findings of the Arts Task & Finish Group

The Arts Task & Finish Group met on 11th April 2017 and agreed the following:

- a. The 'Arts' would mean direct support to performance art (such as Villages in Action) and 'soft' support for Heritage (rather than funds to restore physical heritage buildings).
- b. Arts were a contributor to community well-being and should not be dependent for their support on their contribution to economic development (although they may well support economic development). As an example, the Dartmoor Folk Festival was funded on inception, would not now require continuing Council funding but undoubtedly contributes to both community and economic development.
- c. While it was recognised that funding is 'difficult' there was discussion on whether the Community Fund could be legitimately used to assist funding 'Arts' projects – due to a successive underspend of the Community Fund.
- d. Cllr Cheadle elected Chairman of the Group.
- e. Further information needed on the type of activity funded in the past and whether the capital Community Fund could be used for revenue grants.

The Arts Task & Finish Group also met on 9th May 2017 and established:

1. Arts Funding

In 2014/15 the arts, tourism and economy budgets were merged to create an Economic Development Grants pot of £15,571. In 2014/15 the criteria for arts grants also changed whereby applicants needed to demonstrate how their project would aid the local economy. Prior to 13/14 there were separate grant budgets for Arts (£5,300) and Economic Development (£10,271). Detailed below is how many projects the Arts budget supported:

Year	Number of grants offered	Total funds committed
2011/12	14	£5,300
2012/13	9	£4,100
2013/14	9	£4,250

Of the applicants to the Arts Grant since 2011/12:

- 1 organisation received funds in 4 separate years
- 3 organisations received funding in 3 separate years
- 1 organisation received funds in 2 separate years

The Group recognised that whilst some organisations had received funding on more than one occasion a wide breadth of projects had been supported including theatre, dance, film and heritage.

2. Capital Community Fund

Discussions with the lead finance officer confirmed the Community Fund is underspent. The fund is a capital fund and as such cannot be used for revenue activity i.e. funding to pay for events or artists but for capital assets instead i.e. repairs to village halls, etc. That said the source of the Community Fund is New Homes Bonus money which is revenue funding so technically speaking some of the funds could be used for revenue grants.

3. Contribution to Villages in Action

Data provided by officers showed a steady decrease in the number of performances from 2014 provided by Villages in Action, hence the Economy Working Group's decision to reduce the funding offer to VIA. Members of the Task & Finish Group still felt there was worth to the VIA events as they brought communities together and created local vibrancy.

4. Contribution to Museum Development

The Group reviewed the South West Museum Development Annual Report and considered the monies contributed from the Economic Development budget offered good value for money especially when advice received has allowed Dingles to recruit their first paid curator and museum visits in West Devon contributed over £4 million to the local tourism economy.

5. Tavistock Townscape Heritage

In 14/15 it was agreed by Council to contribute £10,000 per annum to the Heritage Lottery Tavistock Heritage Initiative Project up until 2019/20 leaving an Economic Development grant pot of £5,571 remaining. The initiative to date has secured £130,000 Heritage Lottery Funding and seen the completion of Butchers Hall. Further building refurbishments and public realm enhancement planned for 2017. As discussed at the previous Arts & Finish Group Meeting it was agreed this was out of scope of the Group.

RECOMMENDATIONS

As a result of the above the Task & Finish Group agreed the following recommendations:

- Create a Community Fund allowing for both **revenue** and capital grant applications.
- To keep funding criteria for the Community Fund revenue monies broad including arts to allow for as many community projects as possible to apply provided applications support **community cohesion and vibrancy**.
- Operate the revenue element of the fund similar to South Hams Sustainable Community Fund¹.
- All applications to be signed off by relevant Ward Member(s) before submission to officers to process payments.
- In kind funding to be eligible as match funding.
- Where possible first time applicants to be given priority over previous applicants.²
- Returning applicants to provide proof of how previous funds awarded were well spent.²
- Successful applicants to recognise the Council funding in any publicity by naming the Council as a contributor.
- VIA funding to be ring fenced and if not used by VIA to be transferred to the revenue Community Fund.
- Museum funding to continue as considered good value for money.

That this new revenue component of the Community Fund to total £5,300 (as per previous Arts Grant Scheme annual budget) with applicants able to apply for up to £500 per grant.

¹See <http://old.southhams.gov.uk/CHttpHandler.ashx?id=1165&p=0> for a copy of the application form.

²In a bid to ensure the same projects aren't funded year after year and if they are they clearly demonstrate they are performing well and demonstrate clear value for money.

Appendix D – Pros and cons of current and alternative approaches to WDBC grant schemes

Scheme	Approach	Pros	Cons	Recommendation
TAP Fund	Link Meeting (current approach)	<ul style="list-style-type: none"> - 'Ownership' by Town/Parish Councils at local level - Link meetings are considered an example of collaborative working - Officer administration is limited to summarising grants, troubleshooting and making payments - Officers can quickly get updates about criteria/changes to Town/Parish Councils via the Link administrator 	<ul style="list-style-type: none"> - Link Administrator costs of £2,125 p/a are taken from the TAP fund - WDBC officers lose ability to weed out the weaker applications - Some Link meetings are more time consuming to assist than others - Lack of consistency in approach by Link Meetings 	<p>Retain current approach</p> <p>Officers will continue to engage with DCC with respect refinements of the approach and criteria</p>
	WDBC officers attend Link meetings	<ul style="list-style-type: none"> - 'Ownership' by Town/Parish Councils at local level - Link meetings are considered an example of collaborative working - WDBC officer on hand to address concerns/remind of criteria 	<ul style="list-style-type: none"> - Unlikely to save the c.£1,800 p/a as minute taking, etc. still required, so additional officer cost - Risks WDBC officers getting dragged in to petty debates – may confuse rather than clarify - Perception of WDBC officers interfering 	Do not follow this approach
	Decisions made by DCC/WDBC Members at a quarterly/biannual/annual meeting	<ul style="list-style-type: none"> - Clear deadlines and decision making process - More likely to be consistent application of criteria across the Borough - A level playing field 	<ul style="list-style-type: none"> - WDBC will have to deal with accusations of some parishes losing out - Might be perceived as taking decision making away from the local level - Not light touch 	Do not follow this approach
	Allocate pro-rata £s per Town/Parish based on elector numbers and either pay direct to Town/Parish or officers check proposed projects before paying	<ul style="list-style-type: none"> - Towns may welcome due to level of funding and ability to deliver larger projects - Town/Parishes would welcome direct control of funds - Would assist with delivery of projects where Town/Parish Council struggle to find a collaborating partner 	<ul style="list-style-type: none"> - Less accountability/ability to enforce criteria - Small parishes likely to lose out/be unable to deliver any meaningful projects due to size of electorate - Loses the collaboration aspect of the Fund 	Do not follow this approach
Community Projects	Capital scheme (current approach)	<ul style="list-style-type: none"> - Supports variety of new/improved community infrastructure - Draws in significant match funding - Light touch, quick turnaround of applications - Clear guidance which is easily understood 	<ul style="list-style-type: none"> - Has been undersubscribed in some previous years - No revenue aspect to the fund - Match funding requirement may rule out some applications 	<p>Better promotion of the scheme (alongside other grant schemes)</p> <p>Incorporate Sports grant into this scheme</p>
	Funds devolved to Members locality budget (c.£1K per Member) – decisions made by Members, payments made by officers	<ul style="list-style-type: none"> - Members have control of the budgets, and can spend according to perception of local need - Reduces administration for officers - Potential for collaboration with adjacent Members (although probably unlikely) 	<ul style="list-style-type: none"> - Less accountability (potential audit concerns) - Difficult to apply impartiality - Reduces ability to fund larger projects and limits match funding - Likely some Members will be over-subscribed, others underspent 	Do not follow this approach
	Exclude applications to the Community Project Grant Scheme from projects within Dartmoor National Park which have already received support from the DNPA Sustainable Communities Fund	<ul style="list-style-type: none"> - Avoids double funding the same project with funds from the same source (New Homes Bonus monies) - Ensures a level playing field across the Borough (i.e. regardless of being sited inside/outside DNP), redressing a current disadvantage to projects outside DNP 	<ul style="list-style-type: none"> - Reduces ability of projects to secure match funding locally – occasionally projects would lose out (e.g. Walkhampton Village Hall successfully secured £10K from both funds in 2017) 	Exclude applications to the Community Project Grant Scheme from projects within DNP which have already received support from the DNPA Sustainable Communities Fund
	Set up a revenue budget of £5,300 and a maximum grant of £500, including in kind contributions. (And ring fenced VIA funding - if not used by VIA to be transferred to this revenue budget)	<ul style="list-style-type: none"> - Could support wider variety of projects (e.g. charities that provide mental/health/wellbeing support) - Recognises that facilities require maintenance, or may have officer/professional costs to facilitate projects - Likely to have some local economic benefit - Supports community cohesion and vibrancy - May sustain valued local arts and heritage events - Inclusion of 'in-kind' as match funding may enable more projects to meet project costs and apply 	<ul style="list-style-type: none"> - Might lead to a reliance by annual events/festivals on this fund, with less focus on achieving sustainability - May have an annual underspend (noting level of previous applications in Appendix B) - Possible reliance on 'in-kind' funds as opposed to drawing in external funding 	As funds are readily available due to capital underspend follow this new approach but review in 12-18 months to assess whether £5,300 funding level is appropriate.

Sports	Capital and revenue (current approach)	<ul style="list-style-type: none"> - Applications tend to be a split of capital (kit/facilities) and revenue (training) – a split that seems to meet needs of small and growing clubs - The scheme is for small grants which suits the needs of grassroots sports 	<ul style="list-style-type: none"> - Underspend in recent years - Requires sports development officer support to maximise ability of clubs to spot opportunities and have confidence to apply for funds - Not sufficiently benefiting the clubs that need this type of funding 	<p>Incorporate £6,130 of this fund into Community Projects Scheme amending criteria accordingly, and retain a revenue budget line of £2K to cover training cost applications</p> <p>Seek to ensure that OCRA perform their role of signposting and supporting for community groups within their existing SLA with WDBC (and also new SLA with Tone Leisure) with respect to sports development. Encourage them to be proactive in maximising uptake of this scheme</p> <p>Officers and Members to proactively promote the scheme to groups they consider eligible</p>
	Transfer funds to Okehampton Community Recreation Association (OCRA) for administering on WDBC's behalf	<ul style="list-style-type: none"> - OCRA are performing the role (albeit at a much reduced cost) of the previous WDBC Sports Development Officer and are well placed to signpost and support clubs in applying to this fund - Would maximise likelihood of funds reaching clubs that need them the most - Likely to give clubs the confidence to apply for funds – perception of dealing with a 'community recreation group' as opposed to 'the Council' 	<ul style="list-style-type: none"> - Would incur a Management Fee - Reduces ability for Members/officers to influence decision making - Would require monitoring by officers, so may not reduce administration - Arguably OCRA should be undertaking this role already through their SLA with WDBC, and also their SLA with Tone Leisure - Less recognition of these funds being from the Council (i.e. good PR) 	<p>Do not follow this approach</p> <p>BUT, seek to ensure that OCRA perform their role of signposting and supporting for community groups within their existing SLA with WDBC (and also new SLA with Tone Leisure) with respect to sports development. Encourage them to be proactive in maximising uptake of this scheme</p>
S106 Community Facilities Fund	Capital fund (current approach) administered via the s106 CFF application process	<ul style="list-style-type: none"> - Supports projects which mitigate the pressures of new residents on local facilities by enabling new/improved facilities – allows targeting towards projects which would meet CIL regulation requirements - Town and Parish Councils are aware of the available funding - Not proactively promoted as an open grant schemes – reduces administration/time dealing with unsuitable applications - Robust and transparent process 	<ul style="list-style-type: none"> - Limited awareness in the community of the fund - Some suitable projects may miss out on funding 	<p>Retain current approach</p> <p>Create a WDBC webpage advising of available funds and include on one-page summary of WDBC grant schemes</p> <p>Ensure Town and Parish Councils and Ward Members are kept up to date on available s106 funds</p>
DNP Sustainable Communities Fund	Capital fund administered by DNPA officers	<ul style="list-style-type: none"> - No administration for WDBC - High number of good quality applications - WDBC Ward Members consulted on applications in their respective areas 	<ul style="list-style-type: none"> - Potential for double funding projects already supported by WDBC Community Project Grant scheme - Responds to local need, and applicant groups have support of a DNPA officer 	<p>Retain current approach</p> <p>Request that DNPA do not support projects already in receipt of a grant offer from the WDBC Community Project scheme</p>

Report to: **Hub Committee**
Date: **18th July**
Title: **Tamar Trails – options appraisal**
Portfolio Area: **Customer First**
Wards Affected: **Bere Ferrers, Tavistock South West,
Tavistock North**

Relevant Scrutiny Committee: N/A

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

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

Author: **Rob Sekula** Role: **Specialist – Assets and Place Making**

Contact: **01822 813701 / rob.sekula@swdevon.gov.uk**

Recommendations:

That the Hub Committee:

1. Support the increase of the Tamar Trails marketing budget line by £4,000 for 2 years.
2. Support the further consideration by officers (with partners) of the feasibility of Options 4, 5, 6, 7, 8, and 12 in Appendix A through the Tamar Trails Partnership, with a view to informing an 'Active Tamar' bid.
3. Support the encouragement of races and events on the Trails with the establishment of a suitable charging mechanism (Option 13 of Appendix A).
3. Support the annual reporting of income and expenditure and progress against the Options to Overview and Scrutiny Committee.

1. Executive summary

- 1.1 This report brings an appraisal of options available to the Council to seek to close the annual deficit on the Tamar Trails.
- 1.2 Discussion following presentation of a report to Overview and Scrutiny Committee (21/03/17) titled '*Update on Tamar Trails Legacy*' made it clear that Members did not wish to just accept a circa £33,000 deficit each year for the remainder of the 25 year Tamar Mining Heritage legacy.
- 1.3 Members requested that officers compile an options appraisal ranging from ceasing involvement with the Tamar Trails, to

- investment in new infrastructure, and further detail about options already being discussed by the Tamar Trails Partnership.
- 1.4 Appendix A presents sixteen options, the estimated costs and income of the options, the pros and cons, and finally a recommendation for each option.
 - 1.5 The options should not be seen in isolation, recommendations reflect the potential to take a variety of these options forward subject to Member endorsement.
 - 1.6 The report recommends:
 - Adjustment of the existing budget to focus funds on marketing instead of repairs and maintenance over the next two years.
 - Establishing a mechanism of actively encouraging events/races on the Trails with the aim of securing income to close the deficit.
 - Further consideration with partners of a potential 'Active Tamar bid' with potential items including a new play area, cross-country mountain bike trail, extension to the carpark, and reconfiguration/extension of the Trails Centre.

2. Background

- 2.1 The report to Overview and Scrutiny Committee (21/03/17) titled '*Update on Tamar Trails Legacy*' clearly details the background to the Heritage Lottery Funded (HLF) 'Tamar Valley Mining Heritage Project, (TVMHP)' the Council's role as Accountable Body, and the financial implications of the legacy of the project which were first realistically acknowledged in 2014 and built into the Financial Strategy as a cost pressure.
- 2.2 The report also detailed the activity undertaken by the Tamar Trails Partnership since completion of the capital infrastructure works relating to the TVMHP.
- 2.3 The report acknowledges the excellent product which resulted from the TVHMP which has been enjoyed by the public, with associated health and wellbeing benefits.
- 2.4 Car parking income increased by 50% in 2016 compared to the previous year, and is expected to rise by 30% in 2017 again (much of which is down to the overwhelming success of Parkrun). Nonetheless the deficit would remain at around £28,000 per annum if the current approach is maintained. This being the first option – i.e. the current approach/status quo option – by doing so the Council would be accepting an ongoing annual deficit of some £30,000.

3. Outcomes/outputs

- 3.1 Appendix A seeks to give a range of options that could go some way to closing the deficit (or even making a profit eventually). Options are not without risk, particularly where significant investment is required with no guarantee of return, and any return likely to be in the long term (i.e. 10 years plus). The main recommendations are briefly considered below, however Members should refer to Appendix A for detailed consideration.

4. Increase Trails marketing budget by £4,000 for 2 years

- 4.1 The existing marketing budget is £6,000 per annum, and delivers outputs including leaflets and distribution, website and updates, and an increasing focus on social media/digital marketing. The marketing focuses on the local market (namely Plymouth and southwest), and the main holiday seasons.
- 4.2 It is considered that there is scope to increase marketing to cover the shoulder/off season and mid-week which currently experience lower footfall, and namely via social media/digital marketing.
- 4.3 The proposal is for the budget to be increased by £4,000 for a period of 2 years, in which time the increase in car parking income will be monitored (it is considered that Parkrun is sufficiently established to be able to separate out the Parkrun factor from any increase resulting from additional marketing).
- 4.4 If after this period it is evident that the additional investment in marketing is not covering costs, then the budget would return to £4,000.
- 4.5 The increase in budget would be covered through use of the existing Trails repairs and maintenance budget which to date (due to young age of infrastructure) has been largely untapped. If the investment is making a return, then the investment will be self-funding longer term.

5. Explore the feasibility of an 'Active Tamar' bid

- 5.1 The Tamar Trails Partnership have discussed various capital projects of varying scales which might increase footfall and income. These include car park extensions to cope with peak times, a new play area to capitalise on the family market, a cross-country mountain bike track/s (akin to Haldon Forest and Lanhydrock tracks) and extensions to the Trails Centre to add to the product (e.g. a farm shop and retail).
- 5.2 Preliminary discussions with the Greater Dartmoor LEAF have been encouraging. The GDLEAF can fund up to 50% of project costs and will need to see clear economic/employment outputs.
- 5.3 Developing a bid is time intensive, and it is not proposed that Council officers should lead, however there is significant merit in supporting the development of the bid with partners via the Tamar Trails Partnership. The Council would be looking to Tamar Adventures or the Tamar Community Trust to lead on development of the bid.
- 5.4 At this stage investment is not being sought from the Council, however officers would seek to return to Members to report on the bid as it develops and if there are opportunities for investment for the Council that could result in longer term income.

6. Actively encourage races and events on the Trails

- 6.1 Currently there has been no active encouragement of races or events on the Trails (other than Parkrun, for which the Council is not able to charge as has been made clear by government following an attempt by Stoke Gifford Parish Council).

- 6.2 It is considered that there may be a market for off-road running/cycling/endurance events, either as one-offs or as part of a series, and that there is potential to make some income.
- 6.3 Event organisers appear to be actively seeking new venues for races/events and there is much counting in the Tamar Trails favour (the hills, all leases with the Council, multi-use Trails, nearby to the River Tamar).
- 6.4 There is already a developing market, with a tenant of the Tamar Trails Centre taking regular groups of runners out on the Trails (guided runs), and potentially some appetite from the tenants of the Trails Centre to develop the offering of the Trails for races and events.
- 6.5 It is considered that there is merit in exploring options further with the Trails Centre tenants to actively attract and establish races/events on the Trails.
- 6.6. A charging mechanism would need to be established, potentially with a proportion (e.g. £2) per race competitor going towards 'maintenance of the Trails,' or a fee per event dependent on scale.
- 6.7 The approach also needs some further legal advice with respect to the leases, however the initial indication is that such an approach is likely to be acceptable under existing lease arrangements.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Local Government Act 2000 gave the Council the power to promote the economic, social and environmental wellbeing of the area.</p> <p>Localism Act 2011 – General Power of Competence, a local authority has power to do anything that individuals of full legal capacity may do giving authorities the power to take reasonable action they need 'for the benefit of the authority, its area or persons resident or present in its area'.</p>
Financial		<p>Costs and potential income have been considered as far as possible at this stage within each Option given in Appendix A.</p> <p>Subject to Members endorsing development of these options, the financial detail will be refined and can be reported back to Members within subsequent Overview and Scrutiny reports.</p>
Risk		Risks have been considered namely within

		<p>the 'Cons' column of the Options Appraisal in Appendix A of this report.</p> <p>It is acknowledged that not all risks have been fully explored (e.g. level of clawback). The recommendations of the report do not in themselves create risk at this stage.</p> <p>Some of the options that have not been recommended do carry much higher levels of risk (e.g. Options 11, 15 and 16), and if Members steer officers towards developing other options then officers will be required to make more detailed assessment of the risks associated with these options in due course.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report. You need to set out what the Safeguarding implications are.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		The Tamar Trails network contribute to the ability of the West Devon community to undertake informal recreation.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

APPENDIX A – Options to reduce annual WDBC shortfall on the Tamar Trails

Background Papers:

Report to WDBC Overview and Scrutiny Committee (21/03/17) titled '*Update on Tamar Trails Legacy*'

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes/No
SLT Rep briefed	Yes/No

Relevant Exec Director sign off (draft)	Yes/No
Data protection issues considered	Yes/No
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No

APPENDIX A – Options to reduce annual WDBC shortfall on the Tamar Trails

Option	Description	Cost estimate (I&E)		Pros	Cons	Recommendation		
1. Current approach	Meeting obligations of HLF contract to maintain public access to the 25km of Tamar Trails for 25 years, and maintaining infrastructure funded by the HLF for 10 years (until 2023). Meeting obligations under the 30 year leases with landowners, which typically require a good standard of repair of structures, fencing, signage, interpretation, and maintenance of the paths for the period of the lease.	Expenditure (2016 actuals)	Trail rents	£46,859	Meets obligations of HLF and other funders Provides free access to 25km of Trails for the public Supports initiatives to increase footfall to the Trails Centre, and car parking income	A £33K shortfall per annum. Even with the recent increase in car parking income, even with the 50% increase in car parking income in 2016/17 over the previous year, it is unlikely that the shortfall can be closed much beyond £25,000 p/a on the current approach Victim of success – the carpark is full on Parkrun days, and weekends during the school holidays Trail rents will increase with RPI, and the gap will widen The approach is entirely dependent upon car parking – a bad season will increase the shortfall	Retain the current approach whilst exploring other options Whilst there is a shortfall, this is balanced against previous acceptance of the costs and recognition of the public service provided in what is effectively a Country Park which benefits the public health and well-being. This is an excellent facility and one of which the Council should be proud.	
			Monitoring/management	£10,275				
			Marketing	£6,000				
			TOTAL	£63,134				
		Income (2016 actuals)	Lease income	£13,000	Keeps monitoring and management costs to a minimum Limited officer input/costs Costs are predictable with no expected call for further capital			
			Car parking	£17,033				
TOTAL	£30,033							
Shortfall	£33,101							
2. Current approach but easing marketing budget	As option 1, but remove the £6,000 marketing budget and rely on any marketing by the Tamar Adventures group, existing website and word of mouth.	Saving of £6,000 on the figures in option 1		Saves £6,000 Potential to piggy back on a level of advertising of the Trails by Tamar Adventures, TVAONB, WHS and TAVATA and some promotion by the new WHS Gateway Centre in Tavistock when it opens	Marketing by Tamar Adventures would promote their business and not the Tamar Trails in general Likely that this would lead to a significant loss in car parking income as less people would use the Tamar Adventures facilities and the Tamar Trails Likely some funds would be required to periodically update websites, etc	Do not cease marketing budget		
		3. Current approach but increasing marketing budget	As option 1, but invest additional funds in marketing. It is considered that £6,000 whilst very useful is insufficient to adequately market the offering to local people and the Plymouth market, particularly in the shoulder/off season and at quieter times of the week.	As option 1 but with additional marketing funds The marketing budget could be increased for example by £4,000 p/a for 2 years with a commitment to monitoring the impact of an increase in budget on the car parking income – if the car parking income does not respond (at least enough to cover the increase) then reduce the budget accordingly back to £6,000. This £4,000 could initially be covered by the Tamar Trails Repairs and Maintenance budget (of £5,000) which due to the relative newness of the infrastructure has largely been unused. If the £4,000 is making a return, then part of this income could be diverted into increasing the marketing budget line.		Would expect to lead to a related increase in footfall and associated car parking income Would enable marketing to target shoulder/off season, and the quieter times of the week/year. Increasing digital/social media marketing (e.g. Facebook ads, and blogging) which have been successful to date as a means of directly contacting potential customers to the local area and Plymouth, particularly in these shoulder seasons is considered a possible easy win.	The local key market (Plymouth and SW) is well targeted by promotional material in the main holiday seasons – extending the marketing geographically is likely to have limited benefit (particularly from traditional leaflet advertising). Digital/social media marketing requires continuity and regular updates/advertising - this is not a short term fix but would require sustaining to maximise footfall and income.	Increase the marketing budget by £4,000 to £10,000 p/a for 2 years monitor the impact of an increase in budget on the car parking income – if the car parking income does not respond (at least enough to cover the increase) then reduce the budget accordingly back to £6,000.
4. Create new car park on land outside of existing lease	Potential to gain another c.20 spaces.			Would require negotiation of a new lease with landowner. Initial request was for £25,000 p/a, which would include the area required for car park as well as large sheds on the periphery of the land.		Attractiveness of this option would depend on the annual rent. If low enough, then potential to cover costs in 8-10 years based on anticipated usage – potential to	Cost is currently prohibitive. Large sheds are not required by WDBC/Tamar Adventures currently (although some interest has been shown by Tamar Community Trust). May be difficult to	Explore further and consider investment if an acceptable sum can be negotiated with the
	There is an area of flat land							

	which would be suitable if a lease can be agreed for a reasonable sum. Currently the landowner wishes to include sheds on the periphery with the lease which are not of interest to the Council.	Capital cost of c.£5,000 to prepare carpark and install parking meter (there is a spare meter than can be reused) Estimated income in the region of £2-3,000 p/a from the additional spaces	negotiate with landowner, namely just for land for the car park without the sheds. Potential to explore options for use of the sheds and a sub-lease (e.g. with Tamar Community Trust for a Woodfuel project)	reach acceptable lease sum with landowner or separate the car park land from the sheds, as WDBC would be looking at a vastly smaller sum (annual rent on existing larger car park is £5K, so would expect c.£1,500max for just the land).	landowner without the sheds, or with a partner (e.g. Tamar Community Trust) if the sheds cannot be separated out of the offered lease
5. Extend car park into field behind the Centre	Potential to gain c.30 spaces by purchasing the lower strip of the field – could also create space for a play area and allow for some reconfiguration of the existing carpark (including more buildings to add to the existing offer)	Tenants in the Trails Centre (Tamar Adventures) have had preliminary discussions with respect to purchase/lease of the lower strip of the field (circa 1ha), with an anticipated purchase cost of £20-30,000. Capital costs ballpark of £30-50,000 for excavating, levelling and surface preparation. Estimated income of in the region of £2,000-£4,500 p/a from additional spaces	Would give sufficient space for catering for peak periods Gives some potential for Tamar Adventures to explore extensions/better use of space in existing carpark (e.g. if could alter access route into the carpark, and create a no-car area adjacent to existing Centre), which in turn may provide opportunities for additional income Would allow space for a play area	Potential to attract 50% of funds from Greater Dartmoor LEAF (although likely as part of a larger 'Active Tamar; project), but would require match funding. Could be a long payback on any investment Potential to maximise use of the new spaces would require further options to be realised (e.g. extension of the Trails Centre/Active Tamar project) Would require planning application (initial indications are positive) and some associated surveys (e.g. contaminated land)	Explore further and consider investment if acceptable sale/lease can be negotiated, and if external funding could be attracted
6. Create a play area adjacent to the Centre	This is an unrealised aspiration from the TVMHP. There is an area of space (referred to as the terrace) opposite the Trails Centre that lends itself to this purpose.	Requires planning (some costs with updating contaminated land surveys and possible remediation). Cost of play area circa £30-40,000. A deed of variation associated with the landowner lease allows for creation of a play area (on the terrace)	Makes offer more attractive to families (especially locals), and may increase likelihood of regular visits by local families (i.e. coffee and play) Some potential funding sources exist for this type of project (Greater Dartmoor LEAF, Tesco, landfill taxes)	Contaminated land Requires external funding (although possibly limited amounts if landfill tax funding is secured) Need to establish arrangements for funding, ownership and maintenance. Likely that Tamar Community Trust would apply for funds, with Tamar Adventures insuring and maintaining the equipment.	Seek to take this forward subject to sourcing external funding (either as stand-alone project or part of an 'Active Tamar' project)
7. Reconfigure Trails Centre	Remove internal wall, new fittings and fixtures, furniture. Incorporate a wood burner to assist with year round opening.	£25-30,000	More space for events/classes Makes better space of a currently underutilised room	Conflict with SLA re: education use of spare room (which entitles 100 days use a year by TVAONB for education purposes) Potential to attract 50% of funds from Greater Dartmoor LEAF (although likely as part of a larger 'Active Tamar' project), but would require match funding.	Largely dependent on Tamar Adventures aspiration and their seeking of Greater Dartmoor LEAF funds. Support development of the aspiration subject to detail.
8. Extend Trails Centre	Extend to incorporate larger kitchen, indoor and outdoor seating, and removing indoor meeting room. Create space to include a farm shop and retail, diversifying the offer.	£50-70,000	Ability to extend kitchen and cook more than a basic menu – enables evening events Enables more tables/seating for cafe Potentially creates more space for regular event/class bookings Would enable incorporation of a space for farm shop and retail potentially increasing regular visits and associated car parking	Potential to attract 50% of funds from Greater Dartmoor LEAF (although likely as part of a larger 'Active Tamar' project), but would require match funding. Conflict with SLA re: education use of spare room (which entitles 100 days use a year by TVAONB for education purposes) Reasonable to anticipate an increase in car parking income as a result, but unclear as to the quantum of this increase, or payback period.	Largely dependent on Tamar Adventures aspiration and their seeking of Greater Dartmoor LEAF funds. Support development of the aspiration subject to detail.

<p>9. Bring management and monitoring in-house/test the market</p>	<p>Management and monitoring of the Trails is currently undertaken by the Tamar Community Trust and is considered to be good value.</p> <p>A 3 year Management Agreement was signed at the start of 2017 with the TCT. At that time an exemption from Contract Procedure Rules was sought due to the value for money and quality of service over a commercial/in-house operator.</p>	<p>Currently £10,275 per annum.</p> <p>The market was last tested in 2013, at which time the TCT offered the best value and added benefit.</p> <p>Whilst it is considered unlikely that savings would be achieved (and any financial savings are likely to be offset by the lost added benefits the TCT bring) the market will be tested again at the end of the 3 year Management Agreement in 2020.</p>	<p>income</p> <p>Possibility of a small saving on the annual expenditure on management and maintenance</p>	<p>Likely to be a long payback</p> <p>Unlikely to be many/any suitable alternatives in the commercial sector or in-house that can provide same package (include tree work and survey, day to day problem resolution with public and landowners, utilisation of volunteer workforce for maintenance of trails and vegetation)</p>	<p>Test the market at the end of the 3 year Management Agreement with the TCT.</p>
<p>10. Divest the Council interest to another body</p>	<p>Divest full responsibilities to another commercial or charitable body, e.g. Tamar Community Trust, Tamar Adventures, South West Lakes Trust, Woodland Trust.</p> <p>Such a body would receive income from car-parking and leases, but would take on all responsibility for leases, management and maintenance, and obligations under the HLF contract.</p>	<p>The Heritage Lottery Fund requires maintenance of public access to the Tamar Trails for the term of the 25 year contract and maintenance of infrastructure for 10 years.</p> <p>The HLF do not specify/scale of repayments, and do not generalise on reasons for repayment/non repayment, instead retaining discretion to decide in any given circumstances. The contract specifies that the HLF may not see fit to claw back funds if a new owner/organisation enters into an agreement with the HLF on suitable term (clearly these terms would need to secure the same length of public access as existing, and maintenance arrangements).</p> <p>There would be significant legal costs relating to seeking to break the existing leases, and significant officer time/costs in seeking to negotiate with the HLF (and other funders), landowners, tenants, and any commercial or charitable body that might take on the operation.</p>	<p>Whilst there would be significant (unknown) short term costs, this option could offer a long term saving (dependent on the size of the short term outlay/any clawback)</p> <p>An external operator may be able to devote more time and resource to making the Trails a success than the Council is currently able to devote</p> <p>An external operator already operating similar such enterprises may benefit from economies of scale</p>	<p>Given the clear financial shortfall and limited ability to raise additional income with significant investment it is considered interest from other bodies would be low/non-existent (unless the Council offered significant financial incentive).</p> <p>The HLF may not accept an alternative approach and may seek to clawback funds from the Council</p> <p>The staff time required to explore and/or facilitate such an option would be unachievable without additional resource, or contracting in outside assistance.</p> <p>Landowners are unlikely to accept such proposals unless they are remunerated by the Council (and at the very least, the legal costs covered by the Council).</p> <p>The Council loses any control over the future direction of the resource (and indeed the possibility of making an income should the Trails be turned into a profit-making enterprise)</p> <p>The Trails could become increasingly commercialised at the expense of the enjoyment by local people and visitors</p> <p>Operation by another body carries risk, not least in the abilities of the body to manage a complex recreational resource, bankrolling the project in the long term, and the threat of other bodies failing/going bankrupt and the implications on the Trails offering.</p>	<p>Do not follow this approach</p>
<p>11. Major attraction</p>	<p>Create a major attraction, e.g. a railed toboggan run, or zip wire/flying fox across the</p>	<p>£500,000+</p> <p>Would require purchase and subsequent leases of</p>	<p>Would lead to significant increases in footfall, could market as a regional attraction</p>	<p>Requires major investment. Main funders will require match funding</p>	<p>Monitor and support aspiration subject to detail</p>

	Valley.	land (Tamar Adventures would look to lease land from new landowner). Would require planning with associated costs for supporting surveys, design, etc.	Scope to justify an increase in parking charges if the 'offer' was significantly improved	Any investment has a long period of payback Would require significantly bigger carpark and supporting infrastructure (i.e. extended Trails Centre) Possible saturation of market with similar attractions (e.g. Eden project zip wire, Haldon, Adrenalin Quarry near Liskeard) Planning may not be straightforward	
12. Create a cross country mountain bike track/s	Create a cross country mountain bike track/s similar to those at Haldon, Landhydrock and Plym Valley	Basic trail creation estimated at £25/metre (plus materials) Likely to require minimum of 3km trail, but preferably longer/several. c.£75,000 per 3km trail Volunteer input could reduce costs (e.g. approach undertaken at Gawton Gravity Hub) Lease costs typically £1/meter.	Capitalises on the popularity of cross-country mountain biking Varies the offer at the Trails Centre, particularly in tandem with Gawton Gravity Hub and the rest of the Trails network, with potential to significantly increase visitor numbers (if quality of trail/s is good enough) Scope to justify an increase in parking charges if the 'offer' was significantly improved	Potential to attract 50% of funds from Greater Dartmoor LEAF (although likely as part of a larger project), but would require match funding. Would require new lease arrangements (c.£1/meter) Success depends entirely on quality of the route and surfacing – word of mouth quickly erodes reputation. Variety of routes also useful and more routes increases costs	Explore further and consider investment subject to detail
13. Increase regularity of events on the Trails	Attract and secure events on the Trails (e.g. off-road running/cycling races) It would appear that there are commercial race organisers actively seeking new courses for races/obstacle events.	Income would be dependent on the scale of the event/race (and a fee per race dependent on scale could be established), however an option which seems common is taking a cut of the racers entry fee (e.g. £2) towards upkeep of the site. This would seem a reasonable and fair approach which would be proportionate with the size/impact of an event/race. It would also be easily promoted, and understood by organiser enquiring about holding an event. Income from permitting events is currently an unknown and requires market testing and research. The cost of marketing events would be down to the organiser, and there would be limited anticipated additional costs to the Council.	Raises profile of Trails Regular events would increase car parking income as well as any fees from the races themselves There is some appetite amongst existing tenants of the Trails Centre to develop this offering, and potentially resource to take it forward quickly The Trails offer much that would be attractive to races/events – namely the challenging nature of the hills and terrain, multi-use nature (cycling/running) of the trails, vicinity to the River Tamar (potential to explore use of the water as part of races) , and all of the Trails being under one 'owner' (sofar as the Council holds all the leases for the Trails)	Such use is not expressly noted (or prohibited) within the existing leases. WDBC lease the trails for use by members of the public for walking/cycling/horse riding. Charging for events would require further legal consideration with respect to acceptability under existing leases however initial indication is positive Any events/races would bring additional car parking income Attracting and securing events/races is time consuming and WDBC do not have officer capacity to facilitate. Would rely on Tamar Adventures staff or their partners, e.g. Tamar Trails Runners (who accordingly might expect part of any income) Hosting events/races on the Trails would need to be balanced against general public access, which would need to be maintained and managed. Large races/events may not be well received by the general public/locals Size of the carpark would severely limit the capacity for large races/events.	Explore further including the approach with respect the current leases and landowner views, and to market testing and recommending appropriate fees.
14. Vary carpark charges	Parking charges are currently £1 for up to 2 hours and £2 all day (£4 all day for a horsebox). These charges	Options include increasing the 2 hour and all day rates, or introducing an hourly charge. Any changes would require 2 rounds of Amendment	Potential to take a higher fee, particularly from those staying all day or for 1 hour	Would drive people to stay for shorter periods, having an impact on the tenant at the Tamar Trails Centre in terms of activity bookings and café takings (and accordingly would be	Do not vary carpark charges at present

	<p>were introduced by way of an amended order in April 2013. £2 all day parking is consistent with most WDBC carparks.</p>	<p>Order adverts in the local press, and consultation, along with reports to Committees, with related costs and officer time</p> <p>Haldon Forest charges are £3 for up to 2 hours, £4 over 2 hours at peak times, and £2 for up to 2 hours, and £3 over 2 hours off peak.</p> <p>Lanhydrock charges £1 for 1 hour, £3 all day</p>		<p>contested)</p> <p>Unlikely that any alternative approach to pricing structure could result in any significantly higher takings</p> <p>Any variance of existing charges would be inconsistent with approach at other WDBC carparks</p> <p>Regular visitors may choose to undertake their recreation elsewhere if cost is prohibitive</p> <p>Compared to other sites offering recreational routes, existing parking charges are reasonable considering the package on offer</p>	
<p>15. Cease to maintain infrastructure after 10 years</p>	<p>The Heritage Lottery Fund contract requires funded infrastructure to be maintained for a minimum of 10 years (in accordance with the Trails Management Plan). The Council could cease maintenance of HLF funded infrastructure after 10 years.</p> <p>However, it must be noted that this is not considered to be a viable option as each of the nine 30 year leases makes a legal obligation on WDBC to maintain infrastructure to a good standard of repair (signage, interpretation, fencing, trees adjacent to paths, car park surfacing, paths themselves).</p>	<p>In theory this could lead to a saving of £10,275 p/a on monitoring and management (currently undertaken by Tamar Community Trust), and £5,000 p/a on repairs and maintenance.</p> <p>However, doing so would contravene obligations upon WDBC under the leases it holds with landowners to maintain infrastructure</p>	<p>None (there is no perceived potential saving of £15,275 p/a given that there are still obligations under the leases)</p> <p>Commercial deal – capital payment – negotiation – no right.</p> <p>Stop paying get taking court</p>	<p>Regardless of the HLF contract and that clawback would be unlikely to result as long as infrastructure was maintained for 10 years, the HLF contract requires the Council to maintain the 30 year leases.</p> <p>Each of the nine 30 year leases (signed between 2007 and 2012) requires ties WDBC into maintenance of infrastructure to a good standard of repair (signage, interpretation, fencing, trees adjacent to paths, car park surfacing, paths themselves)</p> <p>There are no early termination or break clauses built into the leases. Accordingly it is not considered that there is any realistic prospect of either ceasing or renegotiating the leases and avoiding ongoing maintenance of infrastructure for 30 years. WDBC can seek to renegotiate leases (which would require significant one off sums to terminate a lease), however landowners are under no obligation to accept, and any loss of public access would risk HLF clawback (HLF grant was £2.5m), and potentially clawback from other funders. Ceasing payments relating to a lease would result in legal action.</p> <p>Lack of maintenance of infrastructure would increase potential liabilities, and risk of requirements for substantial and costly repairs</p> <p>Public relations disaster – this facility is well used by locals and visitors for recreating and appreciating the Mining Heritage Landscape</p> <p>This option is likely to be very strongly opposed by previous and current partners on this project</p>	<p>Do not follow this option</p>

				<p>(including. Cornwall Council, Devon County Council, Devon Renaissance, Tamar Community Trust)</p> <p>HLF may prove unwilling to continue to invest in the area and with these partners if the Council can't be seen to sustain the existing investments and agreements. E.g. potential impact on THI and Guildhall, and the TAMARA Landscape Partnership bid (phase 1 £250,000, Phase 2 c.£2m)</p>	
<p>16. Cease involvement with Tamar Trails</p>	<p>The Heritage Lottery Fund requires maintenance of public access to the Tamar Trails for the term of the 25 year contract. The Council could attempt to cease involvement with the Trails before the 25 years expire.</p> <p>(DCC are also signatories to the HLF contract, but not the leases)</p>	<p>In theory this could save the council c.£63,000 p/a in expenditure (with lost income of c.£30,000 p/a), a saving of some £33,000 p/a however, ceasing involvement would result in breaching the HLF contract. The contract permits the HLF to clawback funds paid if the signatories (WDBC and DCC) fail to keep to any of the terms of the contract.</p> <p>Whilst the HLF do not specify/scale of repayments, and do not generalise on reasons for repayment/non repayment, instead retaining discretion to decide in any given circumstances, however there would seem little prospect of justifying reasons if such an option was followed as to why a severe clawback should not apply. The HLF will seek to protect access for the public to infrastructure it has funded, and is unlikely to look kindly upon attempts to vary/cease the contract without a sound reason.</p>	<p>Potential saving of £33,000 p/a</p>	<p>Potential clawback of up to £2.5m</p> <p>Potential clawback from other funders (SWRDA, Devon Renaissance) – likelihood of clawback from these funders has not been explored.</p> <p>As for option 13, each of the nine lease also ties WDBC into maintenance of infrastructure for 30 years. There is no early termination/break clause and accordingly seeking to break these leases will require substantial sums to settle with landowners (which they are not obliged to accept), or may result in legal action if payments are ceased.</p> <p>Public relations disaster - this facility is well used by locals and visitors for recreating and appreciating the Mining Heritage Landscape</p> <p>This option is likely to be very strongly opposed by previous and current partners on this project (including. Cornwall Council, Devon County Council, Devon Renaissance, Tamar Community Trust).</p> <p>HLF may prove unwilling to continue to invest in the area and with these partners if the Council can't be seen to sustain the existing investments and agreements. E.g. potential impact on THI and Guildhall, and the TAMARA Landscape Partnership bid (phase 1 £250,000, Phase 2 c.£2m)</p>	<p>Do not follow this option</p>

NB – Options are not considered as exclusive – some options could be grouped (e.g. under an ‘Active Tamar’ project to include any/all of Options 5,6,7, 8 and 11)

Report to: **West Devon Hub Committee**

Date: **18th July 2017**

Title: **Events Policy Adoption**

Portfolio Area: **Cllr Robert Sampson, Commercial Services**

Wards Affected: **All**

Approval and clearance obtained: **Yes**

Urgent Decision: **No**

Date next steps can be taken: **After Full Council, 25th July 2017**

Author: **Darren Arulvasagam** Role: **Business Development Group Manager**

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Recommendations: That the Hub RECOMMEND to Council:

1. To approve the proposed policy as detailed in Appendix 1, subject to minor wording changes as delegated to the Group Manager, Commercial Services in consultation with the portfolio holder.
2. Once live, the policy is reviewed annually and the fees levied are reviewed as part of the regular WDBC fee & charge setting process

1. Executive summary

- 1.1. A review has taken place regarding the running of events held on Council owned land within West Devon and the South Hams.
- 1.2. This review included two public consultations. This report recommends that a revised policy, if approved, will come into effect from 1st April 2018.
- 1.3. The key change sees the new policy being applied consistently. The new policy is not designed to generate profit for the Council, instead it is designed to remove ambiguity and ensure that officers can more easily support event organisers by having a clear policy and charging regime to follow.
- 1.4. The administration fee for all confirmed event bookings is to be increased to £55 from its current £50 fee. This fee will apply to all event bookings and is non-negotiable.
- 1.5. Charges for the hire of any event land (other than when the right to hold the event is awarded via a tender process) are to be removed.

- 1.6. If a car park is required to be closed to enable the running of an event, then at the discretion of the Car Parks Senior Specialist, a fee equivalent to the estimated lost car park income will be levied where this can be justified based on historical data. Where it can be proved that additional car parking space is available within the town or parish despite the event being held, then no loss of parking charge will be made. For illustrative purposes only, an example of how this would be calculated is shown in appendix 2.

2. **Background**

- 2.1. The South Hams District Council Overview and Scrutiny panel recommended at its meeting on 19th November 2015 that a Member task and finish group was set up to review the events policy of the Council.
- 2.2. At the outset, Council officers discussed the issues and scope of the review with the relevant WDBC portfolio holder and agreed that formal involvement by WDBC in the review was unnecessary. This was due to the small number of events being held on WDBC owned land in comparison with those held on SHDC land. However, it was agreed that any public consultation would extend to WDBC event organisers and Members would input and review any review outputs prior to recommending adoption of a revised policy.
- 2.3. There is no specific events policy currently – a booking form is the only ‘policy’ in existence and this has led to deviations and inconsistencies in applying the current charging methodology. This issue has historically applied more in SHDC, but to help with consistency, it is recommended that WDBC adopt the same policy going forward.
- 2.4. A series of meetings between the Members and key officers were held. Two consultations with the public have also been undertaken, the first between June and August 2016, the second between March and April 2017. West Devon Members, West Devon Town and Parish Councils and past users of the West Devon land to hold events were all included in the consultations.
- 2.5. Based on the views of the majority of the Task & Finish Group, a set of guiding principles on which to base a new events policy were drawn up and these were agreed by the West Devon portfolio holders for Commercial Services and the Environment, along with the SHDC Overview and Scrutiny Panel in February 2017.
- 2.6. These principles were converted into a guide and policy document, which was circulated to all of the respondents to the first events consultation, along with all Members, town and parish councils and chambers of commerce in March 2017.
- 2.7. Overall, 10 responses were received. The chair of the SHDC Task & Finish group carefully considered the comments received but on balance, decided to keep the policy as drafted.

3. Outcomes / Outputs

- 3.1. The events task and finish group have concluded their investigation into the events process and policy. After two public consultations and with the assistance of the WDBC portfolio holder, they have now prepared a guide and policy document which they recommend is adopted for April 1st, 2018. This policy looks to remove ambiguity, inequality and inconsistency within the current operational arrangements. For information, the proposed policy was agreed by the SHDC Executive on 29th June 2017.
- 3.2. The changes from the current 'policy' and arrangements are as were agreed by the WDBC portfolio holder in February 2017. These are detailed below for reference:
 - 3.2.1. The administration fee for each confirmed event booking is to be increased to £55 from £50. This fee will apply to all event bookings and is now to be non-negotiable.
 - 3.2.2. No charge will be made for the hire of any event land (other than when the right to hold the event is awarded via a tender process).
 - 3.2.3. If a car park is required to be closed to enable the running of an event, then at the discretion of the Car Parks Senior Specialist, a fee for opportunity cost of lost car park income will be levied where this can be justified based on historical data. Where it can be proved that additional car parking space is available within the town or parish despite the event being held, then no loss of parking charge will be made. For illustrative purposes only, an example of how this would be calculated is shown in appendix 2.
- 3.3. Once set, the fees levied are to be reviewed as part of the annual fees and charges process. The policy should also be reviewed on an annual basis.
- 3.4. If approved by the Hub & Council, the policy will come into effect from 1st April 2018. However, it will be published and circulated to all prior event organisers & consultation respondents as soon as possible (as they may wish to be aware of the new policy ahead of their decision making for 2018/19 events).
- 3.5. On page 7 of Appendix 1, the new policy refers to the need for all waste created by an event to be removed by a registered waste carrier. Members should note that this will only be enforced by officers where it is felt there could be a breach of the Commercial Waste Regulations.
- 3.6. On page 11 of Appendix 1, the new policy refers to Food Hygiene requirements for any persons handling food. Members should note that this will only be enforced by officers where it is felt there is a serious risk to public safety.
- 3.7. The Council is not looking to make a profit from events and in any case, is precluded from doing so under Government legislation and Local Authority powers.

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

- 4.1. This review was intended to improve the events process and proposed a suitable charging methodology. The Hub could opt to leave the current events process as is. However, this would leave room for inconsistencies in the application of the current 'policy' which is effectively only a booking form.
- 4.2. The review included public consultation. This was held twice, between June and August 2016 for the original guiding principles and in March/April 2017 for the revised guiding principles and policy. This was promoted via the Council's website, elected Members, press coverage and proactive contact with previous event organisers / consultees / chambers of commerce / town and parish Councils. Across both Councils, 26 responses (5 from West Devon) were received during the first period and 10 during the second (0 from West Devon).
- 4.3. The consultation responses were carefully reviewed before compiling the guide and policy shown in Appendix 1.
- 4.4. The subject of charging for events is highly emotive. The review has sought to achieve a practical solution which will limit impact on all groups, but which will achieve the aims of the Council to be consistent and fair in its dealings with event organisers.

5. **Proposed Way Forward**

- 5.1. Hub Committee are requested to approve the recommendations highlighted in this report and the appended guide and policy document (Appendix 1).
- 5.2. If required, the Group Manager, Commercial Services, in consultation with officers & the portfolio holder for Commercial Services will make minor amendments to the document shown in Appendix 1 and publish the policy as soon as possible. If approved, the new policy will come into effect from 1st April 2018, but changes to the application process to accommodate the new policy will also be made as soon as possible, in order for 2018/19 bookings to be made online.
- 5.3. Officers will ensure that the proposed fees and charges detailed in the new policy will be reviewed as part of the wider annual WDBC fee & charge setting process, scrutinised by the Overview & Scrutiny committee.

6. **Implications**

Implications	Relevant to proposals	Details and proposed measures to address
Legal / Governance	Y	The proposed policy has been built around recommendations approved by the SHDC Overview & Scrutiny Panel and WDBC portfolio holders in February 2017. The Council cannot derive a profit from fees and charges. The approach presented in this report is for the Council to recover its costs.
Financial	Y	The new events policy will remove some previous inconsistency in application of fees, making it simpler

		operationally to administer. The aim of the events policy is not to make a profit from events and therefore there will be a negligible impact on the Council's financial position.
Risk	Y	<p>A public consultation has been undertaken to aid the review of the Council's events policy. This was held in two stages - between June and August 2016 & March/April 2017. It was promoted by the Council's website, elected members, press coverage and proactive contact with previous event organisers, town and parish councils and chambers of commerce.</p> <p>Overall, 36 responses (5 from West Devon) were received. Officers in consultation with portfolio leads from both Councils and the SHDC Task & Finish group reviewed these responses before compiling the recommendations contained in this report and the proposed guide and policy.</p> <p>The subject of charging for events is highly emotive and the group members have sought to achieve a practical solution which will limit impact on all groups, but which will achieve the aims of the Council to be consistent and fair in its dealings with event organisers.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/A
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A
Other implications	N	N/A

Supporting Information

Appendices:

Appendix 1: A guide and policy to organising outdoor events in the South Hams and West Devon

Appendix 2: Example of how lost income from car parks would be calculated. *Note, this is shown for illustrative purposes only and this example is based on SHDC car parks.*

Background Papers: None

Approval and clearance of report

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

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A Guide and policy for Organising
Outdoor Events
in the South Hams or West Devon



Page 197





Welcome

This document has been produced to help you with organising your event, and highlights some of your responsibilities, so that you are prepared and your event is successful.

We also recommend that you review the information published by the Health and Safety Executive (HSE). This is available at www.hse.gov.uk.

We're here to help, and we look forward to working with you.

Planning your event

Points to consider

It will help you to be clear about why you are holding the event.

- What do you most want to achieve?
- This will help you decide what your event should be ... a concert, a fun day, or something else?

Page 199

You also need to know who your audience is.

Remember your audience / attendees when making decisions.

- What will they need and want?
- Given these things, when would it be best to hold your event?
- How can you keep them safe?

Once you have determined these early details you should then look at venues.

- Consider the timing and duration of your event.
- When are your attendees most likely to arrive?
- Is your venue easy to get to?
- Is nearby car parking suitable?
- Is the event free or ticketed?
- How will tickets be sold or booked?

Try contacting someone with experience in running your type of event for tips and advice. We can help point you in the right direction.

We are here to help and, depending on the content of your event, we may ask other colleagues to offer advice, for example an Environmental Health Specialist or a Devon County Council colleague.

If you choose to consult with the Safety Advisory Group (SAG), please remember to allow enough time for all aspects of your event to be properly considered. Depending on the scale and type of

your event, you may want to think about submitting your plans up to a year in advance so that delegates have time to refer to their respective Authorities to make sure that any issues can be properly resolved before the event.

Allow time for the statutory authorities, e.g. police, fire, ambulance services, to consider their input to your event.

Always remember your budget, as costs can quickly rise. Make sure you have considered:

- Cost of venue (if event is in an off-street car park)
- Licence fees
- Security, health and safety costs
- Welfare (including toilets and first aid)
- Public Liability Insurance
- Production and entertainment costs
- Marketing and publicity
- Policing costs
- Miscellaneous costs (including transport, fuel, hazard tape, utilities and signs).

Your event management team

Page 200

The Safety Advisory Group (SAG) has delegates from the Police, Fire Brigade, the NHS, the South West Ambulance Service, Devon County Highways, Dartmoor National Park, Maritime Coastguard Agency, and neighbouring Local Authorities. Each will review your event management plan to ensure that they are happy with your proposal. In particular, the SAG will consider the likely impact that your event may have on the surrounding area and on the local community in the area.

Case Managers

Will deal with all initial enquiries and process your application. They will also be able to answer questions and queries.

Senior Specialists

Our Events Senior Specialist chairs the SAG and will offer advice and support, and will meet at your event venue if necessary. Our Car Parks Senior Specialist will offer advice and support in respect of events in car parks, in addition to considering whether an additional fee is payable.



Environment Services Manager

Will oversee the process and ensure that the Council supports you where we can with your event.

Commercial Services Team Leaders

Will be able to offer advice in respect of waste generated by your event and offer a service for dealing with this, should this be required.



Fees and payments

There is a standard administration fee payable for each event of **£55**.

Page 201 This is a non-negotiable one-off charge to process each application. The use of Council land is provided free of charge, on the basis that no damage or loss occurs as a result of your event.

An exception to this may be if an event is held in a Pay & Display car park, where the estimated loss of income would also be charged, and you will need to contact us to discuss this as the amount varies depending on location and time of year. If it is considered that neighbouring car parks within the same town or parish have the capacity to deal with the lost car parking space (based on recent historical data), this fee may be waived but this is entirely at the discretion of the Car Parks Senior Specialist.

If an event does not require a Pay & Display car park to be closed to the public and there is no reduction in the number of parking spaces available, no fee relating to lost car park income will be charged.

If a licence is required for the event, the Council's licensing policy must be followed and the appropriate fees paid.

If a formal occupancy licence is required for Council land / premises, the Council reserves the right to charge in order to cover its costs. Licences are required where the scale or location of the event increases the risk profile of the event. Applicants will be told if an occupancy licence is required upon making an event booking enquiry.

Please note that applications cannot be processed without the correct application fee. All fees and charges can be paid by card on our website.



Site preparation and event management



For all events there must be plenty of space for the public to move around and have clear routes to exits for public safety purposes. There must be suitable lighting through the site, including emergency lighting if the event is planned to go on after dark.

Make sure that there are enough stewards on the day to support in the smooth running of the event. These people need to be readily identifiable in hi-vis. They need to be fully briefed on the event and familiar with the emergency and safeguarding procedures, site layout, and event timetable. They need to be able to communicate easily with the event organiser and vice versa.

Please ensure that, outside of your event, access to footpaths, cycle routes and roads is not hampered.

Provision of sanitary facilities

You will need to provide an adequate number, and types, of toilets for the number of people expected, including provision for people with disabilities. You will need to source and book your own temporary units for your event. Arrange for all the toilets to be serviced regularly to keep them fully operational, clean and hygienic throughout the event.

If your event is close to South Hams District Council (SHDC) or West Devon Borough Council (WDBC) charged public toilet facilities, we may be able to switch the charging mechanism off the length of your event, but please contact us to discuss.

Please provide directional signs to indicate the location of the toilets and provide suitable lighting if necessary.

People with disabilities

You are positively encouraged to provide facilities to enable people with disabilities to gain access, see and take part in your event. Make sure that the ground conditions in the public areas and access pathways are suitable for people with poor mobility and any carers, as well as families with pushchairs. We can provide advice and guidance on how to make your event more accessible.

Information point

For larger events, please provide a location where enquiries can be made about lost children, lost property and for information about the event.

Energy

We are unable to provide energy for your event so, if this is a requirement, please ensure that you arrange to hire an appropriate generator.

On the day of your event

Establish a control point which will act as a main base from which to manage the event, to monitor and direct resources as needed.

Check the weather forecast, test your communications and make sure that any contracted services (such as public toilets) are in place.

An officer from the Council may attend your event to make sure that health and safety requirements are being met.

Managing waste

As an event organiser it is your responsibility to make sure that an appropriate Waste Management Plan is put in place for your event. This will make sure that the venue you have chosen is left in the same condition as when you took over the site. Photographic evidence will be used to confirm standards.

Look after our environment: Please try to limit the waste created by your event. e.g. Wherever possible, ensure that recyclable takeaway food & drink containers are used.

You will need to provide a suitable number of rubbish and recycling bins. Make arrangements to make sure that bins are regularly emptied and that waste is disposed of responsibly. If you are planning a large event, we would recommend that you

employ a waste management company to make sure that all waste is dealt with appropriately and to reduce the risks and concerns linked with waste build-up, collection and final disposal. It is your responsibility to make sure that any waste removed from the event site is done so by a registered waste carrier.

If you would like the Council to manage the waste for your event, please contact one of our Commercial Services Team Leaders to discuss further.

Bouncy Castles & Other Inflatables

All inflatables (bouncy castles, etc.) to be located on Council land / premises must be PIPA, BIHA or ADIPS registered with a minimum of £5m Public Liability Insurance cover.

After the event

It is your responsibility to make sure that the venue you have chosen is left in the same condition as when you took over the site. For example, any damage caused to the ground must be restored.

If land / premises booked for an event are not left as they were found, then the Council reserves the right to carry out remedial works at its own cost and recover these costs from the event organiser. Event organisers will be given 5 working days after an event, to carry out any remedial works before the Council completes these works. Photographic evidence will be used to confirm standards and services provided.



Insurance

Public Liability Insurance (PLI)

Event organisers could be held legally liable for the costs or damages for any injuries which may occur during the event. You must be insured against this risk via a Public Liability Insurance (PLI) policy.

It is a requirement of the Council that this be arranged with a minimum limit of indemnity of £5 million. In many instances a greater level of cover may be needed, especially for large events. This insurance must cover the whole period of the event from start to finish. If you do not have this cover any claim could be made against all the organisers and their private finances. The Council reserves the right to insist on a higher indemnity limit if the nature of the event makes that appropriate. The £5 million is also unlimited in terms of multiple events.

You should also consider other forms of insurance for the event; for example an all risk cover against damage to the venue or against bad weather causing financial loss or event cancellation. We will require copies of your insurance documents.

Contractors Insurance

If you are using a specialist contractor you should check that the contractor has their own PLI and that the contractor complies with any policy terms and conditions. If necessary, ask to see a copy of their policy. We may also require a copy.

Insurance claims

It is essential for event organisers to have an accident reporting system. In the event of any injury or damage to property, full details of the incident must be written down, and the matter must be reported to your insurers without delay.

Be prepared!

On event day, in case of an emergency, the event organiser is solely responsible for removing **ANY** obstructions **IMMEDIATELY**. In addition to carrying out risk assessments in advance of and on the day of the event, you must also consider what could go wrong on the day and draw up a back-up plan to deal with each emergency or possibility.

This written plan should include details of what you intend to do in the event of an emergency such as fire, accident, crowd disturbance, bomb scare, harmful or bad weather, the need to evacuate the site etc.

It is extremely important that your back-up plan is discussed and agreed with all the emergency service, and that they are given a copy of the finished plan.

Council discretion

Consultation with Parish, Town or elected Ward Members will be conducted for major events. The final decision on whether an event on Council land / premises goes ahead rests solely with Council officers in agreement with the Member-approved events policy.

The following activities, which are considered potentially to be 'events', are **not permitted** to take place on Council land / premises:

- ◆ Party political activities
- ◆ Circuses with animals
- ◆ Any other activities which, at the sole discretion of the Council, are considered to be:
 - ◆ unlawful
 - ◆ extremist
 - ◆ likely to cause a legal nuisance
 - ◆ likely to cause offence to members of the public or have any element that might be abusive, racist, sexist, or otherwise insensitive to others
 - ◆ capable of bringing the Council into disrepute

If there is any doubt as to whether an event should be authorised on Council land / premises, the final decision will be made by a member of the Council's Leadership team in consultation with the Council's Monitoring Officer and the applicable Ward member(s). The Council reserves the right to refuse event bookings to organisers.

The Council reserves the right to require event organisers, traders and exhibitors to withdraw any goods from sale which it considers may cause a nuisance, an offence or which represent a serious hazard including, but not exclusively: firecrackers, toy weapons, knives, BB guns, Chinese lanterns or air guns.

Event application process

The South Hams and West Devon Events team helps facilitate events in open spaces across both areas. The team is professional, friendly and experienced, and can guide you through the process. We are here to make sure that you follow all legal and statutory requirements and are aware of the lead-in times to deliver an event that is safe and successful.

Page 205 South Hams and West Devon Safety Advisory Groups (SAG)

We have a Safety Advisory Group (SAG) which is chaired by our Events Senior Specialist, and attended and supported by all local emergency blue light services. The SAG meets routinely twice a year pre and post season and will meet specifically with organisers of larger events as necessary. The Events Senior Specialist and the Environment Services Manager will also offer support and advice on request.

All event organisers who notify the Council of their intended event are welcome to ask for advice from the SAG or any of its delegates, through the chair. An invitation can be extended to attend a SAG meeting, although this is not a statutory obligation.

The purpose of the SAG and its members is to offer guidance in order to help event organisers release their responsibilities for safety, certain areas of health and safety, and licensing legislation. The SAG cannot accept or adopt any of the responsibilities of event organisers nor accept the risk of any event.

Our events application form is on our website



website link here

All events will be assessed on the details given in the application form so it is important that this contains as much relevant information as possible. Our Case Managers will help guide you through this process and may ask for additional information if needed.

When you have completed the application form, please email it to us.

Event organiser obligations and undertakings

By holding an event on Council land / premises, the event organiser agrees:

1. Not to use or permit broadcasting or amplifying equipment to be used during an event on Council land / premises without prior Council permission.
2. To consider relevant safeguarding implications as discussed on page 12 of this guide.
3. The Council will not be liable nor responsible if the event is cancelled or shortened for any reason. The Council always hold the right to postpone an event due to severe weather or waterlogging and will give event organisers the maximum possible amount of advance notice.
4. All payments in connection with an event are non-refundable if the event is cancelled or postponed within 28 days of the event date. Where possible, cancelled or postponed bookings can be rearranged to alternative dates.
5. Receipt of an application and payment of applicable fees for an event does not mean the Council has accepted an event booking. Applicants will receive written confirmation that permission has been granted to use Council land or premises. At the Council's discretion, any fees paid will be refunded if an application is refused.

6. Event bookings must be submitted a minimum of 28 days prior to the event date. Only in exceptional circumstances will consideration be given to applications submitted with less than 28 days' notice.
7. The Council will not provide a park and ride service for events (other than where such a service already exists).
8. The Council will not provide access to utilities (telecoms / gas / electricity / water / sewage) for events taking place on its land.
9. Where events are held across land in multiple ownership, the Council will, when appropriate, consult with the neighbouring land / premises owners before accepting an event booking.
10. The data controller is the Council. The information supplied in connection with any event booking may be shared with all relevant services of the Council, the emergency services and other regulatory bodies unless such sharing of information is prohibited by statutory instrument.
11. If you require use of Council land or premises for filming or photo purposes – please contact the **Communications Office** for further information.

The Communications Office

Tel: 01803 861368

E-mail: communications@swdevon.gov.uk

Licensing information and compliance

Temporary Events Notice (TEN)

Under the Licensing Act 2003 various types of event require specific licensing to be in place – under what is called a Temporary Events Notice (TEN). Organisers are responsible for making sure that all necessary notices are obtained and that no illegal event takes place on the land. As a general guide you will have to obtain a Temporary Event Notice if your event is of the following nature:

- ◆ Retail sales of alcohol
- ◆ Performance of dance
- ◆ Provision of late night refreshment (hot food and drink) after 23:00 hours
- ◆ Provision of facilities for making music
- ◆ Boxing or wrestling for entertainment
- ◆ Provision of facilities for dancing
- ◆ Performance of live music
- ◆ Exhibition of a film
- ◆ Performance of recording music

To obtain a Temporary Event Notice or for further information refer to:

<http://southhams.gov.uk/article/1739/Temporary-Event-Notice-TEN> or www.westdevon.gov.uk/article/2666/Temporary-Event-Notice-TEN

The responsibility lies with the event organiser to submit the necessary Temporary Event Notice at least 10 working days before the event takes place accompanied with the relevant documentation.

Please Note – Royal Avenue Gardens in Dartmouth is covered by a Premises License – therefore submission of a Temporary Events Notice will not be required for this area only.

Music Performance License

It is a legal requirement for events containing music to ensure that the appropriate license is obtained for permission to use copyright music on behalf of the publishers. Please contact Performing Rights Society on 0800 068 4828 / musiclicence@prsformusic.com or visit www.prsformusic.com

Health & safety

Event organisers should undertake a risk assessment to calculate hazards which might rise during the event and plan procedures to reduce any risk. Organisers are also responsible for making sure that all activities meet the requirements of the Health and Safety at Work Act 1974 and all other relevant Health & Safety Legislation. You will need to submit a written Risk Assessment to accompany your Event Booking.

If you need advice please see the Purple Event Guide (www.thepurpleguide.co.uk) or the information contained on www.hse.gov.uk. In the case of visiting fairs (and other events where relevant), the Council will need to be satisfied that health and safety standards are met before the event is opened to the public.

Police Presence

Where the presence of police or ambulance at an event is wanted or necessary, it is the responsibility of the Organiser to arrange it, and to pay any charge made for this service. Guidance on the involvement of the police can be found at:

www.devon-cornwall.police.uk/YourRightInformation/FreedomInformation/Pages/Feesandcharges.aspx

Traffic Management

Both the event and traffic management of the event is the responsibility of the event organiser. Early contact with Devon County Council will help to deliver a successful event for the organisers and visitors and will reduce disruption to the local community and travelling public.

Therefore, if your event is likely to impact on the free flow of traffic on any highway, you must register your event with Devon County Council, who will communicate with the local police Traffic

Management and Road Casualty Reduction Officer. Devon County Council (DCC) will require at least 56 days' notice of the event. Please contact DCC on 0845 155 1004 or visit their website at:

www.devon.gov.uk/index/transport/roads/road_licences/eventaffectinghighway.htm

Please note there will be additional charges for road licenses/ police presence if needed.

What other issues need to be considered and addressed?

Noise Levels

Organisers of events must make sure that the activity will not cause major disturbance or nuisance to those living nearby. In particular, events involving amplified music or speech, the use of generators or plant, or those which will continue late into the evening must be carefully monitored and controlled. Where such events are planned, discussions with the Council's Environmental Health Service well in advance of the event is recommended. Further information can be found at:

www.westdevon.gov.uk/article/2333/Environmental-Health--Licensing and www.southhams.gov.uk/article/3391/Environmental-Health

Food Hygiene

Persons supplying and handling food must satisfy current food safety legislation and have received appropriate training or instruction in food hygiene. For further advice contact the Council's Environmental Health Service in advance of the event. Further information can be found at:

www.southhams.gov.uk/index/residents_index/ksp_environment/ksp_food_hygiene_and_safety.htm and <http://www.westdevon.gov.uk/article/2728/Food-Hygiene--Safety>

Fly posting

The Organisers are responsible for making sure that no posters or other advertisements for the event are displayed without any relevant statutory agreement having first been gained, particularly Advertisement Consent.

Balloons & Chinese Lanterns

Organisers are responsible for making sure that no balloons or Chinese lanterns are released from Council land. It is Council policy to stop balloon & Chinese lantern releases in view of the problems they cause in terms of fire, pollution, litter, and the danger posed to livestock and wildlife.

Circus

It is Council policy not to allow the use of its land by any circus or similar event which includes performing animals, and the Organisers are responsible for making sure that this policy is followed.

Safeguarding

Safeguarding is the action that is taken to promote the welfare of children, young people and vulnerable adults to protect them from harm. This means protecting children, young people and vulnerable adults from abuse and maltreatment, preventing harm to their health or development, making sure children, young people and adults have access to safe and effective care and taking action to enable all children, young people and vulnerable adults to have the best outcomes.

Our priorities in relation to safeguarding are:

- ◆ To protect children, young people and vulnerable adults from harm.
- ◆ To include safeguarding as part of the event planning process and, if applicable, the evaluation / review process through consultation with safeguarding lead officers

Below is a **checklist** that can be used to prompt event organisers to take proper account of safeguarding in the event planning process:

Safeguarding checklist

- Consider which safeguarding objectives can be achieved
- Consider safeguarding requirements within the relevant legislation
- Consult with partner agencies, services users, the Council's safeguarding lead officers, community safety partnership(s) about how best practise can be delivered
- Include measurable safeguarding requirements in event planning documents
- Make sure that evaluation is carried out and future recommendations documented

Data Protection

Information provided in relation to an event booking will be held by the Council. The information will be used for consultation purposes regarding this event and will be held securely at all times. The Council may share the information with local Councillors / Town or Parish Councils / emergency services / insurers as necessary to make sure the appropriate service is delivered, and with other organisations, if required by law. If you wish to see the personal data that the Council holds, please contact the Data Protection Officer.

Terms & Conditions

All persons applying to the Council to hold an event agree acceptance of the Council's terms and conditions (substantively these principles). If applying as an organiser you are assumed to be agreeing acceptance on behalf of the club, society, association or company undertaking the event.

Appendix 2: Example of how lost income from car parks would be calculated
Examples of events in car parks - Note, SHDC property shown for illustration purposes only.

Head of the Dart - Longmarsh car park, Totnes: Saturday in April

Car park	No of bays	Ticket sales
Civic Hall	24	50
Heaths Nursery	88	171
Heathway	59	34
Longmarsh	138	115
Nursery	93	32
Old Market	28	40
Pavilion short-stay	21	73
Steamer Quay	54	40
Victoria Street	137	251
Pavilion	119	27
North Street	56	39
TOTAL	817	872

Ticket breakdown		Bays used (over 10 hour period)
1/2 hour	86	4
1 hour	223	22
2 hours	239	48
3 hours	191	57
4 hours	109	44
24 hours	24	24
TOTAL	872	199 *

* shows that the 115 displaced vehicles may be accommodated in other car parks in the town as only 199 bays are used with 817 being available.

No charge for lost car park income would be made.

Salcombe Regatta: Monday to Thursday in August

Car park	No of bays	Ticket sales
Batson Creek	242	538
Whitestrans	25	646
Shadycombe	76	1044
North Sands	88	746
TOTAL	431	2974

Ticket breakdown		Bays used (over 10 hour period/ 4 days)
1/2 hour	47	1 (average per day)
1 hour	380	10
2 hours	649	33
3 hours	1116	84
All day	782	195
TOTAL	2974	323 *

* shows that the 162 (average of 646 tickets /4 days) displaced vehicles cannot be accommodated in other car parks in the town as 323 bays are used with 431 being available.

Calculation of amount to be charged:

Available bays across Salcombe	431	Displaced vehicles from Whitestrans	162
Average bays used per day in Salcombe	323	Surplus capacity in Salcombe	108
Surplus capacity	108	Vehicles which would not be able to park due to event in Whitestrans	54

Current tariff in Whitestrans

1/2 Hour	£0.50	Vehicles which would not be able to park due to event in Whitestrans	54
1 Hour	£1.00	Charge per bay (average income per bay)	£0.75
Average Charge	£0.75	Lost income charge (Total to be charged for 4 days)	£40.50

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Report to: **Hub Committee**

Date: **18 July 2017**

Title: **RECOMMENDATIONS TO HUB
COMMITTEE FOLLOWING THE T18
REPORT**

Portfolio Area: **Strategy & Commissioning**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

Date next steps can be taken: **26 July 2017 (following expiry of call in by Overview and Scrutiny Committee)**

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(on behalf of T18
Review Task &
Finish Group)**

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RECOMMENDATION

That the Hub Committee RESOLVES that for any significant project requiring a Joint Steering Group, a written management plan (including timescales, finances, objectives and outcomes) is required. This would be accompanied with:

- supporting policies in place**
- regular member reporting via briefing papers and workshops**
- defined contracts with outside bodies**
- an analysis of the timing of program against risk factors**

1. Executive summary

- 1.1 The Hub Committee considered a report setting out findings of the T18 Task and Finish Group at its meeting on 16 May 2017. The recommendations within the report had been unanimously supported by Overview and Scrutiny (Internal) Committee at its meeting on 18th April, 2017.
- 1.2 The Hub Committee asked that the conclusions be considered by a Working Group and presented back to the Hub Committee. Those conclusions are set out within this report.

2. Background

- 2.1 Following the Hub Committee meeting of 16th May 2017 a group of Members from the Task and Finish Group and the Hub Committee were asked 'to consider the conclusions and report back at a later date'. The Committee nominated the Lead Members for Customer First and Performance and Resources respectively. The recommendation is set out below (Minute HC75 refers):

“a Working Group of Members to comprise of the Task and Finish Review Group and Cllrs Edmonds and Moody from the Hub Committee consider the conclusions presented and report back in due course”

3. Outcomes/outputs

- 3.1 The Group met on Tuesday 4 July, 2017 and at this meeting it was agreed to recommend that any future significant project should have a written management plan and supporting documents in place to enable any member or officer to get an overview of the project, expectations of any outcomes and the rationale behind decisions.

4. Options available and consideration of risk

- 4.1 The Group is of the view that the recommendations contained within this report coupled with the findings of the Task and Finish Group will minimise the corporate risks associated with undertaking significant projects.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Council Constitution permits the Council to appoint Task & Finish Groups to undertake service reviews in accordance with their approved and clearly defined Terms of reference.
Financial		There are no direct financial implications of the report. The finance workstream of the T18 Transformation Programme is summarised in Appendix 1.
Risk		The Group considered that a number of associated project management risks will be mitigated by its findings and recommendations being adopted.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no equality and diversity implications directly related to this report.
Safeguarding		There are no Safeguarding implications directly related to this report.
Community Safety, Crime and Disorder		There are no Community Safety and Crime and Disorder implications directly related to this report.
Health, Safety and Wellbeing		There are no health, safety and wellbeing implications directly related to this report.
Other implications		

Supporting Information

Appendices:

Appendix 1: T18 Review – Report by the Chairman of the Group, Cllr Caroline Mott

Background Papers:

- Reports and minutes from Special Council's on 4 November 2013, 25 March 2014, 24 June 2014 and 31 March 2015;
- Reports and minutes from Council 22 July 2014, 7 October 2014 and 9 December 2014;
- Reports and minutes from Hub Committee on 12th July 2016 & 16th May 2017; and
- T18 Steering Group notes.

Task and Finish Group – T18

The task and finish group were requested by the O&S Internal to undertake an interim review of the T18 programme and were asked to focus on:

- Timescales of the programme and the reasons for these
- Capacity during transition
- Leadership and continuity from 2014 until present
- Approach to project management
- Impact on service delivery; and
- what went well and what could have been done better, does not allocate blame but provides a report that is based on lessons learnt and how those lessons are being applied.

The T18 project was described by many of those interviewed as 'the most challenging project ever taken on by the Council' and involved a complete transformation of roles, responsibilities and processes. Introduced principally to save money (largely by reducing headcount) it demanded complex management in order to undertake fundamental change while maintaining output (services to the public).

Governance

There was a positive response by the SLT Members particularly regarding the improvement in service delivery. The latest Performance Indicators, the improving Call Centre response times and the increasing breadth of enquiry that they are dealing with on 'the front line' and the increasing success of Case Management activities are all encouraging. It was also noted that the financial targets had all been achieved throughout the T18 programme other than the cost of additional resourcing agreed in June last year. The turnaround of planning applications continues to improve but work is still required in this area. There was also some concern regarding the Agile Working arrangements which may require attention and are to be reviewed. The original handover of responsibilities to the newly appointed Officers was clearly poor. A number of references indicated the departing Director had much of the T18 Blueprint details "in her head". The handover was carried out immediately the new Directors started. A better arrangement would have been to allow the new Directors to settle in before any form of T18 handover. The IT development clearly caused problems particularly with service delivery. The failure of Civica to deliver on time and the relevant contractual failing are still subject to ongoing negotiation as outlined in the IT section. The near total changeover at a senior management level clearly caused a major issue in terms of continuity. The added pressures of elections and the Boundary Change requirements all resulted in a very challenging time for senior officers. The lack of project management procedures and associated disciplines must be addressed in any future major development or activity of this nature.

Project Ownership & Management

The project was conceived by the Senior Management Team (SMT) and according to interviewees it was anticipated that several of the SMT would remain to own the project and drive it through to conclusion. In the event, only two (of 8) of the SMT remained in the Council's employment. There were many factors responsible for this exodus but one significant one was the decision taken to require everyone (including the SMT) to apply for new posts or take redundancy. The consequence of the SMT's departure was that for key stages of the T18 implementation senior leadership was not in place to exercise the necessary control.

Possibly as a result of the above exodus, many of the expected aspects of project management were not put in place to ensure the project could be monitored effectively. This coupled with the less than satisfactory oversight by the Steering Group resulted in the drop in performance of the Council's outputs not being adequately understood of mitigating actions being put in place as soon as they should have been.

We concluded that more should have been done to understand and mitigate the impact of the T18 methodology on the SMT in order for core staff to be retained until the project was stable in terms of delivery. Additionally, adherence to more formal project reporting, particularly of issues caused by under-resourcing or late IT delivery, would have enabled members to better understand the program and assist the SLT to resolve issues.

Information Technology

A key requirement and dependency of the T18 programme has been the implementation of new IT systems. These in turn have been dependent on contracts with outside bodies including Civica, Ignite (responsible for the T18 Blueprint) and IESE. Delivery of the new systems was typically 6 – 9 months late but contracts lacked relevant penalty clauses, therefore the overall timetable was consequently disrupted. Council Tax and Housing Benefits modules were both delivered very late. Although the Council adopted the 'Eastbourne Model' much of the development was carried out 'inhouse'. An absence of project management and resources resulted in further delays in the provision of the new IT systems. The early staff reduction was driven by a financial imperative but the consequence of these reductions particularly the impact on service levels was not identified. IT development was also affected by unexpected staff losses in that area. The delayed implementation of new systems and the poor performance of the Website resulted in significant delays to seeing the benefits of 'Channel Shift' where transactions and enquiries are processed online.

It was severely underestimated how much work was needed to add additional features to the basic package. There was also a question with members as to the ability of Civica to deliver.

We concluded that there was insufficient due diligence on the maturity of the intended IT solution prior to commencing the program. That there

is a clear need for all contracts with outside bodies to be comprehensive and identify all deliverables, penalty clauses etc. with professional scrutiny of the draft contract recommended. The T18 Programme report to Full Council dated 4th November (4.15) recommended that “the governance (of the programme) should use existing structures”. This clearly resulted in a complete lack of Project Management disciplines for the duration of the programme which in turn had a particularly detrimental impact on the delivery of the new IT systems. The need for such disciplines needs to be recognised for all such future exercises coupled with clear Terms of Reference identifying Objectives, Timescales, Responsibilities and Resources.

Reporting (Member to Member)

A Joint Steering Group, made of members from both South Hams and West Devon, was established and the terms of reference called for monthly meetings. From the interviews we conducted it was clear that effectiveness of the T18 Joint Steering Group in terms of reporting to members was varied. The JSG met formally twice, however, they continued to meet informally with their meetings being unrecorded and the outcomes unreported. This resulted in a lack of clarity and consistency in information being reported to members which impacted on their understanding of the cause behind the lack of service delivery.

We concluded that the JSG should have operated on a more formal basis and had a higher profile among members with a well-defined reporting structure.

Reporting (Officer to Member)

Six members of the SMT, left the Council under redundancy terms. This included those who were the instigators of the T18 concept. Our research has identified that there was no clear blueprint to the project, limited mapping, no handover notes or written processes. This made it extremely challenging for the new Senior Leadership Team (SLT) to pick up and get to grips with T18 and its consequences. In the absence of established management metrics to monitor against, there was an inconsistency in the types of reports submitted to members. This, in conjunction with new members being elected who had limited background knowledge of the concept, resulted in weakened scrutiny.

We concluded that a project as comprehensive as T18 should have clear, written, procedures in place to minimise disruption in the event of any significant changes and provide a consistent baseline for reporting against.

Finance

Actual T18 spend is predicted to be £2.794 million by completion, while the budget was £2.83 million (set in December 2014). Therefore the actual cost is £36,000 less than budget.

The most difficult to predict costs at the outset were the Redundancy and Pension strain costs. The budget allowed was £1,520,000 (54% of all costs), with the actual cost being £1,478,954 – £41,000 less than budget, however the contingency costs of £175,000 were taken up by Redundancy and pension strain costs and transition costs.

Overall ICT costs over ran by £72,062 which equates to 10.2%. £780,052 against a budget of £708,000. This was made up of:

- ICT technology implementation, workstream development and project management actual cost £656,052 against a budget of £615,750. To be noted that the element of the overspend which relates to project management costs is £83,782 (overspend of £13.7%) and there were therefore underspends on the contract elements of the ICT.
- ICT software actual cost of £124,000 against a budget of £92,250. 34.4% overspend.

Budget areas Training/Accommodation and Design of the Model actual costs were materially below budget.

Finance reports were provided quarterly to the T18 Monitoring Group in line with Staff redundancy process and external information on Pension strain. Monthly updates were supplied to the T18 Senior Leadership Team.

In any future large scale financial projects monthly reporting should be mandatory to Member and officer managing groups. Also for further investigation into the overspend on IT development and software costs.

HR

Staff numbers were reduced primarily through voluntary redundancies, with a small number not offered alternative employment after going through the behaviour assessment process. Morale was found to be low due to a number of factors and it became evident that more staff should have been retained through the transition stage. This was especially noticed in planning where several experienced officers left with a national shortage of officers. New ways of working take time to settle in and staff seem to be adapting to the agile working.

The impact of not having the systems in place before large scale staff reductions continue to have a large effect on services and customer satisfaction.

Project Performance - Given the size and complexity (especially around IT) of the issues outlined above it would be surprising had the project proceeded smoothly. While we have some sympathy for the SMT put in place to deliver the project we concluded that they should have shared their difficulties with Members earlier in order to negotiate increased resources to mitigate service degradation. For too long Members were advised to 'hold their breath as we are just about to turn the corner' when in truth some areas within the project were not in good shape.

We concluded that the SMT were in an unenviable position but should have been more willing to share difficulties with Members in order to secure the necessary resource to maintain reasonable service delivery. The group acknowledges the effort from all staff that have helped to deliver this project against difficult circumstances.

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