

South Hams Executive



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| Title: | Agenda |
| Date: | Thursday, 9th March, 2017 |
| Time: | 11.01 am |
| Venue: | Repton Room - Follaton House |
| Full Members: | <p style="text-align: center;">Chairman Cllr Tucker</p> <p style="text-align: center;">Vice Chairman</p> <p><i>Members:</i> Cllr Bastone Cllr Hicks Cllr Gilbert Cllr Wright</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 |

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| 1. Minutes | 1 - 12 |
| to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 2 February 2017; | |
| 2. Urgent Business | |
| brought forward at the discretion of the Chairman; | |
| 3. Division of Agenda | |
| to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information; | |
| 4. Declarations of Interest | |
| Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting; | |
| 5. Public Question Time | 13 - 14 |
| a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules; | |
| 6. Community Re-investment Project Fund Grant Allocations | 15 - 32 |
| 7. Commercial Property Investment | 33 - 48 |
| 8. Revenue Budget Monitoring | 49 - 62 |
| 9. Capital Budget Monitoring 2016/17 | 63 - 78 |
| 10. Treasury Management Strategy | 79 - 104 |
| 11. Homeless Strategy 2017-2022 | 105 - 174 |
| 12. Parking Enforcement for Dittisham Parish Council | 175 - 186 |
| 13. Community Housing Development and Funding Strategy | 187 - 200 |
| 14. Exclusion of Public and Press - to consider the following resolution to exclude the public and press:- | |

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

15. Disposal of Sites in Dartmouth

201 - 238

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY, 2 FEBRUARY 2017**

| | | | |
|---------------------------------|------------------|---|-------------------|
| Members in attendance: | | | |
| * Denotes attendance | | | |
| ∅ Denotes apologies for absence | | | |
| * | Cllr H D Bastone | * | Cllr R J Tucker |
| * | Cllr R D Gilbert | * | Cllr S A E Wright |
| * | Cllr M J Hicks | | |

| Also in attendance and participating | | |
|--|---------|--|
| Item 6 | E.55/16 | Cllrs Pearce, Green, Baldry, Pennington, Hodgson, Vint, Rowe |
| Item 7 | E.56/16 | Cllrs Pennington, Steer, Wingate, Pearce, Bramble, Hodgson |
| Item 8 | E.57/16 | Cllrs Wingate, Vint, Saltern, Hodgson, Brazil, Bramble, Pennington |
| Item 9 | E.58/16 | Cllrs Pennington, Vint, Hodgson, Baldry |
| Item 11 | E.60/16 | Cllrs Green, Hodgson, Baldry |
| Item 12 | E.61/16 | Cllrs Vint, Pearce, Hodgson, Pennington |
| Item 13 | E.62/16 | Cllrs Vint and Hodgson |
| Item 15 | E.64/16 | Cllrs Brazil and Green |
| Also in attendance and not participating | | |
| Cllrs Brown, Cuthbert, Holway, Hopwood and Pringle | | |

| Officers in attendance and participating | | |
|---|---------|--|
| All items | | Executive Director (Strategy and Commissioning), Executive Director (Service Delivery and Commercial Development), Group Manager Support Services and Specialist Democratic Services |
| Item 6 | E.55/16 | S151 Officer and Group Manager Commercial Services |
| Item 7 | E.56/16 | S151 Officer and Group Manager Business Development |
| Item 8 | E.57/16 | S151 Officer |
| Item 11 | E.60/16 | Senior Specialist Environmental Health |
| Item 13 | E.62/16 | Green Infrastructure Co-ordinator |
| Item 15 | E.64/16 | COP Lead Assets |

E.52/16 MINUTES

The minutes of the Executive meeting held on 15 December 2016 were confirmed as a true record and signed off by the Chairman.

E.53/16 **DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting and the following were made:

Cllr Hicks declared a personal interest in Item 10: 'Adoption of UAV/Drone Policy' (Minute E.59/16 below refers) by virtue of owning a drone. He remained in the meeting during the debate but abstained from the vote;

Cllr Bastone declared an interest in line with the Executive Procedure Rules in Item 15 'Transfer of Land' (Minute E.64/16 below refers), by virtue of being a local Ward Member. He remained in the meeting during the debate but abstained from the vote.

E.54/16 **PUBLIC QUESTION TIME**

In accordance with Executive Procedure Rules, the following question had been submitted from Lou Selene-Sayell on behalf of 'Don't Bury Dartington Under Concrete':

Asset of Community Value proposals by local residents for Green Space and the Wildlife Valley at Brimhay, Dartington have been refused. However adjacent land was previously approved as an ACV by Ross Kennerley. Please could these new applications be reconsidered as there is inconsistency in the refusal for listing as ACVs.

The Executive Portfolio Holder for Customer First responded to the question as follows:

'There is no inconsistency. The Humpty Dumpty Nursery application was approved because 'The asset complies with the national definition of an Asset of Community Value (ACV), as its current use furthers the social well-being and interests of the local community (by virtue of its use as a nursery) and it is realistic to think it will continue to do so.' It should be noted that at the request of the owner of the nursery, the decision to list was subject to an internal review, with the decision to list being upheld.

The Brimhay Nursery and Brimhay Green nominations were not supported, because in both cases the land is connected to a residence under a single ownership (i.e. South Devon Rural Housing Association), and every part of the land can be reached without crossing land not owned by the single owner. It was therefore in the view of officers that the land nomination could not be listed in accordance with Schedule 1 of The ACV (England) Regulations 2012.

The case will no doubt be made for the community/social interest in the land, and that the Council did not take this into account. Officers noted that it was inconclusive whether or not the intention for the two nominations was as a garden/space primarily for the general community, or a garden/space primarily for residents, however even if the land did further the social wellbeing interests of the local community (meeting the requirement under the Localism Act), it still could not be listed as it does not meet the requirements of Schedule 1 of the ACV Regulations.

In conclusion, this land cannot be listed, as to do so would be contrary to Schedule 1 of the ACV Regulations. This point has been made repeatedly to the applicant before nominations were made, with both this and previous application to list this land as an ACV.'

A supplementary question was then asked by Trudy Turrell, a previously agreed substitute for Ms Selene-Sayell, as follows:

Do you think that should be the case, and are your decisions delivering the spirit of the Act on two pieces of land with different attributes?

The Executive Portfolio Holder responded that he was happy with the decisions made and quoted from Schedule 1 of the Regulations which, in referring to land which is not of community value and therefore may not be listed, advised that:

... land is connected with a residence if –

- (a) the land, and the residence, are owned by a single owner; and
- (b) every part of the land can be reached from the residence without having to cross land which is not owned by that single owner.

E.55/16 REVENUE BUDGET PROPOSALS 2017-18

Members were presented with a report that set out the budget proposals for 2017-18, included the views of the joint meeting of the Overview and Scrutiny Panel and the Development Management Committee held on 19 January 2017, and details of changes to the budget gap from the previous report considered on 15 December 2016 (Minute E.50/16 refers).

The Leader introduced the report, and in doing so highlighted particular areas of interest. He and the s151 Officer responded to questions. He also advised that, in subsequent years, the presentation of the budget would be in a different format.

Members discussed the budget pressures within Environment Services, and during discussion on the reduction of the Settlement Funding Assessment, the Executive Member for Business Development confirmed that the Council worked with SPARSE to lobby central government in respect of fairness for rural authorities.

The Executive Member for Support Services thanked officers for the production of a comprehensive report.

It was then:

RESOLVED

That Council be **RECOMMENDED**:

1. To increase Council Tax by £5 (which equates to a Band D council tax of £155.42 for 2017/18, an increase of £5 per year or 10 pence per week). This equates to a Council Tax requirement of £5,809,541 (as shown in Appendix B))
2. That the financial pressures in Appendix B of £1,215,000 be agreed
3. That the £10,000 discretionary budget bid for the Citizens Advice Bureau be agreed;
4. That the schedule of savings identified in Appendix B totalling £840,000 be agreed;
5. That the Collection Fund Surplus of £143,000 as shown in Appendix B be agreed;
6. That the level of contributions to reserves to be included within the Authority's budget, as set out in Appendix D2 be agreed (this includes using £500,000 of New Homes Bonus funding to fund the 2017-18 Revenue Budget);
7. to allocate £153,900 of New Homes Bonus funding for 2017/18 to the Community Reinvestment Projects budget for 2017/18 (see 8.9). Any under spend from the 2016/17 Community Reinvestment Projects budget of £153,900 is to be transferred into the Capital Programme Reserve;
8. to allocate £50,000 of New Homes Bonus funding to the Joint Local Plan as per 8.11 of the presented report;
9. the Council earmarks £3,060 of its allocation of the New Homes Bonus for 2017/18 for the Dartmoor National Park Sustainable Community Fund (see 8.12), with delegated authority to the S151 Officer in consultation with the Leader and the Executive Member for Support Services to agree the final amount transferred. The funds are awarded as a one off payment to Dartmoor National Park, to award projects on an application basis administered by Dartmoor National Park. The following conditions will apply:
 - A. decisions must be taken in consultation with the South Hams District Council local Ward Member(s);

- B. funding can only be used for capital spending on projects in those parts of Dartmoor National Park which fall within the South Hams District Council Boundaries and enable the Dartmoor National Park to carry out its social economic responsibilities; and
- C. Dartmoor National Park reports on the progress in the application of, and use of the funds to the Overview and Scrutiny Panel, in time for budget decisions to be made
10. That £75,000 of the Budget Surplus Contingency Earmarked Reserve is used to fund five additional case managers within Development Management for a period of one year (as per para 10.6 of the presented report);
11. That a 2% increase in car parking fees for 2017/18 as per para 7.5 of the presented report be approved;
12. That the budget gap of £374,654 is closed by using (see para 7.5 of the presented report):-
- £287,273 from the Budget Surplus Contingency Earmarked Reserve (as per para 10.6 of the presented report)
 - £87,381 from the New Homes Bonus Reserve (as per para 8.9 of the presented report)
 - The Council to adopt the principle that any future decision on car parking charges reduces the amount taken from the New Homes Bonus Reserve required to balance the budget.
 - The Council to adopt the principle that the future decision on the Dartmouth Lower Ferry (from the work of the Task and Finish Group) reduces the amount taken from the Budget Surplus Contingency Earmarked Reserve required to balance the budget.
13. That the Council Tax Support Grant paid to Town and Parish Councils is reduced by 9.85% for 2017/18, 2018/19 and 2019/20. This equates to a payment of £91,644 for 2017/18 (see para 11.4 of the presented report).
14. That the Council should set its total net expenditure for 2017/18 as shown in Appendix B at £8,346,074.
15. That the minimum level of the Unearmarked Revenue Reserves is maintained at £1,500,000 as per Section 10 of the presented report.
16. That the level of reserves as set out within this report and the assessment of their adequacy and the robustness of budget estimates are noted. This is a requirement **of Part 2 of the Local Government Act 2003.**

E.56/16 CAPITAL BUDGET PROPOSALS FOR 2017/18 TO 2019/20

Members were presented with a report that set out the Capital Bids to the 2017/18 Capital Programme totalling £2,415,000 and a suggested way that the Bids could be funded.

The Leader introduced the report and advised Members that talks were currently underway with Devon County Council in respect of Disabled Facilities Grants funding and those figures may change.

It was then:

RESOLVED

That Council be **RECOMMENDED**:

1. To approve the Capital Programme Proposals for 2017/18, which total £1,485,000 (Appendix A refers);
2. To approve the Capital Programme Proposals for 2017/18, which total £930,000 (Exempt Appendix B refers);
3. To remove the 2016/17 capital projects from the capital programme, as detailed in Appendix D, following the budget scouring exercise;
4. To use the remaining capital programme contingency from the 2015/16 and 2016/17 programmes, totalling £167,000, to meet the increased costs detailed in exempt Appendix D; and
5. To finance the 2017/18 capital programme of £2,415,000 from the funding sources set out in Section 4 of the presented agenda report.

E.57/16 LOCAL AUTHORITY CONTROLLED COMPANY – FINAL DECISION

Members were presented with a report that set out how the Council had been exploring the possibility of establishing a Local Authority Controlled Company (LACC) jointly with West Devon Borough Council. A Joint Steering Group (JSG) consisting of Members from both Councils had been formed to consider further detailed information and to make a final recommendation to the Council in respect of the LACC Proposal. Having fully considered the matter, the JSG had concluded that there were no legal or technical matters that would prevent the Councils implementing a LACC.

However, there were significant additional initial costs (particularly Pensions contributions) in establishing a LACC and therefore the recommendation to both Councils was to not proceed with the implementation of a LACC as currently proposed. The full JSG recommendations were set out in Appendix 1 to the presented report. The JSG recognised the value of holding regular meetings to discuss matters affecting both Councils (such as shared services arrangements and particularly around exploring further options to meet both Councils' financial challenges) and recommended that these meetings continue to consider future opportunities.

The Leader presented the report and, with the Executive Directors, responded to questions. He also introduced an additional recommendation to formally propose that the Council did not proceed with a LACC in its current proposed form. A JSG Member stated that a lot of good work had been undertaken by the JSG and it was important to retain that effort in moving forward.

One Member was concerned that, if agreed, the role of the JSG Members would be in line with the responsibilities of Executive Members. Whilst a number of his concerns had been addressed by the Monitoring Officer, he felt that it was appropriate for the Terms of Reference of the revised JSG to be approved by full Council. A number of Members agreed and the Leader proposed an amendment to the published recommendation accordingly. This was duly accepted and it was agreed that the Terms of Reference would be presented to the Special Council meeting on 2 March 2017.

Another Member noted that there would be an inconsistency if the remainder of the recommendations were to be approved at the February meeting of Council, but the Terms of Reference at the March meeting of Council. It was therefore proposed that the whole report be deferred to the March meeting of Council and that revised Terms of Reference would be included within the agenda papers for that report.

Members sought specific detail in respect of monies spent on this project and assurances were given that the total cost would be in the public domain once negotiations had been completed.

It was then:

RESOLVED

That Council be **RECOMMENDED** at its meeting on 2 March 2017 that:

1. The recommendations of the Joint Steering Group (attached at Appendix 1) are noted;
 - 1A. Not to form a LACC in its current proposed form at this time;
2. The Joint Steering Group continues to meet with revised terms of reference being put into place to consider all options in respect of shared arrangements and financial challenges;
3. The revised terms of reference for the Joint Steering Group are discussed between the Executive Director (Strategy and Commissioning) in consultation with the Leader of the Council with a view to being presented to the meeting of Special Council on 2 March 2017 and to be attached as an appendix to that report; and
4. The remaining funding for the LACC project be earmarked to fund further work by the JSG within their revised terms of reference.

E.58/16 BUSINESS DEVELOPMENT OPPORTUNITIES

Members were presented with a report that set out information arising from workshops previously arranged for Members to discuss the finance and investment principles upon which they could bring forward income generation, investment strategy or efficiency improvement opportunities for future consideration by the Council.

The Executive Member for Business Development introduced the report and advised Members that the report recommended the formation of a Working Group to take initiatives and projects forward.

Members were broadly supportive of this report and suggested that the remit of items for consideration be as broad as possible.

It was then:

RESOLVED

That Council be **RECOMMENDED** that a Member Working Group be set up to work with officers on any project or initiative linked to income generation, investment strategy or efficiency improvement opportunities, for future consideration by the Council.

E.59/16 ADOPTION OF A DRONE POLICY

Members were presented with a report that proposed formal adoption of the Drone Policy as set out in presented Appendix A.

The Executive Member for Customer First introduced the report and explained that the principle of the policy had previously been agreed but significant changes had been made to the draft version presented to Members and for that reason it was appropriate that the revised version be approved.

It was then:

RESOLVED

That Council be **RECOMMENDED** that the Drone Policy as presented at Appendix A of the report be formally adopted.

E.60/16 EMERGENCY RESPONSE PLAN

Members were presented with a report that asked Members to note the emergency arrangements proposed to support the plan and any response that may be required, and to recommend those arrangements to Council.

The Leader introduced the report and the Senior Specialist Environmental Health responded to specific questions. Members discussed training needs, and the importance of parish councils having emergency plans in place.

In response to a comment that the Overview and Scrutiny Panel be asked to look at the detail of the Plan, the Leader responded that the role for Overview and Scrutiny was to ensure that the Council had a robust plan in place, as in this instance the Council was only part of a bigger picture.

It was then:

RESOLVED

1. That the Emergency Response Plan produced by the Devon Emergency Planning Service as presented at Appendix 1 had been considered; and
2. That Council be **RECOMMENDED** to approve the Emergency Response Arrangements.

E.61/16 **ICT STRATEGY 2017-2019**

Members were presented with a report that presented the ICT Strategy for approval, and noted that the Strategy would be reviewed on an annual basis to incorporate changing business requirements and technology.

The Executive Member for Support Services introduced the report and for background, set out the responsibilities of staff within the ICT Service. He also elaborated on the information contained within the exempt appendix.

Members raised recent ICT issues, particularly with the Council website. The Group Manager Support Services responded that the new website would shortly be rolled out and explained how the improvements would overcome the recent difficulties.

It was then:

RESOLVED

That Council be **RECOMMENDED** that the ICT Strategy Document (attached at Appendix B to the presented report) be approved.

E.62/16 **RELEASE OF S106 FUNDS FOR THE DELIVERY OF GREEN TRAVEL MEASURES AT THE FOLLATON OAK DEVELOPMENT, TOTNES**

Members were presented with a report that sought approval of the release of s106 funds for the delivery of the green travel measures at the Follaton Oak development in Totnes.

The Executive Member for Customer First introduced the report, and outlined to Members that the approval was being sought in line with Council Financial Procedure Rules. The local Ward Members in attendance spoke in favour of the approval and sought further information on timescales.

It was then:

RESOLVED that:

1. The release of s106 funds for the delivery of the green travel measures at the Follaton Oak development in Totnes, as set out in the report, be approved; and
2. Authority be delegated to the relevant Specialist in consultation with Ward Member(s) and the Executive Portfolio Holder to agree any specific details.

E.63/16 **EXCLUSION OF PUBLIC AND PRESS**

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A to the Act is involved.

E.64/16 **TRANSFER OF LAND**

Members were presented with a report that informed them of an in principle agreement that had been reached following six months of discussions in respect of the transfer of land, and sought authority for the COP Lead Assets to conclude negotiations of the transfer of land in consultation with the s151 Officer, Head of Paid Service and Leader of the Council.

It was then:

RESOLVED

That Council be **RECOMMENDED:**

1. That the principle of an asset transfer of land (indicatively shown at Appendix 1 and described in para 1.2 of the presented report), based on the detail set out in the report, be supported;
2. To fund the revenue position shown in Fig 1 of the presented report from New Homes Bonus funding in the years 2017/18, 2018/19 and 2019/20;
3. To fund additional temporary staffing resource (as backfill) of up to £30,000 from the Land and Development Reserve; and
4. To delegate authority to conclude detailed negotiations to the COP Lead Assets, in consultation with the s151 Officer, Head of Paid Service, COP Lead Legal and Leader of Council.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.56/16, E.57/16, E.58/16, E.59/16, E.60/16 PART 2, E.61/16 AND E.64/16 WHICH ARE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 9 FEBRUARY 2017 AND 2 MARCH 2017, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY, 13 FEBRUARY 2017 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

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

Chairman

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PUBLIC QUESTIONS AT EXECUTIVE MEETINGS

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

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

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

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

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Agenda Item 6

Report to: **Executive**

Date: **9 March 2017**

Title: **Community Re-investment Projects Fund 2016/17
Grant Allocation**

Portfolio Area: **Customer First**

Wards Affected: **Salcombe, Modbury, Stokenham, West Alvington,
Newton & Noss, Yealmpton, Stoke Fleming**

Relevant Scrutiny Committee:

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

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

Author: Rob Sekula Specialist – Assets

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

Recommendations:

The Executive resolves to approve eight grant applications totalling £153,900 from the 2016/17 Community Re-Investment Project Fund.

1. Executive summary

Fifteen applications totalling £302,453 were received to the Community Re-Investment Project Fund in 2016/17. The available approved total budget is £153,900 (comprising part of the New Homes Bonus funding). A summary of applications, the officer assessment and recommendations are available in Appendix 1.

2. Background

The Community Re-investment Projects Fund was launched in October 2013, using £153,900 of the New Homes Bonus funding received by the Council to support community infrastructure projects in communities where major development has or is taking place.

The annual deadline for receipt of applications to the fund was 9th January 2017. Fifteen applications were received, all of which were considered by officers to be eligible under the criteria of the Fund (which are available in Appendix 2 for information).

3. Outcomes/outputs

Members are requested to note the summary of applications, the officer summary and recommendations in Appendix 1.

4. Proposed Way Forward

Appendix 1 provides a summary of the fifteen grant applications, including the officers' assessments of each in terms of community need, community support, how the project provides or improves community infrastructure, deliverability, value for money and lasting impact. Decisions on grants of £10,000 and over need to be made by the Executive as per the approved criteria for the Fund. It is recommended that eight projects are supported based on the officer assessment and recommendations in Appendix 1, and these are listed in the table below:

| Applicant | Project | Recommendation |
|---------------------------------------|---------------------------|-----------------------|
| Stoke Fleming PC | Surfacing replacement | £7,250 |
| Stokenham PC | Footpath drainage | £8,500 |
| Stokenham PC | Memorial Hall new roof | £39,475 |
| Yealmpton PC | Footpath improvements | £5,000 |
| Champernowne Play Park Steering Group | New play park | £30,000 |
| Newton and Noss PC | Play park improvement | £16,980 |
| Salcombe TC | New street lighting | £20,000 |
| West Alvington Village Hall Committee | Village hall improvements | £26,695 |
| TOTAL | | £153,900 |

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|------------------|---------------------------|---|
| Legal/Governance | | There are no legal implications arising from this report as South Hams District Council accepts no liability for projects |

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| | | beyond the provision of Community Re-investment Projects Fund grants. The Council has powers to give these grants in order to support its priorities through the Localism Act's Powers of General Competence. |
| Financial | | This report seeks Executive Committee approval to allocate eight grants totalling £153,900. |
| Risk | | Grants are paid in arrears of receipt of proof of expenditure. Grant offers are subject to a number of conditions which limit the potential risk to the Council. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | Grants support funding to a wide range of community groups, therefore promoting equal opportunities. |
| Safeguarding | | None directly arising from this report |
| Community Safety, Crime and Disorder | | None directly arising from this report |
| Health, Safety and Wellbeing | | Grants contribute to supporting the social wellbeing of South Hams communities. |
| Other implications | | None directly arising from this report |

Supporting Information

Appendices:

Appendix 1 – Community Re-investment Projects Fund 2016/17
Summary of Applications and Assessments

Appendix 2 – Community Re-investment Projects Fund Guidance Notes

| 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. (Committee/Scrutiny) | Yes/No |

Appendix 1: Community Re-investment Projects Fund 2016/17 Officer summary of grant applications

| | | | |
|---|---|--|---------------|
| Applicant | Stoke Fleming Parish Council | | |
| Project | Replacement of cracked wet pour surfacing within play park. | | |
| Amount Requested | £7,250 | Total Project Cost | £7,250 |
| Project summary | To remove the damaged surface within the Play Park and renew. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | Evidence of need in terms of it being unsafe, but no reference to levels of use, or why the project is important | |
| Community Support | 1 | No evidence supplied, although reasonable to assume general support of the play area | |
| Provides/Improves Community Infrastructure | 2 | Provides infrastructure, although is a renewal rather than improvement project | |
| Deliverable | 3 | Straight forward project | |
| Value for Money | 1 | 100% No match funding sought | |
| Lasting Impact | 2 | Wet pour surfacing has a reasonable longevity as a play surface | |
| Total Score | 11 | Recommended Grant Amount | £7,250 |

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| Applicant | Stokenham Parish Council | | |
| Project | Drainage footpath | | |
| Amount Requested | £8,500 | Total Project Cost | £20,000 |
| Project summary | Byway 37 Summerye Lane to improve the drainage and surface along the path and extend it towards Cotmore and Beesands. This byway forming part of a well-used local off-road route which serves an estate in Chillington, however presently it is regularly unusable due to flooding. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | Flooding of the path occurs regularly and causes pedestrians to have to divert along the main road | |
| Community Support | 1 | None evidenced, however this forms part of a series of local path improvements which have been well received locally | |
| Provides/Improves Community Infrastructure | 2 | The project will provide infrastructure although unclear as to the number of likely beneficiaries | |
| Deliverable | 2 | £10,000 from DCC is not yet secured | |
| Value for Money | 2 | 42.5% intervention rate | |
| Lasting Impact | 2 | It is anticipated that the works will improve the quality of the byway and its longevity | |
| Total Score | 10 | Recommended Grant Amount | £8,500 |

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| Applicant | Totnes Caring | | |
| Project | Totnes Caring Office improvement and Expansion | | |
| Amount Requested | £9,430 | Total Project Cost | £9,430 |
| Project summary | To extend and provide more comfortable working facilities for staff and volunteers by installing air-conditioning and expanding the office and meeting room space. The organisation provides support for vulnerable people to enable them to live independently and free from isolation. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 1 | Whilst the organisation clearly provides valuable services for the community, the primary beneficiaries of the project will be staff/volunteers as opposed to the wider community | |
| Community Support | 1 | No consultation has taken place about the project itself | |
| Provides/Improves Community Infrastructure | 2 | Not directly – the primary beneficiaries will be staff/volunteers, with any benefit to the wider community being indirectly | |
| Deliverable | 2 | Permission from the hospital in which the organisation is based is pending | |
| Value for Money | 1 | 100% funded for works | |
| Lasting Impact | 2 | The current location of the offices within the hospital appear to be the preferred location due to proximity to NHS and social services – the project would enable the service to be provided in a more suitable working environment | |
| Total Score | 9 | Recommended Grant Amount | £0 |
| Reason for recommendation | Whilst the organisation provides valuable local support services, it is not considered that the project fits well with the aims of the CRPF (i.e. supporting community led, capital projects providing or improving community infrastructure). | | |

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|---|--|--|---------|
| Applicant | Totnes Trust | | |
| Project | St Mary's Heritage Area Phase 1 | | |
| Amount Requested | £5,481 | Total Project Cost | £10,481 |
| Project summary | To create a full record of the unique heritage asset, to transform the churchyard green area into a publicly accessible town park and create an inviting through-route to the guildhall. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | Seeks to provide a central green space for Totnes residents and visitors | |
| Community Support | 1 | The principle of protecting and enhancing this space has been identified in the evolving Neighbourhood Plan | |
| Provides/Improves Community Infrastructure | 2 | Ultimately, however these funds are to be used purely to establish initial parameters and preparation (archaeological and topographical assessments, consultation, design fees), before later capital phases | |

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|----------------------------------|---|--|----|
| Deliverable | 2 | Deliverability depends somewhat on the scope of the project as will be defined by the consultation and design stages | |
| Value for Money | 2 | 52%. Remainder from the Trusts own funds and the SCLF | |
| Lasting Impact | 1 | At this stage, but if full project is realised there would be a clear lasting impact | |
| Total Score | 10 | Recommended Grant Amount | £0 |
| Reason for recommendation | The project seeks funds towards preparatory stages, namely assessments and design – it does not deliver new/improved infrastructure – this would be delivered by later phases. It is not considered appropriate to fund such a stage of this project. | | |

| | | | |
|---|--|--|---------|
| Applicant | Totnes with Bridgetown Parochial Church Council | | |
| Project | Restoration, refurbishment and reordering of the Parish Church of St Mary's – Development Planning | | |
| Amount Requested | £9,999 | Total Project Cost | £25,975 |
| Project summary | The overall project seek to restore, refurbish and reorder the Parish Church of St Mary's, however this project application relates solely to feasibility (including looking at uses and stakeholders – options appraisals). | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 1 | Whilst the need for restoration/refurbishment works might be established, the extend of 'community need' will not be established until this feasibility stage is complete | |
| Community Support | 2 | This will be established by the feasibility stage. Initial conversations indicate that use will likely increase if the church is improved | |
| Provides/Improves Community Infrastructure | 1 | This is a feasibility project. Later stages will improve infrastructure. | |
| Deliverable | 2 | Other match funding is in place for this feasibility stage element, however significant funds would need to be secured to deliver subsequent capital phases of the project | |
| Value for Money | 2 | 38.5% - Remaining funds are secured | |
| Lasting Impact | 1 | The lasting impact would be dependent on the ability to secure significant funding for the capital phases of the project | |
| Total Score | 9 | Recommended Grant Amount | £0 |
| Reason for recommendation | This is a feasibility project, and does not deliver new/improved infrastructure – this would be delivered by later phases. It is not considered appropriate to fund such a stage of this project. | | |

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|---|--|--|---------------|
| Applicant | Yealmpton Parish Council | | |
| Project | Yealmpton River Yealm Footpath Project | | |
| Amount Requested | £5,000 | Total Project Cost | £5,000 |
| Project summary | To create a stable footpath which will not be washed away by flooding of the River Yealm. This will be achieved by laying concrete along short sections of the footpath where it becomes eroded. Works will make the path accessible to those in wheelchairs, with mobility issues, and those with pushchairs. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 3 | This is a well-used path however is not currently accessible to all due to quality and effects of flooding from the River Yealm | |
| Community Support | 2 | The application refers to consultation with users (and potential users of the path) whom have expressed support for the proposal | |
| Provides/Improves Community Infrastructure | 3 | This is a capital infrastructure improvement project | |
| Deliverable | 3 | Straight forward and permissions obtained | |
| Value for Money | 1 | 100% | |
| Lasting Impact | 3 | This will create a durable path, and the Parish Council will contribute towards annual maintenance | |
| Total Score | 15 | Recommended Grant Amount | £5,000 |

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|---|---|--|----------------|
| Applicant | Champernowne Play Park Steering Group | | |
| Project | Champernowne Play Park | | |
| Amount Requested | £42,277.97 | Total Project Cost | £42,277.97 |
| Project summary | The aim of this project is to modernise Champernowne Play Park in Modbury, adding significant play value for children up to the age of 12. Providing space for families and community members to enjoy and a community growing space made up of flowers and shrubs. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 3 | A need for better use of this space is clear. There is a recognised deficiency in play facilities within Modbury | |
| Community Support | 2 | Support is clear, and the community have been heavily involved in plans for this area | |
| Provides/Improves Community Infrastructure | 3 | The existing park is of poor quality. The proposal will re-invigorate the area | |
| Deliverable | 2 | Planning permission is required | |
| Value for Money | 1 | 100% requested, or 71% at recommended intervention rate | |
| Lasting Impact | 3 | This project has the potential to re-invigorate the area and give a sense of pride to the local community | |
| Total Score | 14 | Recommended Grant Amount | £30,000 |

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|---|--|---|---------|
| Applicant | Dartington Village Hall | | |
| Project | Disabled toilets and fit out of new extension | | |
| Amount Requested | £20,000 | Total Project Cost | £38,694 |
| Project summary | Completing the extension, disabled access and disabled toilet with new toilets/baby facilities. This project was supported last year with a CRPF grant of £26,000. The application from last year was re-profiled and only limited elements were provided (due to issues with a contractor and significantly increased cost of the subsequent contract). Essentially, this current application is for additional funds towards the remaining elements of the 2015/16 project which were not delivered. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 1 | None evidenced, however the hall does not currently have a disabled toilet | |
| Community Support | 1 | None evidenced but reference to the hall being well used and that the project will enable use by wheelchair users | |
| Provides/Improves Community Infrastructure | 3 | The project would provide capital improvements to the hall | |
| Deliverable | 2 | A further £15,000 of grant applications are pending | |
| Value for Money | 1 | The value for money is limited considering the award last year which was essentially towards the same project | |
| Lasting Impact | 3 | The infrastructure improvement would have a lasting impact on use of the hall by disabled users | |
| Total Score | 11 | Recommended Grant Amount | £0 |
| Reason for recommendation | The award of £26,000 was honoured and paid towards a re-profiled project in 2015/16 (omitting various elements which meant lower value for money from the previous grant). It is not considered appropriate to fund this project again, and it is considered that there are other suitable funding sources available to the project. | | |

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|---|--|---|------------|
| Applicant | Holbeton Village Hall | | |
| Project | Holbeton new village hall | | |
| Amount Requested | £50,420 | Total Project Cost | £1,050,000 |
| Project summary | To improve and enlarge the village hall facilities for Holbeton parishioners, including social functions, indoor sports facilities, changing facilities and storage space. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 3 | A strong case is made for community need for a new hall (and equally why improving/extending the existing hall is not possible) | |
| Community Support | 3 | Overwhelming support for the project from parish surveys. | |
| Provides/Improves Community Infrastructure | 1 | This project relates to the preparatory phase. Clearly if the project is realised then community infrastructure would be provided | |

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| Deliverable | 1 | This project does not yet have planning or match funding. There are two significant parts to anticipated match funding: 1 – sale of land with planning permission – likely to be realised 2 – Reaching Communities Lottery application – this scheme is oversubscribed and competitive. An application will take 12 months absolute minimum, but likely much longer (it can take several years to be successful) | |
| Value for Money | 1 | This project is for 100% of the cost of fees relating to architects and planning, to get it to a build ready stage | |
| Lasting Impact | 3 | If taking into account any subsequent realisation of the build of the hall. | |
| Total Score | 13 | Recommended Grant Amount | £0 |
| Reason for recommendation | This application relates to fees for architects and planning to get to a build ready stage. It is not considered a good fit for the CRPF, as this project would not itself deliver community infrastructure. It is considered premature to commit significant funds at this stage, however a future bit towards the capital costs could subsequently be considered. | | |

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|---|--|--|----------------|
| Applicant | Newton & Noss Parish Council | | |
| Project | Butts Park Fitness & Play Park | | |
| Amount Requested | £16,980 | Total Project Cost | £62,000 |
| Project summary | To upgrade and renovate the children's play park equipment, create a natural play space, outdoor table tennis facility, renovate basketball facility, improve pedestrian access gates and update picnic and bench seating. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | None provided but evidenced an understanding of the benefits of the project to the community | |
| Community Support | 3 | Considerable effort to engage community – emails, posters and parish magazine | |
| Provides/Improves Community Infrastructure | 3 | Provides community infrastructure for a broad range of local residents | |
| Deliverable | 3 | All in place, well thought out project | |
| Value for Money | 3 | 27.3%. Good value and has attracted considerable match funding | |
| Lasting Impact | 2 | It is reasonable to expect the equipment to have longevity | |
| Total Score | 16 | Recommended Grant Amount | £16,980 |

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|---|--|--|----------------|
| Applicant | Salcombe Town Council | | |
| Project | Community Highway Lighting | | |
| Amount Requested | £20,000 | Total Project Cost | £20,000 |
| Project summary | To provide street lighting to ensure a safe route for children to and from school, and pedestrians using these path leading to a newly built estate at Bonfire Hill during darkness. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | This is an apparently well used route, more so with recent housing development in the area. The route is well used by children associated with the nearby primary school. The application references this issue having been raised during the planning application stage | |
| Community Support | 2 | Application references concerns raised by residents (especially parents of schoolchildren) about this as a safety issue | |
| Provides/Improves Community Infrastructure | 2 | Provides safety and as a warning to motorists they are approaching a pedestrian area. Lighting would be adopted and subsequently maintained by DCC | |
| Deliverable | 3 | Works would be undertaken by DCC according to their specification | |
| Value for Money | 1 | 100% of costs | |
| Lasting Impact | 3 | Lighting would be adopted and subsequently maintained by DCC | |
| Total Score | 13 | Recommended Grant Amount | £20,000 |

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|---|---|--|----------------|
| Applicant | Stokenham Parish Council | | |
| Project | Memorial Hall New Roof | | |
| Amount Requested | £45,000 | Total Project Cost | £50,000 |
| Project summary | To replace the existing roof with a new watertight, energy efficient replacement. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 3 | An aging hall, the need for such works is clear | |
| Community Support | 2 | The hall is clearly very well used | |
| Provides/Improves Community Infrastructure | 3 | The repairs to the hall will enable the ongoing usage of the facility as a meeting place, clubs and social gatherings | |
| Deliverable | 2 | Applicant has a current planning application pending | |
| Value for Money | 2 | 90% is sought, 79% intervention rate is recommended. No other substantial funding has been secured/sought – if intervening at a lower rate it is considered likely that there are other funding sources available that could make up the shortfall | |
| Lasting Impact | 3 | The project would both improve the fabric of the hall and also assist with ongoing sustainability | |
| Total Score | 15 | Recommended Grant Amount | £39,475 |

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|---|--|---|-----------|
| Applicant | Totnes & District Society. (TotSoc) | | |
| Project | Baltic Wharf Natural Play space – The Brutus Explorer 2 | | |
| Amount Requested | £10,000 | Total Project Cost | £44,500 |
| Project summary | The Baltic Wharf Natural Play Space will be a series of Natural Play and Learning Interventions on the Totnes hillside, open to the public, beside the River Dart and new Baltic Wharf Housing Development. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | Large amount of information to support how it would benefit the community, the need being clearly linked to the new residents at the new Baltic Wharf development | |
| Community Support | 2 | Extensive consultation over the last year has been undertaken by the artist and project manager overseeing the design | |
| Provides/Improves Community Infrastructure | 3 | Will provide community space and interaction. The proposed design of the play space is excellent and would be a valuable addition to the play spaces in Totnes | |
| Deliverable | 2 | High pending amount but well thought out project and likely to attract funding. | |
| Value for Money | 2 | 23% - a £20,000 grant application is pending. The developer/landowner is contributing £14,000 | |
| Lasting Impact | 3 | Management would pass to the Baltic Wharf Management Co. Arguably such an innovative play space could have a significant lasting impact on the development of young children that use the space | |
| Total Score | 14 | Recommended Grant Amount | £0 |
| Reason for recommendation | <p>The developer/landowner is required through the Section 106 agreement to provide play areas at the Baltic Wharf site. Whilst it is appreciated that the community (via TotSoc) wish to achieve a more imaginative play area at this site, and to that end have secured funding for developing the design (from Awards for All), it is the opinion of officers that the capital costs of the play area (which are relatively low for a development site of this scale) should be met by the developer, and indeed this is a requirement of the Section 106. The policy (SHDC Open Space, Sport and Recreation SPD) requirement for play facilities at the Baltic Wharf development site equate to circa £180,000 towards play – the equivalent of which should be provided on site. It is unclear therefore why the developer does not fund this play space as part of the overall play package it is required to provide. The developer has yet to provide an Open Space Specification as required by the Section 106 which would provide any evidence to the contrary (i.e. about their plans for play elsewhere on the site). Accordingly, it is not considered appropriate to use CRPF to meet these costs</p> | | |

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|---|---|--|-----------|
| Applicant | Totnes Town Council | | |
| Project | Totnes signing and wayfinding | | |
| Amount Requested | £29,115 | Total Project Cost | £29,115 |
| Project summary | To design and install new wayfinding and signage for pedestrians in Totnes. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 2 | This appears to be a project for which the primary beneficiary will be visitors rather than residents. Through consultation/events, the Town Council have established that signage around town is of a poor standard | |
| Community Support | 2 | Some reference is made to this having been identified as an issue within Neighbourhood Plan consultation events, and it forms a priority for the Totnes Town Team | |
| Provides/Improves Community Infrastructure | 2 | The funds would support installation of 5 'freestanding monoliths' and 6 fingerposts | |
| Deliverable | 3 | Straightforward project to deliver subject to planning | |
| Value for Money | 1 | 100% of costs | |
| Lasting Impact | 2 | The benefits of the project would have longevity subject to maintenance | |
| Total Score | 12 | Recommended Grant Amount | £0 |
| Reason for recommendation | It is considered that this is primarily a project that would benefit visitors to the town, i.e. a tourist information project. Whilst there will be some benefits to local residents, these are not considered sufficient to warrant supporting the proposal with CRPF. | | |

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| Applicant | West Alvington Village Hall Committee | | |
| Project | West Alvington Village Hall Refurbishment Plan | | |
| Amount Requested | £26,695 | Total Project Cost | £26,695 |
| Project summary | To improve the facilities – kitchen, toilets with disabled access, shower unit and baby changing, heating system, flooring and general upgrade of this much used facility. | | |
| Assessment Criteria | Score (1-3) | Officers' Comments | |
| Community Need | 3 | This is a well-used facility, with various clubs and meetings relying on this hall – including the primary school that use it every day for school meals. The project will address parts of the hall which are in poor condition | |
| Community Support | 2 | Evidence of support from local SHDC Ward Member and Parish Council, noting the need to modernise this facility | |
| Provides/Improves Community Infrastructure | 3 | Significant improvements to this community facility | |
| Deliverable | 3 | This should be a relatively straight forward project to deliver | |

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| Value for Money | 1 | 100% of costs. There are likely to be other funding sources available for such a project | |
| Lasting Impact | 3 | The project would benefit much of the local community and contribute to the ongoing vibrancy of the area | |
| Total Score | 15 | Recommended Grant Amount | £26,695 |



South Hams
District Council

Community Re-investment Projects Fund

Guidance Notes

What is the Community Re-investment Projects Fund?

The South Hams District Council Community Re-investment Projects Fund has been set up using New Homes Bonus funding from the Government to support community infrastructure projects in South Hams communities where major development has taken place.

Please read these guidance notes carefully and call 01803 861234 or email community@southhams.gov.uk to determine your eligibility for this Fund BEFORE completing the application form.

Who can apply to the Fund?

- Town and Parish Councils and;
- Constituted voluntary and community groups with their own bank accounts.

BUT only if a development has commenced or been completed since 1 April 2009 in a town or parish within the South Hams Local Planning Authority area AND it meets one of the following criteria:

- 10 or more dwellings or;
- 3 or more dwellings (in the same planning application) in a parish where this level of development is considered significant, as determined by South Hams District Council.
- Additionally where large scale Major development (50 plus houses) has taken place in a parish adjoining a main town, in recognition that such development is likely to impact on the town, the Town Council and community groups may also apply to the fund to deliver projects based in the town, even though the development is not within their electoral boundary. Such applications must demonstrate the relationship between the project and the development and how the project can mitigate any impact arising from the development.

What kinds of projects are eligible?

Projects need to meet each of the following eligibility criteria:

- Be community-led;
- Be capital in nature;
- Have a lasting impact and;
- Provide or improve community infrastructure (e.g. projects involving community buildings, sports facilities, play areas, community allotments / gardens / orchards) in towns or parishes that meet the above development criteria.

Who and what cannot be funded?

- Individuals;
- Businesses;
- For profit organisations;
- Projects within Dartmoor National Park;
- Projects which are the primary responsibility of another authority;
- Projects which have already commenced;
- Revenue projects (e.g. running costs for ongoing activities, fundraising activities);
- Recoverable VAT;
- Loan interest payments and;
- Projects which promote religious or political beliefs.

For projects within Dartmoor National Park, please contact Dartmoor National Park Authority on hq@dartmoor.gov.uk or 01626 832093.

How much is available?

- The total sum of funding available is £153,900;
- The minimum grant is £5,000 per project and;
- Applications can be submitted for up to the total sum of funding available (although applications will be assessed on their merit, including value for money, so it is strongly advisable to secure match funding for projects).

Match funding for projects could be provided by Section 106 funds where these are available. Please contact South Hams District Council for more details.

Alternative sources of funding and assistance can be found at <http://www.southhams.gov.uk/article/1800/Community-Grants-Overview>.

What supporting documentation is required?

Copies of the following documents must be submitted with the completed application form:

- Accounts for the past two years (new groups with less than two years accounts should contact South Hams District Council);
- Bank / building society statements showing current financial position;
- 2 supplier quotes for each item of £500 - £5,000;
- 3 supplier quotes for each item of over £5,000;
- 3 (minimum) invited tenders for each item of over £30,000 (for further guidance please contact South Hams District Council);
- Copy of signed constitution (voluntary and community groups only);
- Relevant pages from a local community plan (if applicable);
- Signed letters of support for the project (including from your Ward Councillor/s - contact details can be found at <http://www.southhams.gov.uk/article/1819/Find-your-Councillor> and, if the application is from a voluntary and community group, from your Town / Parish Council) and;
- Match funding offer letters (if applicable).

How will applications be assessed?

Given the competitive nature of this Fund, applications will need to clearly demonstrate that the proposed project:

- Has community need;
- Has community support;
- Will provide or improve community infrastructure;
- Is deliverable;
- Provides value for money and;
- Has a lasting impact.

South Hams District Council Officers will make an initial assessment of each application, based on a score of 1 to 3 for each of the above criteria, taking into account the views of relevant Ward Councillor/s and Officers. Decisions on grants of up to £10,000 will then be made under delegated authority in consultation with the Portfolio Holder, or the Leader if the Portfolio Holder has an interest in the application. Decisions on grants of over £10,000 will be made by the Council's Executive committee on an annual basis.

What is the procedure for claiming grants?

Grants will be paid in arrears either on completion or by agreement in instalments; on submission of completed Claim and Project Monitoring Form, with copies of paid invoices / receipts. Suppliers cannot be paid directly.

When do grants have to be claimed by?

Grants will usually be offered for two years, although extensions to this can be considered if required. South Hams District Council reserves the right to withdraw a grant offer where no project delivery can be evidenced. This will be done in consultation with the group concerned.

Data Protection

The information that you have provided will be held by South Hams District Council. The information will be used to assess your application to this Fund and will be held securely at all times. The Council may share the information with external agencies and the wider public to ensure the project 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.

This publication is available to view on our website or in alternative formats such as large print. Please contact us on 01803 861234 or email customer.services@southhams.gov.uk.

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Investment in Commercial Property

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| Report to: | South Hams Executive Committee |
| Date: | 9 March 2017 |
| Title: | Investment in Commercial Property |
| Portfolio Area: | Cllr Michael Hicks, Business Development, Strategy & Commissioning |
| Wards Affected: | All |
| Relevant Scrutiny Committee: | Overview & Scrutiny Panel |
| Approval and clearance obtained: | Yes |
| Urgent Decision: | No |
| Date next steps can be taken: | After Full Council |
| Author: | Darren Arulvasagam, Group Manager, Business Development Darren.Arulvasagam@swdevon.gov.uk |

Recommendations: That the Executive:

1. **NOTE** the proposed commercial property investment strategy and proposed direction of travel as detailed in Appendix A
2. **APPROVE** the allocation of resources from the Innovation (Invest to Earn) Earmarked Reserve which has an uncommitted balance of £20,500 to gain specialist advice in order to develop a full business case for the commercial property investment proposals set out in this report, which will be brought back to Council for a final decision
3. **AGREE** that officers commence an appropriate procurement process to commission a property agent to work on behalf of the Council in relation to the proposed commercial property investment strategy

1.0 **Executive Summary**

- 1.1 On December 8th 2016 and January 5th 2017, Members attended a finance and investment principles workshop which covered the income generation, investment strategy, and efficiency improvement opportunities officers were considering.
- 1.2 Based on Member feedback from those sessions, and with input from the recently formed 'Invest to Earn' working group, this report recommends the Executive note the proposed property investment strategy.
- 1.3 Other opportunities to close the budget gap are being pursued concurrently. If pursued, this recommendation presents the Council with significant achievable revenue streams in-year, whereas other opportunities will take longer to realise and are not solely capable of achieving the required quantum.
- 1.4 The objective of this proposed strategy is to generate revenue streams to contribute to the financial sustainability of Council,

Investment in Commercial Property

enabling it to continue to deliver frontline services in line with the Council's adopted strategy & objectives.

- 1.5 Revenue generation would be achieved by the focussed acquisition of existing commercial property assets using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt.
- 1.6 If ultimately approved in this form, the strategy could see the Council building a commercial property investment portfolio with a maximum budget of £75m plus an additional 7% of that sum in acquisition costs. Any property acquired would conform to the proposed strategy detailed in Appendix A.

2. Background

- 2.1. During 2015/16 the Councils reviewed their priorities and Members from both Councils agreed that their top priority was to achieve financial sustainability. Both Councils also stated that they did not want to see a reduction in the level and quality of the services delivered to their communities.
- 2.2. The Council's adopted Medium Term Financial Strategy (MTFS) is based on a financial forecast over a rolling five year timeframe to 2021/22 which helps ensure that resources are aligned to the outcomes in Our Plan. The following table illustrates the forecasted budget gap from 2017/18 onwards as reported to Council on 9th February 2017:

| | 2017/18 £ | 2018/19 £ | 2019/20 £ | 2020/21 £ | 2021/22 £ |
|--|--------------|--------------|--------------|--------------|-----------------|
| Budget gap/surplus | Nil | 560,905 | Nil | 10,722 | 16,413 |
| ACTUAL PREDICTED CUMULATIVE BUDGET GAP OVER THE FIVE YEARS TO 21/22 | | | | | £588,040 |

- 2.3. The above means that over the period to 2021/22 the above amounts need to be found by way of savings or additional income generation, based on the current financial modelling.
- 2.4. A variety of investment instruments are available to the Local Authority market. In addition to the notice accounts and fixed term deposits available from UK and overseas banks, it is possible for the Council to invest in UK Government Gilts, bonds, property funds, or commercial and residential property.
- 2.5. These instruments require the Council to tie up its funds for a significantly longer period than currently determined by its adopted Treasury Management Strategy (reducing liquidity), or would carry a risk of capital loss if markets were to go down.
- 2.6. Therefore, the Council's policy has hitherto been not to invest in these more risky and less liquid forms of investment. However, a variety of factors suggest that now may be an appropriate time to reconsider that approach, including:
 - (a) The perception of increased risk in bank deposits as a result of a reduction in confidence that the Government would again bail out a failing bank

Investment in Commercial Property

- (b) The outlook for short term bank deposit yields being below inflation
 - (c) A growing UK economy that could support other forms of investment
 - (d) A challenging SHDC budget that would benefit from additional investment income
- 2.7. Officers have therefore considered a variety of different forms of investment. UK Gilts and corporate bond funds could still face a challenging environment, whereas the commercial property market stands to benefit from forecast growth in GDP in excess of 2% per annum over the next few years. UK Gilts are currently returning a yield of around 1%, whilst reasonably low risk equities generate around 3%.
- 2.8. To achieve financial sustainability, based on the current MTFs, the Council needs to generate or save c.£600k pa. The table below depicts the options and the applicable investment required if one option was chosen solely to close the forecast budget gap:

| To Achieve £600k per annum... (Indicative Returns) | Gilt 1% | Low Risk Equity 3% | Property Fund (e.g. CCLA) 5% | Property Investment 5.75%^ |
|--|------------|--------------------|------------------------------|----------------------------|
| Capital Required (£) | 60,000,000 | 20,000,000 | 12,000,000 | 80,250,000 |
| Funding Available? | No | No | No | No |
| Borrowing Allowed? | No | No | No | Yes |

^5.75% is gross yield. Finance & management costs and a sinking fund need to be deducted to generate a net yield. This is detailed in Appendix A.

- 2.9. Market analysis by local property agent Vickery Holman in 2016 found the following investment yields:

| | Residential | Industrial | Office |
|----------|-------------|------------|--------|
| Oct 2007 | 3.0% | 6.25% | 5.75% |
| Oct 2012 | 7.0% | 8.50% | 8.00% |
| Oct 2014 | 6.0% | 7.50% | 7.75% |
| Jan 2016 | 5.0% | 6.50% | 7.00% |

- 2.10 Investment in residential property is not recommended due to the risk of 'Right to Buy' affecting investment returns. The Council is actively looking at other forms of residential development and investment and these are the subject of other reports for consideration by Council.
- 2.11 The Council does not have significant funding available to enable investment in gilts, equities nor property funds at this time to achieve financial sustainability. Officers have concluded that investment in commercial property could be the way forward initially, as part of a balanced investment portfolio. Therefore, the remainder of this report will focus on property investment as it is understood that Public Works Loan Board (PWL) borrowing is available to the Council to acquire capital assets.

Investment in Commercial Property

3.0 Investment in Commercial Property

- 3.1 Members recently approved the formation of a Member 'Invest to Earn' working group. This group have worked with officers to formulate the Commercial Property Investment Strategy and Business Plan shown at Appendix A. The Terms of Reference for the group are shown in Appendix C.
- 3.2 Subject to the approval of a full business case and obtaining specialist legal and treasury management advice, if the proposed strategy as shown in Appendix A is adopted, it is proposed that the Council commits a maximum budget of £80.25m to invest £75m in commercial property acquisitions, plus a further 7% of that sum (£5.25m) to cover related acquisition costs towards this strategy, in order to build a commercial property portfolio within 12 months.
- 3.3 The portfolio objective is to generate recurrent revenue streams to contribute to the financial sustainability of Council, enabling it to continue to deliver frontline services in line with the Council's adopted strategy & objectives.
- 3.4 Purchases will be made using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt. Borrowing will be taken on a repayment basis, over a maximum 40 year term.
- 3.5 The portfolio will target a gross investment yield of 5.75%. The strategy will be reviewed on an annual basis.
- 3.6 Following the Finance & Investment principles workshop, held on December 7th 2016 and January 5th 2017, a Member survey was undertaken to understand Member appetite for acquiring a commercial property portfolio. 16 elected Members participated in the survey. Of those:
 - 3.6.1 94% said the Council should acquire a commercial property portfolio to sustain the Council's revenue position
 - 3.6.2 69% said investment should be made into a mixed estate (no sector preferred) but with the decision based on availability and acceptable risk
 - 3.6.3 94% said it was acceptable or desirable to acquire properties outside of the district
 - 3.6.4 94% said it was acceptable for the Council to take on borrowing to acquire such an estate
- 3.7 Initially, it is proposed that the Council appoint a property agent to work on its behalf to source investment opportunities. It is recommended that funding is allocated from the Innovation (Invest to Earn) Earmarked Reserve to acquire specialist advice in relation to the preparation of a full business case which will be brought to Council for decision.
- 4.0 **Options available and consideration of risk**
- 4.1. Members could opt to follow, amend or reject the recommendations.

Investment in Commercial Property

- 4.2. The overall investment quantum and strategy is designed to provide sufficient income to cover the predicted budget gap in its entirety. This approach will be assessed as part of the treasury management advice procured e.g. affordability requirements. If the total investment amount is reduced, the income generated would not be sufficient to create financial sustainability.
- 4.3. If Members chose to vary the portfolio investment yield target, overall budget, or funding source, these would result in different financial outcomes.
- 4.4. There are risks that should not be discounted. It is proposed that the Council takes in a significant sum in borrowing to finance the acquisition of a commercial property portfolio.
- 4.5. The capital value of any property can go down as well as up, and therefore the capital redeemed at the end of the investment could be less than the sum initially invested.
- 4.6. This investment strategy is based on revenue income and capital value increases have not been factored into the financial calculations.
- 4.7. A drop in capital value would only affect the Council's cash flow position if it chose to dispose of the investment whilst the value was less than at acquisition.
- 4.8. However, using PWLB to fund a purchase means lending is not secured against the property and so the Council could opt to lose money on one property if the overall capital value of the portfolio is greater than the loss capital value.
- 4.9. The strategy and business plan allow for the costs needed to acquire and manage the portfolio, e.g. acquisition, disposal, maintenance and management.
- 4.10. The strategy looks to mitigate risks by setting specific criteria for purchases and necessary due diligence must be completed before officers and the 'Invest to Earn' group recommend any purchase. Refer to Appendix A and B for details of the strategy, criteria, and the business case that would need to be completed before a purchase is recommended to the delegated authorities to consider.
- 4.11. The target yield, less costs, will comfortably outperform the current investment returns achieved by the Council – 0.5% is forecast in the MTFs as an average for 2017/18 rising to 1.0% by 2021/22.
- 4.12. A breakeven position, where the loan repayment, maintenance and management are covered by the rental income earned by the portfolio is achieved with a portfolio gross yield of 4.88%. Individual purchase decisions and portfolio management would be taken with this in mind. It is felt there is significant distance between the target yield and the breakeven point.
- 4.13. For the past few years, the Council has adopted a very cautious and prudent approach to treasury management. Lending has only been made to banks and building societies which have strong

Investment in Commercial Property

credit limits and meet the criteria set by the Council, using information published by the three major credit rating agencies.

- 4.14. This policy has been maintained in the knowledge that putting security before liquidity or yield does impact on the income being generated from these investments. This strategy would need to be updated if this direction of travel is pursued. A revised Treasury Management Strategy would be presented to Council with the business case for the commercial property investment.

5.0 Proposed Way Forward

- 5.1 It is proposed that if the Executive Committee approve this report's recommendations, further due diligence will be completed by way of securing counsel from the Council's treasury management advisors and external legal advisers, to inform the strategy and the Council's legal powers to build a portfolio as described in Appendix A.
- 5.2 A property agent will be commissioned to work on behalf of the Council in relation to this proposed strategy.
- 5.3 The funding required to obtain the specialist advice and services will be financed from the Innovation Fund (Invest to Earn) Earmarked Reserve.

6.0 Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|----------------------|---------------------------|---|
| Legal/ Governance | Y | Advice on the relevant powers and appropriate vehicles for delivering these proposals will be sought from external specialist advisers. Member approval is sought to authorise the allocation of resources for this purpose. This advice is to be funded from the Innovation (Invest to Earn) Earmarked Reserve which has an uncommitted balance of £20,500. |
| Financial | Y | Advice is being sought from Capita, the Council's retained Treasury Management advisors, regarding the ability of the Council to meet the financial obligations inherent with borrowing up to £75m (plus acquisition costs) to fund the proposed commercial property investment strategy. This advice is to be funded from the Innovation (Invest to Earn) Earmarked Reserve which has an uncommitted balance of £20,500. Part of the business case for commercial property investment will be an assessment of the Internal Rate of Return (IRR) calculation. If successful, the proposed commercial property investment strategy has the potential to make a significant contribution to the current predicted cumulative budget gap for the Council. |
| Risk | Y | Any PWLB borrowing to fund the acquisition of commercial property is not secured on the property acquired. The security risk is that the capital value of the property acquired falls. Whilst this would have an effect on the Council's balance sheet, the value of the property only becomes an issue if the Council chooses to sell the property and realises a capital loss. The liquidity risk is the risk of failure of a tenant within one of the acquired properties. The borrowing rate will be fixed for the term of the loan. As lending will be taken on a repayment basis, at the end of the term, the loan will be repaid in full and property will be a 100% owned asset of the Council (in actuality |

Investment in Commercial Property

| | | |
|---|---|---|
| | | <p>as the loan is not secured against the property, the asset will be 100% owned from day one).</p> <p>The yield risk is that the income derived from the acquired assets will alter during the life of the asset. This will be actively managed; with agents commissioned to manage the asset and tenants. Properties will only be acquired if they have a minimum of 5 years unexpired lease term and are located in areas deemed to be attractive for future lettings / sales, limiting the risk to the Council's portfolio.</p> <p>The Council already owns and operates a commercial property estate valued at c.£70m. It therefore has experience of managing such an estate and can act as an intelligent client, with the aid of commissioned property specialists. The cost of these specialists has been included in the net yield.</p> <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines. A revised Treasury Management Strategy will be presented to Council with the business case for the commercial property investment.</p> <p>Investment interest income is reported quarterly to SLT and Executive.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | N | Not Applicable |
| Safeguarding | N | Not Applicable |
| Community Safety, Crime and Disorder | N | Not Applicable |
| Health, Safety and Wellbeing | N | Not Applicable |
| Other implications | N | Not Applicable |

Supporting Information

Appendices:

Appendix A - Commercial Property Investment Strategy & Business Plan

Appendix B – Business Case for Property Investment

Appendix C – Terms of Reference for the 'Invest to Earn' Working Group

Background Papers:

- MTFs, presented to Executive Committee September 15th 2016
- Revenue & Capital Budget Proposals Report – 2017/18, presented to Council, February 9th 2017

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 | n/a |

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Appendix A – SHDC Commercial Property Investment Strategy & Business Plan

Overall Objective:

Increase revenue streams to contribute to the financial sustainability of Council, enabling it to continue to deliver frontline services in line with adopted strategy & objectives.

This will be achieved by the focussed acquisition of existing commercial property assets using predominantly prudential borrowing or any other unallocated or available Council reserve or capital receipt.

Strategy

- Invest in commercial properties to provide rental income with a minimum gross yield of 5.75% across the portfolio (once complete)
- Achieve a spread of risk across a greater number of assets and by acquiring properties across the range of different property asset classes, namely retail, leisure, office and industrial
- Properties will be acquired to hold rather than to dispose
- The Council will operate independently - The Council is not reliant on another Council to progress with this strategy
- The Council will invest sufficiently so that the portfolio's net revenue receipt delivers sufficient income to fund the initiative and make a significant contribution to the Council's forecast budget gap (with the potential to meet the budget gap)
- Acquisition costs are forecast not to exceed 7% (Stamp Duty Land Tax (SDLT) / Legal / Agents / Due Diligence)
- Management of the acquired assets will be outsourced to property professionals. The costs for this management are to be included within the target yield
- The legal work required to complete transactions is to be outsourced
- A retained agent will be commissioned to act on behalf of the Council to source suitable properties and manage the acquisition due diligence process

Risk

- The risks of investing in property may be mitigated through the acquisition of assets with secure, long income streams
- This needs to be balanced against the requirement for a given level of income yield on capital invested in a careful and controlled manner, with specific analysis of risk criteria carried out in the 'due diligence' stage prior to the completion of each purchase
- Should the portfolio yield drop below 5.75%, a review of the strategy will be triggered
- The portfolio of investments being acquired should be diversified in order to spread risks via a balanced portfolio, such diversification principally being across geographical location and the use type of properties held
- The portfolio will be relatively risk-averse, limiting fresh investment to properties with minimum unexpired lease terms of five years at the date of acquisition, and tenants of strong financial standing

Initially, investment decisions will be taken as long as they fit within the below criteria:

Location:

- Neutral – wherever opportunities arise in order to quickly acquire good investment properties which deliver the minimum prescribed yield and are deemed an acceptable risk
- In order to not over expose the Council to one particular geography, properties outside of the Council's area will be favoured initially
- As the portfolio gets larger, a mix of locations will be sought to create a balanced portfolio

- A maximum exposure of 25% to one location will be sought once the full investment budget is exhausted
- Good, commercially strong locations to protect capital value and ensure ongoing occupier demand. E.g. for retail good out-of-town retail clusters/parks; for offices close to transport infrastructure and catchment for employees; for industrial close to major road / rail hubs

Sector:

- Neutral – Again, wherever opportunities arise in order to quickly acquire good investment properties which deliver the minimum prescribed yield and are deemed an acceptable risk.
- As the portfolio gets larger, a mix of sectors will be sought to create a balanced portfolio.
- A maximum exposure of 25% to one sector will be sought once the full investment budget is exhausted.

Tenant mix:

- No ‘Sin’ assets – anything which could be deemed as likely to bring the Council into disrepute or potential conflict, e.g. gambling, alcohol, political or religious buildings.
- As the portfolio gets larger, a mix of tenants will be sought to create a balanced portfolio
- A maximum exposure of 15% to one tenant will be sought once the full investment budget is exhausted

Lease length:

- Minimum 5 years unexpired (mean unexpired term for multi-let properties)
- Unless in exceptional circumstances (e.g. the property is being purchased with a view to re-development), single-let properties will be avoided unless the unexpired lease term is 10 years or more
- For multi-let properties, a mix of lease expiry dates are preferred, thereby limiting void risk (unless the property is purchased with a view to re-development)
- Well-let to sound tenants on leases with a preference for ‘Full Repairing and Insuring’ leases for single occupiers and through internal repair obligations and a service charge for multi-let properties
- The final decision over the definition of “well-let” and “sound” will be agreed between the property acquisition advisers (including legal due diligence) and the individuals delegated with the responsibility to conclude the acquisition of the properties
- This decision will be based on both the risk to the capital investment and revenue returns

Investment Yield:

- Per investment lot, a minimum gross yield of 4% will be sought, before management, maintenance and funding costs
- A maximum gross yield of 11% will be permitted
- As the portfolio gets larger, a mix of yields will be sought to create a balanced portfolio
- The overall portfolio will have a target balanced portfolio yield of 5.75%

Cost:

- Individual lot sizes of up to £15m
- Larger lot sizes will be favoured - smaller size properties have disproportionately higher management costs and expose the Council to greater property void risks
- All investments will be subject to a minimum lot size of £3m

For all of the above, flexibility of +/- 15% (relative to the measure) is allowable in order to conclude a deal without recourse to reviewing the terms of this strategy. The overall budget for acquisitions is not subject to this flexibility.

Funding:

- This is to be secured on a case by case basis on the most favourable terms available predominantly through prudential borrowing or any other unallocated or available Council reserve or capital receipt
- The term will not exceed the expected remaining life of the property, but as a rule, the Council wishes to secure borrowing over a maximum 40 year term
- The Council will opt to repay on a repayment basis (akin to a mortgage), whereby the entire acquisition cost will be repaid by the end of the term and the Council will own the acquired asset outright
- The Council will therefore be in a position to recoup the asset value at the end of the loan term in addition to the income it has derived during its ownership

Exit Strategy:

- The Council is investing to hold. It is not looking to actively trade commercial property
- If capital values determine that the most prudent action is to sell an individual asset, this will be considered on a case by case basis and will be acted upon in consultation with the 'Invest to Earn' group Chair, Leader, S151 officer and Head of Paid Service
- It is proposed that all properties will be held as Council Assets. This may change if the Council were to set-up an arms-length management organisation (ALMO) or trading company and it was found to be commercially advantageous for such a vehicle to hold the asset. Any property transfer between the Council and such a vehicle would likely incur a 5% SDLT charge
- It is important to note that there would be early repayment charges if the loan used to acquire the commercial property were to be repaid before the end of the loan term. However, Public Works Loan Board (PWLB) lending is not secured against property, so this would not inhibit the asset being traded during the loan period. An alternative asset would need to be purchased (& held) with any sale proceeds

Tax Implications:

- Due to the Council holding the asset, it is not anticipated that there will be any corporation tax or income tax implications from this strategy
- Some properties may be VAT elected, meaning VAT must be charged to tenants. This will be dealt with on a case by case basis and will be covered by the due diligence connected with that acquisition. The Council is able to charge and recover VAT
- Capital Gains Tax would not apply to assets sold from Council ownership. This position may change if a company were to be used to hold the acquired asset

Governance Arrangements:*Purchase*

Delegated authority to Head of Paid Service, working in conjunction with S151 officer and Leader and Chair of the 'Invest to Earn' group. Each receive one vote to proceed with purchase. In the event of a split decision, the S151 officer has the casting vote. Only purchases which are in line with the agreed strategy will be considered by this group. The 'Invest to Earn' group will determine its chair and will receive details of potential purchases from the Assets CoP. They will vote on whether to bring a potential purchase decision to the Head of Paid Service. Any deviation from the agreed strategy (beyond the flexibility parameters) will require Council approval.

Running / Review

Assets to be managed by a contracted third party initially, with overview by Assets CoP, Group Manager, Business Development and the S151 officer. Invest to Earn group to receive regular reporting to confirm portfolio composition and performance. Regular reporting to Audit Committee.

Disposal

To be considered if portfolio breaches the agreed strategy. Decisions to be made in consultation with the 'Invest to Earn' group Chair, Leader, S151 officer and Head of Paid Service.

Business Plan / Financial Implications:

SHDC require c.£600k of revenue per annum in order to be financially sustainable, in line with its recently reported Medium Term Financial Strategy (MTFS) and budget proposals report to Council, 9th February 2017. Below is a breakdown of how an investment of £75m plus acquisition costs could derive c.£600k of revenue after costs to support the financial sustainability of the Council.

| | |
|-------------------------------------|--------------------|
| Term (Years) | 40 |
| Assumed Loan Rate % | 2.85 |
| Acquisition fees @ 7% | 5,250,000 |
| Capital Investment | 75,000,000 |
| Total Investment / Borrowing | 80,250,000 |
| Monthly Repayment | 280,389 |
| Annual Repayment | 3,364,668 |
| Total Repayment Made | 134,586,720 |
| Target Portfolio Yield % | 5.75 |
| Annual Rent Receivable | 4,312,500 |
| Loan Repayment (Annually) | (3,364,668) |
| Management costs @ 3% | (129,375) |
| Sinking fund @5% of rent | (215,625) |
| Annual Surplus | 602,832 |

A scenario analysis is included below to show the affect that the yield has on the return achievable from the portfolio. This highlights that the portfolio needs active management and care in choosing the right acquisitions to ensure the minimum yield is achieved.

| | |
|----------------------------|------------------|
| Rent (@5% Yield) | 3,750,000 |
| Surplus | 85,332 |
| Rent (@5.85% Yield) | 4,387,500 |
| Surplus | 671,832 |
| Rent (@6% Yield) | 4,500,000 |
| Surplus | 775,332 |
| Rent (@6.35% Yield) | 4,725,000 |
| Surplus | 982,332 |

A minimum yield of 4.88% is required in order for the £75m investment to breakeven, i.e. cover the cost of loan repayments, the sinking fund for maintenance and the expected management / administration costs.

Appendix B – Business Case for Property Investment

The following information must be completed for each potential purchase that comes before the 'Invest to Earn' group for recommendation to proceed with acquisition.

INVESTMENT NAME AND ADDRESS:

COMPLIANCE WITH STRATEGY – NON-FINANCIAL:

- Sector
- Location
- Building specification
- Lease arrangements
- Quality of tenants

COMPLIANCE WITH STRATEGY OBJECTIVE – FINANCIAL

- Purchase price
- Rental income / initial yield
- Outgoings
- Acquisition costs
- Management and maintenance obligations
- IRR Calculation (Internal rate of return)
- Fit within portfolio

LEGAL ISSUES (to include):

- Review of title and ownership
- Liabilities and restrictions
- Tax requirements

RISK ASSESSMENT:

- Economic and Property Market
- Asset-specific –e.g. location, building quality, lease length, tenant mix/strength, rent payable
- Environmental and regulatory
- Reputational
- Building Condition

REVIEW BY:

- S.151 Finance officer
- Head of Assets CoP
- Business Development, Group Manager
- Monitoring officer
- Invest to Earn Group

RECOMMENDATION TO DELEGATED AUTHORITY (Head of Paid Service, Leader, S.151 Officer & Chair of 'Invest to Earn') TO PURCHASE? *YES / NO*

Rationale:

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Appendix C - SHDC Invest to Earn Working Group – Terms of Reference February 2017

Purpose & Role of the group:

- The identified group will work in conjunction with officers on any project or initiative linked to income generation, investment strategy or efficiency improvement.
- Members will provide input and engage/act as advocates with the wider membership.
- Members will suggest, consider and evaluate proposals and help officers to shape these, agreeing parameters, criteria and ultimately assist with building credible business cases for presentation and approval at the appropriate Council committee.
- The group will report to the Council Executive.
- The initial focus of the group will be to consider (in priority order):
 - A singular or series of significant capital investment(s) in commercial property using prudential borrowing;
 - Agreeing a balanced investment strategy
 - Using the Council's existing funds and/or assets and/or acquiring new assets to derive income and community benefits;
 - Other income generation and efficiency opportunities

Membership:

- The group will be made up 4 elected Members, working with officers from the Finance & Assets Community of Practices and from Strategy & Commissioning. Other officers will interact with the group on an 'as needs' basis
- The group will be politically balanced
- The elected members will have as a minimum an interest in the financial sustainability of the Council. Knowledge of the Council's property assets and an understanding of investments is preferable
- Any Member missing three consecutive meetings shall be dropped and a replacement sought
- Other Members & officers are welcome to observe group meetings and may be invited by the Chair to participate as required

Accountability:

- Group members are responsible for reporting back on the activities of the group to their political group and the wider elected membership
- Officers will make recommendations to the group from time to time. The chair will hold a vote on to determine whether these should be progressed, with all elected Members having one vote. In the event of a tie, the Council's S151 officer will decide whether or not that recommendation should be made to the appropriate Council committee or delegated authority. All elected group Members must vote for the vote to be valid
- For the avoidance of doubt, the group themselves cannot determine whether an opportunity should proceed (or funds be expended) if such an opportunity needs delegated authority approval or Council committee approval in line with the Council's constituted scheme of delegation
- Once the Invest to Earn group have agreed to support a recommendation, officers will negotiate the purchase with the retained agent and vendor in order to complete the due diligence prior to presenting the purchase decision to the delegated authority. Officers will revert to the Invest to

Earn group if through the due diligence or negotiation process, any of the purchase criteria parameters are altered by +/- 15% (relative to the measure)

- The appointed chair must vote in line with the Invest to Earn's group decision when representing the group

Review:

- The group will review the relevance and value of its work and the terms of reference every year, with the first review due in January 2018
- The group may elect to undertake a review ahead of this time if it so chooses.

Meetings:

- Meetings will be chaired by one of the group members. A vote for chair will take place at the first meeting with each elected Member having one vote. In the case of a tie, the Leader of the Council will have the casting vote. The role of chair will be reviewed annually.
- Meetings will be convened as and when required and held at least 4 times a year
- The Group Manager, Business Development will act as secretariat for the meetings and will be responsible for the circulation of an agenda and papers before each meeting

Agenda Item 8

Report to: **Executive**
Date: **9 March 2017**
Title: **Quarter 3 Revenue Budget Monitoring
2016/2017**
Portfolio Area: **Support Services – Cllr S Wright**
Wards Affected: **All**
Relevant Scrutiny Committee: **Overview and Scrutiny Panel**

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

Author: **Pauline Henstock** Role: **Finance Business Partner**

Contact: **Tel. 01803 861377**
E-mail: pauline.henstock@swdevon.gov.uk

Recommendations:

That the Executive resolves to:-

- i) Note the forecast income and expenditure variations for the 2016/17 financial year and the overall projected overspend of £27,000 (0.3% of the total Budget £8.752 million)
- ii) Recommend to Council to transfer funding of £160,000 from the Business Rates Retention Earmarked Reserve into the Consolidated Income and Expenditure Account in 2016-17.

1. Executive summary

1.1 This report enables Members to monitor income and expenditure variations against the approved budget for 2016/17, and provides a forecast for the year end position.

1.2 The gross service expenditure budget for 2016/17 was set at £43 million (£8.752 million net). **Actual net revenue expenditure is forecast to be over budget by £27,000 when compared against the total budget set for 2016/17.** This equates to 0.3% of the overall net budget.

1.3 The £27,000 could be met by unearmarked (general fund) revenue reserves and would reduce the balance on the reserve from £1.810 million (at 31/3/16) to £1.783 million (at 31/3/17) as shown in Appendix A.

1.4 It is recommended to Council to transfer funding of £160,000 from the Business Rates Retention Earmarked Reserve into the Consolidated Income and Expenditure Account in 2016/17. Annually transfers are made from Earmarked Reserves to the Comprehensive Income and Expenditure Account as part of the closure of the Accounts. In 2014/15 the Council gave delegated authority to the S151 Officer (Finance Community of Practice Lead) to determine the appropriate financing arrangements for the 2014/15 year for this. In 2015/16 a recommendation was made to Full Council as part of the budget monitoring report. Any decision to utilise funding from Earmarked Reserves can only be taken by Full Council (or be delegated to the S151 Officer).

1.5 As the accounting entries can be identified at an early stage, a recommendation is made to Council to agree the accounting entries in 2016/17.

2. Background

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

2.2 The accounting regulations have now changed for 2016/17 and this allows Councils to present their income and expenditure account in the same format as their reporting structure. Therefore the budget monitoring report details the variations from budget in each of the four categories of Customer First, Commercial Services, Support Services and Strategy and Commissioning.

3. Outcomes/outputs

3.1 Budget overview

Table 1 below provides an analysis of the projected variances against budget.

TABLE 1: 2016/17 BUDGET FORECAST

| | 2016/17 Budget expenditure /(income) £000 | Budget variations £000 | £000 | Note |
|--|--|---------------------------------------|--------------|-------------|
| APPROVED BUDGET | | | 8,752 | |
| Reductions in expenditure/additional income | | | | |
| Customer First | | | | |
| Employment Estates income | (1,342) | (45) | | A |
| Business Support flood scheme | - | (34) | | B |
| Access agreement income | - | (34) | | C |
| Licensing income – shellfish export certificates | - | (20) | | D |
| Commercial Services | | | | |
| Car Parking income | (2,872) | (60) | | E |
| Trade Waste income | (754) | (40) | | F |
| Dartmouth Lower Ferry income | (807) | (20) | | G |
| Strategy and Commissioning | | | | |
| Members travel and printing | 36 | (10) | | H |
| Financing and Investment | | | | |
| Land and Investment Properties | - | (60) | | I |
| Sub total of variations | | | (323) | |
| Increases in expenditure/reductions in income | | | | |
| Customer First | | | | |
| Planning Applications (income) | (700) | 65 | | J |
| Follaton House income | (244) | 45 | | K |
| Planning legal fees | 34 | 15 | | L |
| Salaries | 3,441 | 45 | | M |
| Commercial Services | | | | |
| Recycling credits income | (756) | 85 | | N |
| Manual workers – Environmental Services salaries | 631 | 75 | | O |
| Waste round review | (125) | 40 | | P |
| Trade waste income – business rated domestic properties | (50) | 20 | | Q |
| Torr Quarry transfer station – haulage costs | 151 | 30 | | R |
| Pannier markets income | (120) | 10 | | S |
| Salaries | 4,209 | 25 | | T |

| | | | | |
|---|-------|-------|--------------|---|
| Dartmouth Lower Ferry overtime | 40 | 20 | | U |
| Support Services | | | | |
| Salaries | 1,570 | 20 | | V |
| Financing and Investment | | | | |
| Investment income | (148) | 15 | | W |
| Sub total of variations | | | 510 | |
| Transfers from Earmarked Reserves | | | | |
| Business Rates Retention Earmarked Reserve | N/A | (160) | (160) | X |
| PROJECTED OUTTURN | | | 8,779 | |
| | | | | |
| | | | | |
| PROJECTED OVERSPEND (Net impact on the Comprehensive Income and Expenditure account for 2016-17) | | | 27 | |

Notes

- A. **Employment Estates** – There is predicted to be additional income in the region of £45,000 mainly in respect of boat launch fees and annual licence fees.
- B. **Business Support flood scheme** – In 2013/14 the Council received a business support flood scheme grant of £55,000. Despite extensive promotion only £21,000 of grant has been awarded. Funding was provided to nine businesses in the South Hams with a maximum award of £2,500 per business. The unused element of the grant can be treated as additional income in 2016/17.
- C. **Access agreement** – Unbudgeted income of £34,000 has been received this year in respect of an access agreement. This is a net receipt and reflects costs incurred of £27,500.
- D. **Licensing** – Export of live crabs to China requires an export certificate issued by the Council. A fee is charged for this certificate. Due to reasons beyond the control of the Council, the trade ceased in 2015/16 and a cost pressure was built in to the 2016/17 budget. However, this trade has now resumed and it is anticipated that £20,000 of unbudgeted income will be received in 2016/17.
- E. **Car parks** - Car parking income is showing an uplift of £60,000 on an overall income budget of £2.9 million. This is encouraging and shows an uplift in motorists using car parks which is also replicated in other traffic dependent services like the Lower Ferry. Car parking income needs to be monitored over a longer period to consider sustained usage trends against the profiled income target.

- F. **Trade waste** – Additional income of £40,000 is anticipated in 2016/17. However, this will be partly offset by 'Q' below.
- G. **Dartmouth Lower Ferry** – Members will recall that the 2016/17 income target for Dartmouth Lower Ferry was reduced by £100,000 following a downturn in income. The 2016/17 income budget of £807,000 is predicted to be exceeded by £20,000. This reflects the implementation of tariff reviews during 2016/17 suggested as part of the current service review.
- H. **Members** – It is anticipated that the Members travel and printing budgets will be underspent by £5,000 each.
- I. **Land and Investment Properties** – Unbudgeted income of £60,000 has been received this year in respect of an easement over Council land.
- J. **Planning** – There is predicted to be a shortfall in income from planning applications of £65,000. Although the number of applications has increased, their individual value has reduced. In previous years additional income has been generated from a number of one off large applications for renewable energy.
- K. **Follaton House** – It is anticipated that there will be a shortfall in the letting income for Follaton House. This is likely to be in the region of £35,000 against the income target of £231,000 due to a delay in tenants moving in. In addition there is a shortfall in room hire income of £10,000.
- L. **Planning** – Members will recall that £30,000 was built in to the 2016/17 budget for legal fees in respect of planning. However, this has already been fully utilised and is predicted to be overspent by a further £15,000.
- M. **Salaries (Customer First)** – There are additional one off staffing and agency costs of approximately £45,000, mainly due to temporary resources being used to backfill positions, for example within Planning Specialists where the Council has had difficulty in recruiting to permanent posts. The cost of an agency worker is higher than a budgeted permanent post on the Establishment. These costs include the maternity leave cover for the Planning Community of Practice Lead.
- N. **Recycling** – There is an anticipated cost pressure of £85,000. Income from recycling credits will reduce by £60,000 due to the Waste Disposal Authority bringing dedicated leaf sweepings into the Devon County contract. This is partly offset by a reduction in the amount paid out as a gate fee for this service (£25,000). In addition there will be a further shortfall in recycling credits of £50,000 due to both a reduction in the tonnage of material collected and the market value of the materials.

- O. **Environmental Services manual workers** – There is an anticipated cost pressure of £75,000 in respect of salary costs for waste and recycling, street and beach cleaning and public conveniences. This is due to overtime (£25,000) and agency costs (£50,000). The additional costs have arisen due to a combination of factors relating to the winter tonnage increases and pressures on the rate of pay for manual staff.
- P. **Waste Round review** – There is a cost pressure of £40,000 in Household Waste collection. This reflects the fact that the savings which were envisaged from the round review are not achievable in 2016/17.
- Q. **Trade Waste income for business rated domestic properties** – Based on the uptake to date new additional income of £30,000 is anticipated for 2016/17. This falls short of the income target of £50,000, however the variance of £20,000 will be offset by other additional trade waste income in 2016/17 – see 'F' above. Work is ongoing to ensure the income target for 2017/18 is met. A number of those eligible to pay the charge may well not pay for the service until the tourist season for 2017 commences although they have been invoiced within 2016/17.
- R. **Torr Quarry transfer station** – A cost pressure of £30,000 has arisen from additional haulage costs due to the increase in waste tonnages. The Waste and Recycling Task and Finish Group will be reporting back to the April Executive meeting with a review of the waste and recycling service to look at ways of improving this position.
- S. **Pannier markets** – A reduction in income is anticipated of £10,000. This has been the case for the past few years and this position has now been addressed in the 2017/18 Budget, by ensuring that income expectation is now in line with profiled consistent trends.
- T. **Salaries (Commercial Services)** – There are additional one off staffing costs of £25,000, to obtain future savings within Facilities Management.
- U. **Dartmouth Lower Ferry** – It is projected that overtime costs will be £20,000 overspent against the budget of £40,000. During 2015/16 a business case was commissioned on the running of the Dartmouth Lower Ferry business. A proposal for the future service operation is currently being explored by the Task and Finish Group and discussions with the workforce and union are on-going.
- V. **Salaries (Support Services)** – There are additional staffing and agency costs of approximately £20,000, mainly due to temporary resources being used to backfill positions.

W. **Investment income** – A shortfall in investment income of £15,000 is expected following the cut in the Bank Base Rate from 0.5% to 0.25% on 4 August 2016. The Council is investigating alternative investment vehicles in order to be able to reduce this cost pressure.

X. **Business Rates** – It is recommended to transfer £160,000 from the Business Rates Retention Earmarked Reserve of £9.9 million into the Consolidated Income and Expenditure Account in 2016/17. This is in effect releasing business rate income into the Income and Expenditure account. The Business Rates Retention Earmarked Reserve was set up to deal with the volatility in business rates income (particularly around the appeals provision) and the accounting arrangements from the Localisation of Business Rates.

4. Review of Earmarked Reserves

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

5. Prudential Indicators

5.1 The prudential code indicators were approved in the Treasury Management Strategy report to the Executive on 10 March 2016. The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Executive together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

6. Income and Reserves

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

| Service | Actual Income 2015/16 £'000 | Income Budget 2016/17 £'000 | Projected Income 2016/17 £'000 | Deficit/ (Surplus) £'000 | Deficit/ (Surplus) % |
|--------------------------|--------------------------------------|--------------------------------------|---|--------------------------------|----------------------------|
| Car Parks | 2,884 | 2,872 | 2,932 | (60) | (2.0%) |
| Dartmouth Ferry | 835 | 807 | 827 | (20) | (2.5%) |
| Employment Estates | 1,367 | 1,342 | 1,387 | (45) | (3.4%) |
| Licensing | 211 | 200 | 232 | (32) | (16.0%) |
| Planning Applications | 912 | 700 | 635 | 65 | 9.3% |
| Land Charges | 203 | 170 | 170 | - | - |
| Recycling | 658 | 756 | 646 | 110 | 14.5% |
| TOTAL | 7,070 | 6,847 | 6,829 | 18 | |

7. Proposed Way Forward – Management Actions

7.1 The table below sets out the relevant management actions for the revenue expenditure and income variations shown above. It is best practice for the Council to state whether there are any corrective actions that need to be taken for the variances identified in 2016/17.

| | Budget variations overspend/ (underspend) £000 | Management Action |
|--|---|---|
| Reductions in expenditure/additional income | | |
| Employment Estates income | (45) | Keep under review. |
| Business Support flood scheme | (34) | No action – this is one off income. |
| Access agreement income | (34) | No action – this is one off income. |
| Licensing income – shellfish export certificates | (20) | Keep under review. It is not proposed to build this additional income in to the 2017/18 budget. |
| Car Parking income | (60) | Keep under review and monitor increased usage of car parks over a longer period. |
| Trade Waste income | (40) | Additional income of £25,000 has been built in to the 2017/18 budget. |
| Dartmouth Lower Ferry income | (20) | Keep under review. It is not proposed to build this additional income in to the 2017/18 budget. |
| Members travel and printing | (10) | These savings have been reflected in the 2017/18 budget. |
| Land and Investment Properties – easement income | (60) | No action – this is one off income. |
| Planning income | 65 | The 2017/18 income budget has been reduced by £135,000. |
| Follaton House income | 45 | £35,000 is a one off pressure in 2016/17 due to the delay in tenants moving in. The reduction in room hire income of £10,000 has been built in to the 2017/18 budget. |
| Planning legal fees | 15 | No management action required – this is a one off cost pressure. |
| Recycling credits income | 85 | This income shortfall has been built in to the 2017/18 budget. |
| Manual workers – Environment Services salaries | 75 | This cost pressure has been built in to the 2017/18 budget. |

| | Budget variations overspend/ (underspend) £000 | Management Action |
|---|---|---|
| Waste round review | 40 | This cost pressure has been included in the 2017/18 budget. |
| Trade Waste income – business rated domestic properties | 20 | This will be kept under review. An additional £25,000 of income has been built in to the 2017/18 budget. |
| Torr Quarry transfer station - haulage costs | 30 | This cost pressure has been built in to the 2017/18 budget. |
| Pannier markets income | 10 | This income shortfall has been built in to the 2017/18 budget. |
| Salaries | 90 | Most of this overspend relates to one off costs and has now been addressed, for example the appointment of the Planning CoP Lead. This will be kept under review during 2017/18. |
| Dartmouth Lower Ferry overtime | 20 | During 2015/16 a business case was commissioned on the running of the Dartmouth Lower Ferry business. A proposal for the future service operation is currently being explored by the Task and Finish Group and discussions with the workforce and union are on-going. |
| Investment income | 15 | Keep under review. A cost pressure of £25,000 has been included in the 2017/18 budget. |

8. Issues that may impact on the budget monitoring position in the next month/Risks

The budget monitoring position assumes that collection rates will remain at previous levels.

For Business Rates, it has been assumed that the Council is still in a situation where it is eligible for a safety net payment. For 2016/17 this is projected to be around £1.8million due to the level of Business Rates appeals outstanding. This is regularly monitored and any change to this position will be reported to Members.

9. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|--|---------------------------|--|
| Legal/Governance | Y | The Statutory Powers that apply to this report are the Local Government Act 1972 Section 151 and the Local Government Act 2003 Section 28. |
| Financial | Y | <p>The report identifies an overall overspend of £27,000 which is 0.3% of the overall budget set for 2015/16 of £8.752million.</p> <p>It is recommended to Council to transfer funding of £160,000 from the Business Rates Retention Earmarked Reserve into the Consolidated Income and Expenditure Account in 2016-17. Annually transfers are made from Earmarked Reserves to the Comprehensive Income and Expenditure Account as part of the closure of the end of year Accounts.</p> <p>As the accounting entries can be identified at an early stage, a recommendation is made to Council to agree the accounting entries in 2016-17. Only Council can approve the use of Earmarked Reserves.</p> |
| Risk | Y | <p>1) Budget variances – continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</p> <p>2) Resource Planning – the Executive takes into account any significant issues when developing the Council’s Medium Term Financial Strategy.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | None directly arising from this report. |
| Safeguarding | | None directly arising from this report. |
| Community Safety, Crime and Disorder | | None directly arising from this report. |

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

Supporting Information

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

Background Papers:

Finance Community of Practice budget monitoring working papers.
Executive 15 September 2016 - Medium Term Financial Strategy for the five year period 2017/18 to 2021/22.

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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| RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR) | | | | | APPENDIX A |
|---|--|-------------------------|--------------------|----------------------|--|
| | | | Opening balance | Projected Balance | |
| | | 2016/17 Contribution | 1 April 2016 | 31 March 17 | Comments |
| | | £000 | £000 | £000 | |
| EARMARKED RESERVES | | | | | |
| Code | Specific Reserves - General Fund | | | | |
| S0820 | Capital Programme | 182 | 1,089 | 237 | Due to Capital Programme commitments |
| S0821 | Revenue Grants | | 368 | 351 | Comprises grants with no repayment conditions - created as a result of International Financial Reporting Standards (IFRS) |
| S0822 | Affordable Housing | | 540 | 71 | Due to Capital Programme commitments |
| S0823 | Renovation Grant Reserve | | 7 | 7 | Comprises proceeds from repayments |
| S0804 | New Homes Bonus | | 480 | 0 | |
| S0826 | Community Parks and Open Spaces | 17 | 98 | 104 | |
| S0710 | Pension Fund Strain | 99 | 0 | 0 | |
| S0827 | Repairs & Maintenance | 55 | 420 | 404 | |
| S0828 | Marine Infrastructure | 46 | 47 | 96 | The annual contribution is made by Salcombe Harbour |
| S0829 | Land and Development | | 226 | 84 | Includes a commitment of £76k for K2 - Kingsbridge Master Plan E.6/16 refers and a commitment of £100K for Admiral Court Dartmouth (Exec 16 June 16) |
| S0830 | Ferry Repairs & Renewals | 87 | 313 | 400 | |
| S0851 | Homelessness Prevention Reserve | | 25 | 0 | |
| S0831 | Economic Initiatives | | 98 | 77 | N.B. £49k earmarked for RDP Local Action 2017/18 to 2019/20. E21/14 refers |
| S0832 | Vehicles & Plant Renewals | 541 | 318 | 0 | Due to programmed vehicle replacements in 2016/17 - There is also a commitment of £300,000 for Vehicles from 2015/16. |
| S0833 | Pay & Display Equipment Renewals | 21 | 61 | 81 | |
| S0834 | On-Street Parking | | 44 | 0 | |
| S0847 | T18 Investment Reserve | | 70 | 0 | To fund T18 one-off investment costs. |
| S0849 | Strategic Change Reserve (T18) | 219 | 0 | 0 | A new reserve set up to fund T18 redundancy and pension costs. |
| S0835 | Print Room Equipment | | 8 | 0 | Balance transferred to ICT Development reserve |
| S0836 | ICT Development | | 195 | 109 | |
| S0837 | Sustainable Waste Management | | 3 | 0 | |
| S0838 | District Elections | 10 | 48 | 58 | |
| S0839 | Beach Safety | | 14 | 14 | |
| S0840 | Planning Policy & Major Developments | | 331 | 64 | Includes commitments for Planning Enforcement staffing in 2016/17 (£111K) Cncl 65/15 refers and Our Plan (£75k) Executive 10/12/15 |
| S0841 | Building Control | | 395 | 0 | |
| S0842 | Section 106 Deposits | | 38 | 38 | Comprises deposits with no repayment conditions - created as a result of IFRS |
| S0846 | Members Sustainable Community Locality | | 45 | 0 | |
| S0848 | 16/17 Budget Surplus Contingency Reserve | 768 | 0 | 362 | Includes commitments for T18 Transitional Resources (£279k) Council 25/16 refers and LACC set up costs (£127k) Council 28/7/16 |
| S0850 | Innovation Fund (Invest to Earn) Reserve | 777 | 0 | 277 | Purchase of Ropewalk (Council 7th April 16) and Admiral Court, Dartmouth (Exec 16 June 16) |
| Sub Total excluding the Business Rates Reserve | | 2,822 | 5,281 | 2,834 | |
| S0824 | Business Rates Retention | | 9,916 | 11,556 | The opening balance includes a safety net payment of £9.9 million for 15/16. The projection for 16/17 is based on the Council being eligible for a safety net payment of £1.8m for business rates in 16/17 due to the level of appeals outstanding. Recommendation to Council to transfer £160,000 to the Comprehensive Income and Expenditure Account in 2016-17. |
| Sub Total of Earmarked Reserves | | 2,822 | 15,197 | 14,390 | |
| GENERAL RESERVES | | | | | |
| S0950 | General Fund Balance (Unearmarked Reserves) | | 1,810 | 1,783 | Overspend of £27,000 predicted for 2016-17. |
| TOTAL REVENUE RESERVES | | | 17,007 | 16,173 | |

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NOT FOR PUBLICATION

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

Report to: **Executive**
Date: **9 March 2017**
Title: **Capital Programme Monitoring**
Portfolio Area: **Support Services**

Wards Affected: **ALL**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

Author: **Angela Endean** Role: **Capital Accountant**
Lisa Buckle **Finance Community of Practice Lead**

Contact: angela.endean@swdevon.gov.uk **01803 861480**
lisa.buckle@swdevon.gov.uk **01803 861413**

Recommendations:

1. That the Executive notes the Report.
2. To recommend to Council that:
 - (i) the capital budget for Burke Road, Totnes and Admiral Court, Dartmouth is increased by £200,500 as set out in exempt Appendix B
 - (ii) the £200,500 is financed by capital receipts of £160,000 and a contribution from the Land and Development Reserve of £40,500

1. Executive summary

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

The monitoring of the capital programme at month 9 (end of December 16) has not highlighted any significant areas of concern to report to Members. The anticipated level of expenditure is within the existing budget for the approved capital programme as a whole (Appendix A). For projects which have been completed since the last monitoring report there is a total underspend of £18,072.

The remaining contingency budget for the 2016/17 capital programme is nil as this has been allocated in the year.

2. Background

The capital programme for 2016/17 was approved by Council on 11 February 2016 (61/15 and E.59/15 refer). This report provides an update on the Capital Programme and also on those schemes that remain outstanding from previous programmes.

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

3. Outcomes/outputs

Members are requested to note the following updates on the Capital Projects:

Capital Programme 2015/2016 and prior years

Leisure Centres

On the 28th July Council approved the successful awarding of the new leisure contract to its preferred bidder, Fusion Lifestyle. Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract, with a further £1.5 million of prudential borrowing for a loan facility being subject to a business case. These investment proposals will also utilise the remaining capital budget available for Ivybridge Leisure Centre as shown in Appendix A.

The new leisure contract commenced on 1st December 2016 for a period of 25 years.

Refurbishment of Island Street Workshops, Salcombe

The refurbishment of these units was completed during 2015/16. The scheme was delivered within budget with an underspend of £5,574.

Café, Cliff House Gardens, Salcombe

Following the discovery of a structural defect this project is currently on hold.

Re-roofing at Burke Road/Wills Road, Totnes

Works are now complete and new tenants found.

Redevelopment of five employment units, Burke Road, Totnes

An update on this scheme is included in exempt Appendix B.

Development of seven employment units, Batson Trailer Park, Salcombe

An update on this scheme is included in exempt Appendix B

Capital Programme 2016/17

Development of seven starter units at Admiral Court, Dartmouth

An update on this scheme is included in exempt Appendix B.

Purchase of Rope Walk (K2 development – Kingsbridge)

The project team have held several stakeholder meetings and are progressing the first phase of the design phase. The master planning work leading to the development of a site design and project cost / viability model is programmed for completion by end of March 2017.

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

The capital budget allocation for private sector renewal grants, including DFG's, was revised at Executive on 16th June 2016. Minute E.08/16 refers. Additional temporary resource for DFG's was approved, to ensure that the Council meets estimated demand, as set out in the report.

Expenditure to the end of December was £572,843, with a further £121,000 committed. There are Statements of Need being progressed which total another £287,000. Only a proportion of the £287,000 will be spent by the year end due to the timing of the applications and the work being carried out and paid for.

Affordable Housing Update

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

| Scheme | Budget | Narrative |
|-------------------------------|---------------|--|
| Community Led Housing | £100,000 | Community led housing initiative was launched in April 2014. A change from a loan to a grant scheme was approved at Executive in December 2015. This was in response to concerns raised by community groups around being able to repay loans granted. £50,000 has been paid to two community groups. |
| Rural Affordable Housing | £400,000 | £327,577 spent or committed to rural schemes. Schemes at Thurlestone, Avondale, Slapton, Moreleigh and Frogmore are complete and Newton Ferrers is due to complete in April 2017. |
| Older Persons Housing | £500,000 | Paid to Riverside Extra Care in 2015/16. Contractors started on site in December 2015 with completion due in November 2017. |
| Existing Stock/Sustainability | £100,000 | To reduce empty homes and make best use of the existing housing stock. £65,000 has already been spent. |
| Homeless/Specialist Housing | £50,000 | To enable the provision of specialist accommodation as required. Funding will be allocated as need arises. |

Vehicle Fleet Replacement

The current fleet replacement programme is almost at an end. In a report to the Executive on 20th October 2016 on Vehicle Fleet Replacement a budget of £594,000 was approved for 2017/18.

Capital Programme Contingency Budget

The original capital contingency budget for 2016/17 was approved as £300,000. Use of £250,000 of this contingency to fund the provision of starter units at Admiral Court, Dartmouth was approved at Executive on 16 June 2016 and Council on 30th June. The remaining £50,000 of the capital contingency budget for 2016/17 has been approved to be allocated to Burke Road, Totnes and Admiral Court, Dartmouth as set out in Appendix B. The contingency budget remaining for the 2016/17 capital programme is therefore zero.

4. Options available and consideration of risk

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

5. Proposed Way Forward

This is considered on a project by project basis.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|------------------|---------------------------|---|
| Legal/Governance | | <p>Statutory powers are provided by the S1 Localism Act 2011 general power of competence.</p> <p>The capital programme is implemented in line with the Council's legal requirements, which are examined on a project-by-project basis. To date there are no undue legal concerns.</p> <p>Since there is commercially sensitive information in Appendices A and B, regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> |
| Financial | | <p>The monitoring of the capital programme at month 9 (end of December 16) has not highlighted any significant areas of concern to report to Members. The anticipated level of expenditure is within the existing budget for the approved capital programme as a whole (Appendix A). For projects which have been completed since the last monitoring report there is a total underspend of £18,072.</p> <p>The original capital contingency budget for 2016/17 was approved as £300,000. Use of £250,000 of this contingency to fund the provision of starter units at Admiral Court,</p> |

| | | |
|--|--|--|
| | | Dartmouth was approved at Executive on 16 June 2016 and Council on 30 th June. The remaining £50,000 of the capital contingency budget for 2016/17 has been approved to be allocated to Burke Road, Totnes and Admiral Court, Dartmouth as set out in Appendix B. The contingency budget remaining for the 2016/17 capital programme is therefore zero. |
| Risk | | <p>There is a risk that the Capital Programme does not meet the Council's corporate priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal. This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | This matter is assessed as part of each specific project. |
| Safeguarding | | This matter is assessed as part of each specific project. |

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

Supporting Information

Appendices:

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

EXEMPT – Appendix B – Update on new Employment Units

Background Papers:

Capital programme for 2016/17 - Council 11 February 2016

Capital programme for 2016/17 – Executive 4 February 2016 (61/15 and E59/15 refer)

Bid to purchase land to assist with income generation – Council 7 April 2016

Bid to purchase land to assist with income generation – Overview and Scrutiny Panel 7 April 2016 (68/15 and O&S99/15 refer)

Admiral Court Phase 4 – Business Case report – Council 30 June 2016

Admiral Court Phase 4 – Business Case report – Executive 16 June 2016 (27/16 and E05/16 refer)

Transitional Resources report – Council 30 June 2016

Transitional Resources report – Executive 16 June 2016 (25/16 and E08/16 refer)

Revenue Budget report 2017/18 – Council 9 February 2017

| 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. | Yes |

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Report to: **Executive**

Date: **9 March 2017**

Title: **2017/18 Treasury Management Strategy**

Portfolio Area: **Support Services – Councillor S Wright**

Wards Affected: **All**

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

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

Date next steps can be taken: Full Council

Authors: Lisa Buckle Role: **Finance Community of Practice Lead**
David Bennett **Specialist Accountant**

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

Recommendations: That the Executive resolves to :-
Recommend to Council approval of the following:

1. The prudential indicators and limits for 2017/18 to 2019/20 contained within Appendix A of the report.
2. The Minimum Revenue Position (MRP) statement contained within Appendix A which sets out the Council's Policy on MRP.
3. The Treasury Management Strategy 2017/18 and the treasury prudential indicators 2017/18 to 2019/20 contained within Appendix B.
4. The Investment Strategy 2017/18 Appendix C and the detailed criteria included in Appendix D.

1. Executive summary

This report seeks approval of the proposed Treasury Management and Investment Strategies together with their associated prudential indicators.

Good financial management and administration underpins the entire strategy. The budget for investment income for 2017/18 has been set at £123,000. This is a reduction of £25,000 from the 2016/17 budget due to lower interest rates.

2. Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite on investments, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.1 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- The capital plans (including prudential indicators);
- A minimum revenue provision (MRP) policy
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny - The above reports are required to be adequately scrutinised before being recommended to the Council. The reports are presented to the Executive prior to being recommended to Council.

2.2 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

- The capital plans and the prudential indicators;

Treasury management issues

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- Policy on borrowing in advance of need;
- The investment strategy;
- Creditworthiness policy; and
- Policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

2.3 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. Treasury management training will be organised for Members during the 2017-18 financial year.

2.4 Treasury management advisors

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

3. Outcomes/outputs

In 2016/17 Investment income budget was £148,000 and the Council is forecasting a shortfall of £15,000 on this figure due to the Bank of England base rate dropping. The 2017/18 Budget has been set at £123,000. This is a reduction of £25,000 from the 2016/17 budget due to lower interest rates.

4. Options available and consideration of risk

In order to maximise investment returns the Council needs to be able to either increase our investment portfolio which could potentially mean increasing the risk factor or maintain the current list of Counter Party's but further increase the limit we can invest in each to avoid using those with the lowest rate of return.

There is also a report on this Executive agenda for a commercial property investment strategy. There is a recommendation as part of that report to gain specialist treasury management advice in order to develop a full business case for the commercial property investment proposals set out in the report, which will be brought back to Council for a final decision. A revised Treasury Management Strategy would be presented to Council at the same time.

5. Proposed Way Forward

It is recommended for the Council to approve the Treasury Management and Investment Strategy.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|------------------|---------------------------|---|
| Legal/Governance | Y | The elements set out in paragraph 2.2 cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code, the Department for Communities and Local Government (DCLG) Investment Guidance and the DCLG MRP Guidance. |
| Financial | Y | <p>Good financial management and administration underpins the entire strategy. The budget for investment income for 2017/18 is £123,000. This is a reduction of £25,000 from the 2016/17 budget due to lower interest rates.</p> <p>As at 31/3/16 (Balance Sheet position), the Council had £17,872,483 in investments. The Council's investments can fluctuate to levels between £17 million -£35 million during the year due to the timing of cash flows. A safety payment for business rates of just under £10 million was received by the Council in December 2016.</p> |
| Risk | Y | The security risk is the risk of failure of a counterparty. The liquidity risk is that there are liquidity constraints that affect the interest rate performance. The yield risk is regarding the volatility of interest rates/inflation. |

| | | |
|---|---|---|
| | | <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines.</p> <p>The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements.</p> <p>Investment interest income is reported quarterly to SLT and the Executive as part of budget reports</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 | none |

Supporting Information

Appendices:

Appendix A - The Capital Prudential indicators 2017/18 to 2019/20.

Appendix B - The Treasury Management Strategy 2017/18

Appendix C - The Investment Strategy

Appendix D - Treasury Management Practice (TMP 1) – Credit and Counterparty Risk Management

Appendix E - Treasury Management Scheme of delegation

Appendix F - Glossary of Terms Appendix

Background Papers:

Executive: 10/03/16 - TMS & Annual Investment Strategy 2016-17

Executive: 15/09/15 - Annual TM Report 2015-16

Executive: 01/12/16 - TMS (Mid Year Update)

Executive: 15/12/16 - Capital Programme 2017-18 to 2019-20

| 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 |

APPENDIX A

THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

| Capital expenditure £m | 2015/16 Actual | 2016/17 Estimate | 2017/18 Estimate | 2018/19 Estimate | 2019/20 Estimate |
|---------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total | 4,357 | 1,765 | 5,015* | TBA | TBA |

*Note – This figure is £2,415,000 as per the Council report on 9 February 2017, plus £2.6 million for Leisure Investment in 17/18. In July 2016 (Minute 33/16) the Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract, with a further £1.5 million of prudential borrowing for a loan facility being subject to a business case. The remaining leisure investment occurs in 18/19 and 19/20.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

| Capital expenditure (£m) | 2015/16 Actual | 2016/17 Estimate | 2017/18 Estimate | 2018/19 Estimate | 2019/20 Estimate |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total | 4,357 | 1,765 | 5,015 | TBA | TBA |
| Financed by: | | | | | |
| Capital receipts | 1,087 | 300 | 877 | TBA | TBA |
| Capital grants | 764 | 366 | 613 | TBA | TBA |
| Reserves (including New Homes Bonus Reserve) | 2,506 | 1,099 | 925 | TBA | TBA |
| Net financing need for the year (This is the prudential borrowing required for capital investment in Leisure) | Nil | Nil | 2,600 | TBA | TBA |

The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). It is essentially a measure of the Council's underlying need to borrow if the figure is greater than zero.

In July 2016 (Minute 33/16) the Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract, with a further £1.5 million of prudential borrowing for a loan facility being subject to a business case. There is predicted to be £2.6 million of Leisure investment in 2017/18 (this is shown in the movement in CFR). The remaining leisure investment occurs in 18/19 and 19/20.

| | 2015/16 Actual £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 | 2018/19 Estimate £000 | 2019/20 Estimate £000 |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital Financing Requirement (CFR) | | | | | |
| Total CFR | - 98 | - 98 | - 98 | 2,502 | 6,902 |
| Movement in CFR | Nil | Nil | 2,600 | 4,400 | 800 |
| Net borrowing requirement | Nil | Nil | 2,502 | 6,902 | 7,702 |

Minimum revenue provision (MRP) policy statement

Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 states that 'A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent'. The provision is made from revenue in respect of capital expenditure financed by borrowing or credit arrangements.

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

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

It is recommended to adopt the following MRP policy:

- For capital expenditure incurred since 1.4.2008, MRP is charged using the Asset Life method – based on the estimated life of the asset (For the Leisure investment, MRP will be charged over the 25 years – therefore 4% per annum).

This option provides for a reduction in the borrowing need over approximately the asset's life.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the receipt of net investment income against the net revenue stream. It is calculated by dividing investment income and interest received by the Council's Net Budget Requirement.

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|---------|----------|----------|----------|----------|
| | Actual | Estimate | Estimate | Estimate | Estimate |
| Ratio of net investment income to net revenue stream. (Surplus) | (1.8)% | (1.5)% | (0.5)% | 1.0% | 1.3% |

Estimates of the incremental impact of capital investment decisions on council tax

This indicator calculates the notional cost of the impact of lost investment income on the Council Tax, from spending capital resources.

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|---------|----------|----------|----------|----------|
| | Actual | Estimate | Estimate | Estimate | Estimate |
| | £ | £ | £ | £ | £ |
| Future incremental impact of capital investment decisions on the band D Council tax (Notional cost) | 0.30 | 0.11 | 2.23 | TBA | TBA |

TREASURY MANAGEMENT STRATEGY (BORROWING)

Introduction

The capital expenditure plans set out in Appendix A provide details of the service activity of the Council. The treasury management function ensures that the Council’s cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Treasury Indicators: Limits to borrowing activity

The Operational Boundary – This is the limit beyond which external debt is not normally expected to exceed. This is the maximum level of external debt for cash flow purposes. Note: These limits maybe revised during 2017-18 for the commercial property investment strategy as mentioned in Section 4.

| Operational Boundary | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-----------------------------|-----------|-----------|-----------|------------|
| | Estimate | Estimate | Estimate | Estimate |
| Borrowing | 2,000,000 | 5,000,000 | 9,000,000 | 10,000,000 |
| Other long term liabilities | - | - | - | - |
| Total | 2,000,000 | 5,000,000 | 9,000,000 | 10,000,000 |

The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This provides headroom over and above the operational boundary for unusual cash movements. This is the maximum amount of money that the Council could afford to borrow. Note - These limits maybe revised during 2017-18 for the commercial property investment strategy as mentioned in Section 4.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils’ plans, or those of a specific council, although no control has yet been exercised.
2. ***The Council is asked to approve the following Authorised Limit:***

| Authorised limit | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-----------------------------|-----------|------------|------------|------------|
| | Estimate | Estimate | Estimate | Estimate |
| Borrowing | 7,000,000 | 10,000,000 | 14,000,000 | 15,000,000 |
| Other long term liabilities | - | - | - | - |
| Total | 7,000,000 | 10,000,000 | 14,000,000 | 15,000,000 |

Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

| | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bank rate | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.50% | 0.50% | 0.75% | 0.75% |
| 5yr PWLB rate | 1.60% | 1.60% | 1.60% | 1.60% | 1.60% | 1.70% | 1.70% | 1.70% | 1.80% | 1.80% | 1.90% | 1.90% | 2.00% | 2.00% |
| 10yr PWLB rate | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.40% | 2.40% | 2.40% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% |
| 25yr PWLB rate | 2.90% | 2.90% | 2.90% | 2.90% | 3.00% | 3.00% | 3.00% | 3.10% | 3.10% | 3.20% | 3.20% | 3.30% | 3.30% | 3.40% |
| 50yr PWLB rate | 2.70% | 2.70% | 2.70% | 2.70% | 2.80% | 2.80% | 2.80% | 2.90% | 2.90% | 3.00% | 3.00% | 3.10% | 3.10% | 3.20% |

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth.

During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

Investment and borrowing rates

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations.
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

Borrowing Strategy

In July 2016 (Minute 33/16) the Council agreed to undertake prudential borrowing of £6.337 million for the new leisure contract, with a further £1.5 million of prudential borrowing for a loan facility being subject to a business case.

There is predicted to be £2.6 million of Leisure investment in 2017/18 (this is shown in the movement in CFR). The remaining leisure investment occurs in 18/19 and 19/20.

There is also a report on this Executive agenda for a commercial property investment strategy. There is a recommendation as part of that report to gain specialist treasury management advice in order to develop a full business case for the commercial property investment proposals set out in the report, which will be brought back to Council for a final decision. A revised Treasury Management Strategy would be presented to Council at the same time.

Treasury management limits on activity

There are two related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.

The indicators are:

- Upper limits on fixed interest rate exposure – This covers a maximum limit on fixed interest rates.
- Upper limits on variable interest rate exposure – This covers a maximum limit for variable interest rates.

The Council is asked to approve the following treasury indicators and limits:

| | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|
| Interest rate Exposures | | | |
| | Upper | Upper | Upper |
| Upper limit for fixed interest rate exposure Net principal re fixed rate investments | 100% | 100% | 100% |
| Upper limit for variable interest rate exposure Net principal re variable rate investments | 50% | 50% | 50% |

Policy On Borrowing In Advance Of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix D under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

** Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see appendix D.*

The Capita Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

Country and sector limits

The Council has determined that it will only use UK registered banks or Building Societies.

Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise to 0.75% until Dec 2019. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

| Maximum principal sums invested > 364 days | | | |
|--|----------------|----------------|----------------|
| £m | 2017/18 | 2018/19 | 2019/20 |
| Principal sums invested > 364 days | £6m | £6m | £6m |

Icelandic bank investments

The Council placed a deposit of £1,250,000 on 25th September 2008 with the Heritable Bank which is a subsidiary of Landsbanki, one of the Icelandic Banks that was affected by the world economic crisis. Of this amount £1,227,517 (98%) has already been repaid to the Council by the Administrators. As at today, the Council has £22,483 frozen in the Heritable Bank.

At the time the deposit was placed, the risk rating of Heritable was 'A' (long term deposits) and F1 (short term deposits). Both ratings indicated low risk and were within the deposit policy approved by the Council. Heritable Bank is registered in Scotland with an address in Edinburgh. Heritable Bank Plc is authorised and regulated by the Financial Services Authority and is on the FSA Register. The bank's shares are owned by Icelandic bank, Landsbanki.

Administrators have kept the bank trading and are winding down the business over a period of years. The Administrators have paid fifteen dividends amounting to 98% of the original deposit. The timescale for receiving the final amount outstanding has not been confirmed. The administrators estimate that the return to all unsecured creditors is now between 98-100 pence in the pound.

End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year’s duration.
3. A local authority
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society)

Non-specified investments: These are any investments which do not meet the Specified Investment criteria. **A nil amount will be held in aggregate in non-specified investment**

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

| | Minimum credit criteria / colour band | Max % of total investments / £ limit per institution | Max. maturity period |
|---|--|---|-----------------------------|
| DMADF – UK Government | N/A | 100% | 6 months |
| Money market funds | AAA | £6 million | Liquid |
| Local authorities | N/A | £6 million | 5 years |
| Term deposits with banks and building societies | Yellow | £6 million (£7 million for Lloyds plc – see note) | Up to 5 years |
| | Purple | | Up to 2 years |
| | Blue | | Up to 1 Year |
| | Orange | | Up to 1 Year |

| | | | |
|--|-----------|----|-------------------|
| | Red | | Up to 6 months |
| | Green | | Up to 100 days |
| | No Colour | | Not for use |
| <p>The Council is not recommending using the following investment vehicles and this is reflected by showing 0% against the limit per institution.</p> | | | |
| UK Government gilts | AAA | 0% | Yellow (5 years) |
| UK Government Treasury bills | AAA | 0% | 6 months |
| Bonds issued by multilateral development banks | AAA | 0% | Yellow (5 years) |
| CDs or corporate bonds with banks and building societies | Yellow | 0% | Up to 5 years |
| | Purple | | Up to 2 years |
| | Blue | | Up to 1 year |
| | Orange | | Up to 1 year |
| | Red | | Up to 6 months |
| | Green | | Up to 100 days |
| | No colour | | Not for use |

SPECIFIED INVESTMENTS:

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

| | Minimum 'High' Credit Criteria | Use |
|--|--------------------------------|----------|
| Debt Management Agency Deposit Facility | - | In-house |
| Term deposits – local authorities | - | In-house |
| Term deposits – banks and building societies | Green | In-house |

Term deposits with nationalised banks and banks and building societies

| | Minimum Credit Criteria | Use | Max % of total investments | Max. maturity period |
|----------------------------------|-------------------------|----------|----------------------------|----------------------|
| Lloyds Bank plc* | Blue | In-house | £7 million | Up to 1 year |
| Other UK part nationalised banks | Blue | In-house | £6 million | Up to 1 year |

| Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): - | | |
|--|------------|----------|
| 1. Government Liquidity Funds | MMF Rating | In-house |
| 2. Money Market Funds | MMF Rating | In-house |

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

| A Guide to Money Market Funds | |
|--------------------------------------|--|
| Definition | A pool of cash managed by an independent fund management company. Frequently these are well known banks or investment houses |

| | |
|---------------------------|---|
| Investment | Investors purchase units (shares) of the fund which are held on their behalf in a custody account. |
| Returns | Returns in line with either 7-day or 1-month LIBID are targeted by most funds. |
| Liquidity | The funds are very liquid. Shares can be purchased and sold on the same day if necessary and without penalty. Deals are subject to a cut-off time which varies from manager to manager but can be as late as 2pm. |
| Variety | Two types of classes exist – <ul style="list-style-type: none"> 1) Stable Net Asset Value (SNAV) – the most common variety. Prices are fixed and interest is credited to investors in the form of a dividend. 2) Accumulating Net Asset Value (ANAV) – interest is credited to the shares and the price rises to reflect the return achieved. |
| Accounting | Purchases of MMF shares do not score as capital expenditure. Sales do not score as capital receipts. |
| Legality | Local authorities are permitted to invest in sterling denominated funds with an AAA credit rating and domiciled in the EU. |
| Regulation | UK-based Funds are regulated by the Financial Services Authority. Those domiciled in other EU zones (the majority) are regulated via the Undertakings for Collective Investment in Transferable Securities (UCITS) Code. The Code lays down strict common standards of investment and management. |
| Portfolio holdings | Cash is invested in a selection of high quality, high liquidity securities including: time deposits, certificates of deposit, short-dated gilts, corporate bonds and notes, commercial paper etc. |
| Credit rating | Local authorities are empowered to place funds in investment schemes with a high credit rating. Money Market Funds fall into this category and are all rated by one or more of the three rating agencies. Credit Quality – measures the financial strength of the fund (not the manager) and the probability of it defaulting. |
| Risk management | The funds eligible for local authority investment score highly on credit quality and low volatility. All have an |

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| <p>Exposure limits</p> | <p>AAA rating which means that the chances of default are considered minimal.</p> <p>1) Rating requirements – in order to maintain an AAA rating fund managers must adhere to requirements specified by the rating agencies. These include:</p> <ul style="list-style-type: none"> • A maximum exposure to any one counterparty (concentration ratio) between 5% & 10% • A maximum weighted average maturity (WAM) for the entire fund – typically 60 days • A minimum level of overnight investments to ensure high liquidity • A lower limit on quality of investment counterparty <p>2) Ring fencing – monies received from share purchases are invested in financial instruments by the managing organisation. Deposits/security investments are held in custody by a non-related company that specialises in custody services. Counterparty exposure of the fund (and of the investor) is to the underlying securities and not to the management company.</p> <p>In view of the funds’ low concentration ratios; quality of asset holdings; maximum WAM and ring-fencing arrangements, counterparty risk is spread widely. MMFs possess the same status as external fund managers operating cash/gilt funds for local authorities. They should have their own counterparty limit which can be considerably greater than that accorded to individual investment counterparties.</p> |
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Treasury Management Scheme of Delegation

Full Council:

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy
- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on the recommendations
- Approving the selection of external service providers and agreeing terms of appointment

The treasury management role of the Section 151 Officer:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers
- To ensure that members with responsibility for treasury management receive adequate training in treasury management.
- To review the training needs of treasury management officers periodically

GLOSSARY OF TERMS

Basis Point

1/100th of 1%, i.e., 0.01%

Base Rate

Minimum lending rate of a bank or financial institution in the UK

Benchmark

A measure against which the investment policy or performance of a fund manager can be compared

Bill of Exchange

A financial instrument financing trade

Callable Deposit

A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre-agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen, the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower

Cash Fund Management

Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio

Certificate of Deposit (CD)

Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD

Commercial Paper

Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing

Corporate Bond

Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies

Counterparty

Another (or the other) party to an agreement or other market contract (e.g., lender/ borrower/writer of a swap, etc)

CPI

Consumer Price Index – calculated by collecting and comparing prices of a set basket of goods and services as bought by a typical consumer, at regular intervals over time.

CDS

Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap

Derivative

A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g., an option is a derivative because its value changes in relation to the performance of an underlying stock.

DMADF

Deposit Account offered by the Debt Management office, guaranteed by the UK government

ECB

European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle

EMU

European Monetary Union

Equity

A share in a company with a limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain

Fed.

Federal Reserve Bank of America – sets the central rates in the USA

Floating Rate Notes

Bonds on which the rate of interest is established periodically with reference to short-term interest rates

Forward Deal

The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed date

Forward Deposits

Same as forward dealing (above)

FSA (Financial Services Authority)

Body responsible for overseeing financial services

Fiscal Policy

The Government policy on taxation and welfare payments

Gilt

Registered British Government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent

Gilt Funds

Pooled fund investing in bonds guaranteed by the UK government

Money Market Fund (MMF)

A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short term instruments. It is very similar to a unit trust, however in a MMF

Monetary Policy Committee (MPC)

Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two year's time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth and employment

Open Ended Investment Companies

A well diversified pooled investment vehicle, with a single purchase price, rather than a bid/offer spread

Other Bond Funds

Pooled funds investing in a wide range of bonds

Reverse Gilt Repo

This is a transaction as seen from the point of view of the party which is buying the gifts. In this case, one party buys gifts from the other and, at the same time and as part of the same transaction, commits to resell equivalent gifts on a specified future date, or at call, at a specified price

Retail Price Index (RPI)

Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person

Sovereign Issues (Ex UK Gilts)

Bonds issued or guaranteed by nation states, but excluding UK government bonds

Supranational Bonds

Bonds issued by supranational bodies, e.g., European investment bank. These bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts

Term Deposit

A deposit held in a financial institution for a fixed term at a fixed rate

Treasury Bill

Treasury bills are short term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value

WARoR

Weighted Average Rate of Return is the average annualised rate of return weighted by the principal amount in each rate

WAM

Weighted Average Time to Maturity is the average time, in days, till the portfolio matures, weighted by principal amount

WATT

Weighted Average Total Time is the average time, in days, that deposits are lent out for, weighted by principal amount

Report to: **Executive**
Date: **9 March 2017**
Title: **Homelessness Strategy 2017-2022**
Portfolio Area: **Customer First**

Wards Affected: **all**

Relevant Scrutiny Committee:

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

Date next steps can be taken:
Referral of recommendation to Full Council

Author: **Isabel Blake** Role: **Community of Practice Lead
Housing, Revenues &
Benefits**

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

Recommendations:

1. That the Executive recommend to Full Council the adoption of the Homelessness Strategy 2017-2022 and the 2017 Action Plan, with effect from the 1st April 2017
2. That the joint Member task and finish group is retained as a Homeless Strategy Monitoring group.

1. Executive summary

- 1.1. Members will recall the report of the 1st December 2016 when the draft 5 year homelessness strategy was recommended to Executive by the Overview & Scrutiny Panel to go out to public consultation.
- 1.2. The public consultation closed on the 13th February 2017. Members are now asked to recommend to full Council approval of the strategy which sets out how both Council's will tackle homelessness within the next 5 years.

2. Background

- 2.1. It is a statutory requirement of the Homeless Act 2002 for each Local Authority to have a homeless strategy, which reviews homelessness and

its causes locally, and the plan to tackle and prevent homelessness in their area. It is also a requirement that the Authority will consult with the public or Local Authorities, voluntary organisations or other as they consider appropriate.

- 2.2. South Ham previously had a standalone Homelessness Strategy which expired in 2013. Since then it has used the Connect Strategy (2011-2015) as the vehicle for specific priorities around tackling homelessness in the District. With the expiration of this Strategy, and ongoing work on "Our Plan" as an overarching Strategic Plan, it is timely to revisit a dedicated homelessness strategy that underpins and informs some of this work.
- 2.3. The draft strategy was produced by a joint member task and finish group in consultation with relevant partners who were able to input to the priorities and action plan prior to public consultation. The Public consultation was open for 2 months and took the form of awareness raising events at high footfall areas in both West Devon and South Hams, an online survey, social media campaign, press releases, and focus groups with rough sleepers, email bulletins and postcards as well as the Member Bulletin and an email to every Town & Parish Clerk. We received 38 online submissions (summary results appendix 3) spoke to 170 members of the public and handed out 216 postcards. 5 former and current rough sleepers also spoke to us at the focus group meeting.
- 2.4. The results of the public consultation were broadly positive. Comments we received are included as appendix 4 to this report and where appropriate these are responded to. As a result of this we have not made any changes to the strategy. We have included information on the community house building fund and referenced the housing white paper, although not in any detail at this stage.
- 2.5. The joint Member Task & Finish Group has been a positive addition to the formulation of this strategy and the report author wishes to extend her thanks to the Members included. It is a secondary recommendation of this report that the Task and Finish group remains in operation as a Homeless Strategy Monitoring group who will meet quarterly to discuss progress around the action plan.

3. Outcomes/outputs

- 3.1. Members of the Executive Committee are asked to recommend the adoption of the 5 year South Hams & West Devon Homeless Strategy to full Council.
- 3.2. Officers will report back annually on progress against the Action Plan, and to agree the actions for the following year.

4. Options available and consideration of risk

- 4.1. It is a statutory requirement to have a Homeless Strategy.
- 4.2. There may be changes required to this strategy as part of the Homeless Prevention Bill. This Authority already offers a prevention-led service rather than one that is reactive, so is in a strong position to respond to any change in legislation. Furthermore the plans to tackle and prevent homelessness, as contained in the strategy, are designed to strengthen wherever possible the effective work of early intervention.

4.3. Some of the actions may require funding. It is important to note that Local Authorities still receive a prevention of homeless grant from central Government. In South Hams this is for £83,594, and this is likely to remain at least until 2020. In addition if the Homeless Reduction Bill becomes legislation Local Authorities will receive new burdens funding for homeless prevention activity. We are not making any request for additional funding to deliver this strategy.

5. Proposed Way Forward

5.1. That Members of the Executive recommend to full Council the adoption of the Homelessness Strategy 2017-2022 and agree the 2017 Action Plan.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|--|---------------------------|--|
| Legal/Governance | Y | It is a statutory requirement of the Homelessness Act 2002 to have a strategy, and that the Authority " <i>shall consult such public or local authorities, voluntary organisations or other persons as they consider appropriate</i> " (Homelessness Act 2002 part 3) |
| Financial | Y | No additional funding is sought at this time. It is important to note that Local Authorities still receive a prevention of homeless grant from central Government of £83,594, and this is likely to remain at least until 2020. As most of the Actions are designed around homeless prevention and early intervention, the larger costs of temporary accommodation and rehousing will wherever possible be negated. This by far not only offers the best service for the customer but is the most efficient in terms of the Local Authority. |
| Risk | Y | By not having a homelessness strategy this Authority is in breach of the Homelessness Act 2002. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | Y | This strategy has been comprehensively equality impact assessed and there are no concerns. The public consultation was also reflective of the local demographic. |

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| Safeguarding | Y | As the Homeless Strategy concerns work with very vulnerable people and one of the priorities is around Health and Wellbeing, the corporate safeguarding policy will underpin the work of officers who regularly work with homeless households. |
| Community Safety, Crime and Disorder | Y | Devon & Cornwall Police have contributed to the design of this strategy and will remain significant partners during the delivery of relevant actions in the action plan. |
| Health, Safety and Wellbeing | Y | The prime concern for the Strategy is around tackling and preventing homelessness which in turn is designed around improving the health and wellbeing of people living in the area. |
| Other implications | | |

Supporting Information

Appendices:

Appendix 1 South Hams & West Devon Homelessness Strategy 2017 – 2022

Appendix 2 South Hams & West Devon Homelessness Strategy Action Plan 2017/18

Appendix 3 Summary of the Consultation online responses

Appendix 4 Detailed responses to the comments on the online survey

Appendix 5 Information on other consultation.

Background Papers:

None

South Hams & West Devon Homelessness Strategy



2017 - 2022

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Working together





Foreword

Cllr Lois Samuel

Lead Member for Health & Wellbeing, West Devon Borough Council



I am proud to introduce the first Joint Homelessness Strategy for South Hams and West Devon.

The aims and objectives we have set in this strategy build on the progress we have made in the past five years of preventing homelessness in West Devon for 1060 households.

In a predominantly rural area such as West Devon, homelessness can easily go undetected. However, it is a very real problem for many of our residents, who face the challenge of poor quality housing, lack of affordable housing or problems with their own health, which means general needs housing is not always appropriate.

We recognise the complexities and challenges that many of our most vulnerable people face when dealing with homelessness. The four priorities set out by this strategy will ensure West Devon Borough Council, together with South Hams District Council, can help people overcome these difficulties enabling them to lead lives where they have the opportunity to reach their full potential.

Cllr Hilary Bastone

Portfolio Holder for Customer First, South Hams District Council



This strategy represents a continuation of the partnership working between South Hams District Council and West Devon Borough Council and sets out our ambition to further tackle homelessness in our areas.

Since 2012, 1169 households have had their homelessness prevented in South Hams due to interventions put in place by the District Council. This strategy further cements our commitment to homeless prevention and sets some ambitious actions as to how we will do this.

Lack of social housing, high costs of the private rented sector and lack of supported accommodation make the South Hams a challenging place for anyone experiencing homelessness. Working in partnership with West Devon has allowed shared learning and opportunity for best practice, which in turn improves the service we are able to offer people.

Homelessness can happen to anyone, at any time and through this strategy we aim to ensure that people are given the access to help when they need it, where they need it and for as long as they need it.

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Introduction



The Homelessness Act 2002 places a duty on local authorities to review homelessness, and the influencing factors that cause homelessness, and to develop a strategy which addresses the findings of the review.

The Homelessness Strategy is required to:

- ◆ Address the levels of homelessness now, and the factors likely to impact on future levels of homelessness, through accurate profiling of the area
- ◆ Ensure that there is sufficient accommodation available for people who are, or may become, homeless
- ◆ Provide services that help to prevent people from becoming homeless. This will include a review of their effectiveness and the identification of new opportunities to support prevention of homelessness
- ◆ Ensure that through effective partnership, working support services can be accessed for those people who are, or who may become, homeless – or who need support to prevent them from becoming homeless again
- ◆ Promote a cultural change so that homelessness is viewed in a wider context than just lack of accommodation

This Homelessness Strategy sets out the strategic aims for South Hams District Council and the Borough of West Devon. Central to this strategy is the belief that people should have settled homes, which will enable them to build settled lives. The overarching aim of this strategy is to prevent homelessness. It is hoped that this will be achieved by building on our already successful prevention focussed model, and by increasing our focus on the single homeless and housing for the under 35's.

The 2017-2022 strategy has been designed to address the changes in national policy; reductions in public spending; changing demography in the area; the impact of the government's 2013 Welfare Reform Act and the Localism Act 2012 on local people.

With Council spending power continuing to decline, South Hams and West Devon have radicalised their approach to service delivery across both Councils. It is central to the success of this strategy that the opportunities presented to us, as part of our new ways of working, are maximised, and that high quality processes are put in place. This will ensure that every contact made will count, in our drive to improve the quality of lives and homes within our communities.

This strategy details our commitment to provide straightforward and effective advice and assistance to those affected by homelessness. The varying factors which contribute to homelessness and to housing instability are complex and interlinked. People facing homelessness are often vulnerable; they may be experiencing, for example, poor health, loss of income and/or relationship breakdown. The importance of effective partnerships, with both statutory and voluntary sector organisations, is recognised as essential in ensuring a holistic approach toward homelessness, with the aim of achieving the best possible outcome for those affected.

The previous South Hams Homeless Strategy covered the period 2008 -2013, whilst in West Devon this was incorporated within a wider housing strategy series which ceased in 2010. Latterly objectives relating to tackling homelessness have formed part of the South Hams and West Devon joint Council-wide Connect strategy 2011-15.

We will continue to review progress around these previous strategies but, as we face the challenges of the future, we will primarily be looking ahead to the opportunities that joint working can offer. A full review of this strategy can be expected in 2022, complemented by an annual refresh of the action plan and progress made to date.

In the last five years, over a thousand households have been prevented from becoming homeless in both West Devon and South Hams. We are keen to continue this good work and believe this strategy sets out our plan to achieve this, while seeking to address the reduction in resources and the impact of welfare reforms.



Progress to Date

The last adopted document setting out the Councils' commitment to tackling homelessness formed part of the Joint Connect Strategy 2011-2015.

The priorities were to:

- ◆ Improve housing options and choices for vulnerable people
- ◆ Ensure Devon Home Choice is able to meet local housing needs within the new policy framework
- ◆ Prevent homelessness
- ◆ Raise awareness of housing options

These four priority areas were complemented each year with a delivery plan as to how these would be achieved.



Improving Housing Options and choice for vulnerable people

- ◆ Our Money Advice Project assisted 241 people in 2015 across South Hams and West Devon and brought an additional £121,743.65 in previously unclaimed benefits and other entitlements. This enabled people who had struggled to pay their rent and day-to-day bills with the means by which to do so.
- ◆ No Second Night Out has seen 75 people accommodated in South Hams and 33 in West Devon, since we launched this initiative in 2013. This has enabled us to minimise rough sleeping in our area and prevented people, new to the streets, becoming entrenched in the street lifestyle.
- ◆ We have assisted Revival Life in the provision of an emergency cold weather rest centre in Totnes. This ensures that on the coldest and most inclement nights of the winter, no-one needs to sleep on the streets.
- ◆ We have increased our in-house letting agency to 47 properties in South Hams and have been able to prevent homelessness, while increasing the supply of good quality, affordable, private rented accommodation.
- ◆ We have completed sanctuary scheme security upgrades to 20 properties in South Hams and 9 properties in West Devon, to ensure survivors of domestic violence could remain in their own home.
- ◆ Jointly with Devon County Council and other Devon Districts, we have developed a young person's homeless protocol to ensure that the needs of young people are best met. By focusing on early intervention work, this has contributed to low numbers of youth homelessness and young people being taken into care.

Ensuring Devon Home Choice is able to meet the local housing needs within the new policy framework

- ◆ In 2015/16 207 general needs properties were let through Devon Home Choice in South Hams. An additional 36 were let to people requiring sheltered accommodation. In West Devon, there were 136 general needs homes and 31 sheltered properties.
- ◆ Of this figure, 7 new tenants had been previously homeless or threatened with homelessness in South Hams and 37 in West Devon
- ◆ Both Councils further underpinned the need to address local needs, in rural areas with less than 100 units of affordable housing, by prioritising people with a local connection through our allocations policy.

Preventing Homelessness

- ◆ Since 2012/13, 1169 households have avoided homelessness in South Hams and 1060 in West Devon.
- ◆ Since 2011, no families have been placed in Bed and Breakfast accommodation for longer than 6 weeks in either West Devon or South Hams
- ◆ By working proactively with the County Council, we have been able to offer bespoke advice on options for young people. Until recently, this was delivered by a dedicated, in-house, Young Person's worker.

Raising Awareness of Housing Options

- ◆ We have established a multi-agency Health and Wellbeing Panel to discuss individual cases, and to ensure the best solution to their housing crisis.
- ◆ A successful advertising campaign, with detailed information, was targeted to people affected by welfare reform. Everyone affected by the spare room subsidy rate was offered an appointment with a Housing Advisor.
- ◆ Trained Housing Advisors have been in regular attendance at Council Connect events, to raise awareness of options and the importance of early intervention.



The Strategic Context

The Legal Framework

The Housing Act 1996

Part 7 of the 1996 Housing Act is still the overarching piece of legislation used by councils in determining the way in which they respond to homelessness. The Act has since been amended by the Homelessness Act 2002, which has included notable changes in the way Councils use temporary accommodation, with greater emphasis on the role of prevention. The 2002 Act is also where the requirement to publish a Homelessness Strategy was introduced.

The Localism Act 2011

This Act, in effect, brought an end to the automatic entitlement of a homeless household to be offered a social housing tenancy following the acceptance of a full homeless duty under the 1996 Housing Act.

The Care Act 2014

The Care Act set a strong expectation that agencies would work together to protect children, young adults and people with care and support needs, who were at risk of abuse and neglect, and who, due to those care and support needs, were unable to protect themselves from the risk or experience of abuse and neglect.

Housing and Communities Act

This new Act of Parliament makes widespread changes to housing policy.

It introduces legislation to allow:

- ◆ The building of 200,000 starter homes which will be available to first time buyers, between the ages of 23 and 40, for sale at 20% below market prices.
- ◆ The extension of the right to buy, to include housing association properties.
- ◆ The Act also includes a package of measures to help tackle rogue landlords in the private rented sector.

This includes:

- Allowing local authorities to apply for a banning order to prevent a particular landlord / letting agent from continuing to operate when they have committed certain housing offences
- Creating a national database of rogue landlords/letting agents, which will be maintained by local authorities
- Allowing tenants or local authorities to apply for a rent repayment order, where a landlord has committed certain offences (for example ignoring an improvement notice). If successful, the tenant or the authority may be repaid up to a maximum of 12 month's rent.

National Policy

In 2011 The Government produced a report 'Laying the Foundations: A Housing Strategy for England' that identified homelessness as a key priority. Two reports were produced by a Ministerial Working Group on homelessness in 2011 and 2012. Eight government departments including Health, Work and Training, as well as Housing, were brought together with local authority and voluntary sector partners, to consider ways to end rough sleeping (No Second Night Out 2011). In 2012, the second report built on the progress of the first and focused on ways in which services could jointly prevent, wherever possible, a household reaching a homelessness crisis point. (Making Every Contact Count 2012.)

No Second Night Out – A vision to end Rough Sleeping July 2011

Piloted in London, No Second Night Out was rolled out nationally to assist in helping homeless people, through the creation of a 'single service offer'. Its purpose was to ensure that everyone would have access to some form of help.

This, in some cases, involved a reconnection to a place where a person had a local connection, or working with other providers to find a solution to rough sleeping. It was designed to address the needs of deep-rooted rough sleepers, often the hardest to engage with. It was also intended to stem the flow of new rough sleepers, by offering a safety net before they themselves became rooted in a street lifestyle.

Funding was available for a short period of time and there were some local successes. However, this initiative has had little impact on our rough sleeper figures locally, although it was successful in achieving steady numbers rather than an increase.

Making Every Contact Count – A joint approach to preventing homelessness August 2012

The aim of Making Every Contact Count was to ensure, wherever possible, that any contact with any local agency, by vulnerable families and individuals, was seen as effective and meaningful.

The report posed 10 Local Challenges to Local Authorities and both South Hams and West Devon pledged their commitment to these. While acknowledging there is, already, good progress under these challenges, the Joint Homelessness Strategy will build on this and ensure that they remain key to our continuing commitment to prevent homelessness.

The 10 Local Challenges are to:

- ◆ Adopt a Corporate Commitment to prevent homelessness, which has buy-in across all local authority services
- ◆ Actively work in partnership with the voluntary sector and other local partners to address support, education, employment and training needs
- ◆ Offer a Housing Option Prevention Service, including written advice, to all clients
- ◆ Adopt a No Second Night Out model or an effective local alternative

- ◆ Have Housing Pathways agreed, or in development, with each key partner and client group that includes appropriate accommodation and support
- ◆ Develop a suitable private rented sector offer for all client groups, including advice and support to both clients and landlords
- ◆ Actively engage in preventing mortgage repossessions including through the Mortgage Rescue Scheme
- ◆ Have a homelessness strategy, which sets out a proactive approach to preventing homelessness that is reviewed annually, so that it is responsive to emerging needs
- ◆ Not place any young person aged 16 or 17 in bed and breakfast accommodation
- ◆ Not place any families in bed and breakfast accommodation, unless in an emergency, and then for no longer than 6 weeks

The Community House Building Fund

The Community House Building Fund was announced at the end of last year. This is a fund of £60 million pounds nationwide, with £20 million being directed to the South West. The South Hams was granted £1.8 million to assist with the development of community led housing schemes. The first half of this money has been paid to the local authority and the remainder will be paid once the government has approved our spending plans.

The properties delivered through this fund or any community led scheme should be affordable for people to rent or buy in perpetuity and meet the local needs. A plan is being formulated at present as to how to spend this fund. If the government approve of the ways in which we will spend this money, it is hoped that the South Hams will be eligible for future funding over the next four years.

The white paper which has just been published references this fund when working with Local Communities.

Regional Picture

Devon County Council

Devon County Council has invested £2.5 million in countywide homeless prevention contracts. These provide a total of 3,300 support hours per week, through ten independent support providers to, on average, 450 people,.

South Hams and West Devon have been placed in a locality based 'Southern Hub' together with Teignbridge District Council. The Southern Hub receives 15% of the total support hours for Devon.

Due to a lack of supported accommodation in both South Hams and West Devon, assistance is provided through 'floating support' rather than linked to where an individual is living. While this has its benefits, some high needs groups, such as those experiencing problems relating to substance misuse, mental health, offending behaviour or deep-rooted rough sleeping, remain challenging to accommodate in general needs accommodation.

Devon and Cornwall Housing Options Partnership

All ten Devon and Cornwall Authorities are committed to working together to improve the consistency and quality of housing options and advice services across the two counties. Held up nationally as an example of good partnership working, the partnership has enabled shared policy and practice development, while also yielding opportunities for Government funding in the form of grants for rough sleeping, debt advice, youth homelessness and working with the private sector.

Local Policy

Tenancy Strategy South Hams and West Devon

The Localism Act 2011 places a duty on all local authorities to produce a Tenancy Strategy that sits alongside its Housing Strategy and Allocations Policy. The strategy is required to set out what Registered Providers of Social Housing should take into consideration when making decisions about their individual tenancy policies. As the Council no longer has any housing stock, this strategy outlines how we expect Registered Providers, with affordable housing in the area, to respond to the relevant changes introduced by the Act.

In accordance with the Localism Act, this strategy sets out:

- ◆ The kind of tenancies Providers should offer
- ◆ The circumstances in which Providers should grant a tenancy of a particular kind
- ◆ Where the tenancy is for a fixed term, the recommended length of the term
- ◆ Circumstances in which the Provider should grant a further tenancy, on the ending of the existing tenancy

Our Plan

Our Plan identifies the corporate priorities of the Councils, and is reflected in the emerging spatial policies within the Plymouth and South West Devon Joint Local Plan (JLP).

The challenges of ensuring equitable access to good quality housing are well known in rural areas. The JLP will include policies that seek to deliver an appropriate mix and type of new housing, in locations that are well connected to established services and facilities, and at prices that cater for all incomes. The JLP will have strategic objectives that seek to: improve access to housing; reduce the affordability gap; reduce health inequalities related to housing; reduce fuel poverty and positively responding to identified housing needs.

South Hams and West Devon Joint Asset Strategy

The Council's adopted asset strategy identifies the delivery of a limited number of residential properties in the medium term, as determined by the following actions and data:

- ◆ Gather intelligence on housing need using; members, parishes and communities, supported by official data, in order to prioritise residential development by the Council
- ◆ To commence a limited programme of housing development on existing council land, that is appropriate to the site, (i.e. both open market and affordable) using a strategy of re-investment based on a mixture of rental and disposal.

The Review

The Local Picture

- As of 30 September 2016, there were 43,239 dwellings in South Hams and 25,403 in West Devon. Of the number in South Hams, 3,878 are second homes, 470 are empty, with an additional 54 empty for 2 years or more, and 127 are uninhabitable. In West Devon there are 534 second homes, 295 empty properties, a further 37 empty for 2 years, and 52 properties that are uninhabitable. (Source - Council Tax Base, 14th October 2016)
- In the year 2015/16, the number of affordable homes in South Hams was 4659, and in West Devon this was 2350 (this includes 50 units of extra care accommodation). In this same year, 60 affordable homes were built in South Hams and 32 in West Devon.
- The proportion of minority ethnic groups living in South Hams equates to 1.7% of the population and 1.6% in West Devon (Source 2011 Census). With regard to homeless applications, as a percentage 5.3% were made in SH by minority groups and 1.6% in WD.
- Average house price in South Hams is £331,625 – land registry and the average house price in West Devon is £239,160 (Source - Land Registry)
- Of the 204 households who had their homelessness prevented by South Hams District Council in 2015/16, 68 related to rent arrears or reasons of unaffordability. In West Devon, of the 282 cases of homelessness the Council was able to prevent, 65 of those households also approached for reasons of rent arrears or unaffordability. This has followed the same trend in South Hams since 2012/13, while in West Devon there has been less consistency, with relationship breakdown, parental/family eviction and private sector tenancies ending with notice, all being in high proportions.
- In 2015/16, 26 households approached South Hams as homeless, of which 11 had the full homeless duty accepted, while in West Devon, 58 applications were made and 17 of these were accepted.
- Of those accepted as homeless in South Hams, 82% were households with children or expectant mothers and 18% were single vulnerable adults. In West Devon, 53% of accepted households had dependent children or an expectant mother, with 47% single vulnerable adults.
- As of 31 March 2016, there were 7 households in temporary accommodation in South Hams and 11 in West Devon. This was a slight increase on the same date in 2015.
- The number of properties let through Devon Home Choice in 2015/16 was 243 in South Hams and 167 in West Devon. Of this, seven were allocated to people to prevent them becoming homeless, or where the Council had accepted a homelessness duty, to rehouse them in South Hams, while in West Devon this figure was 37.
- In South Hams the rough sleeper estimate for 2015 was nine - an increase of one on the previous year and in West Devon this figure was zero, a reduction of two on the previous year's figure.

How the Strategy was developed



Homelessness is a key issue within three of our identified corporate priorities – Homes, Communities and Wellbeing.

This strategy has been developed through a Joint Member Task and Finish Group, who have worked together to consider the progress we have made in tackling homelessness, within our areas, and the key challenges we have to come. The Group have been instrumental in setting the priorities for this Strategy and the formulation of the Year One Action Plan, informed by the evidence base.

Throughout the process of the review, we have looked carefully at the people who currently access our services. This strategy does not seek to create a specific service plan to address the needs of each vulnerable group. We have successful existing services developed in partnership that we will continue to improve. However, the Strategy and Action Plan reflects gaps in services or additional services we wish to offer which will improve how we tackle homelessness in our area.

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The original Task and Finish group was made up of the following members. A Member group focused on the delivery of this strategy will continue to meet to review progress on the Action Plan.

| Member | Council |
|---------------|------------|
| Cllr Brown | South Hams |
| Cllr Cuthbert | South Hams |
| Cllr Green | South Hams |
| Cllr Hawkins | South Hams |
| Cllr Leech | West Devon |
| Cllr Samuel | West Devon |
| Cllr Yelland | West Devon |

The Strategy went out to public consultation from the 13th December 2016 to the 13th February 2017. The Consultation sought the views from both partner organisations and the public.

We used the following methods of consultation:

- ◆ Online survey
- ◆ Press releases
- ◆ Outreach events at Okehampton, Tavistock, Totnes, Dartmouth, Lee Mill & Kingsbridge at high footfall sites.
- ◆ One to one sessions with rough sleepers at Burke Road Drop-in
- ◆ Emails to Partner organisations (both voluntary and statutory), all Town & Parish Councils, other Devon Authorities and all partner landlords
- ◆ All elected members.

The Key Priorities for the Homelessness Strategy

The review of homelessness in South Hams and West Devon has identified four key priorities to reduce and prevent homelessness. These form the basis of this strategy and the annual Action Plan. These are:



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There is overlap and a proven relationship between these areas. However, in order to continue to build on the solid track record of preventing homelessness in South Hams and West Devon, it is necessary to start to tackle some of the root causes of homelessness, in order to make meaningful differences not only to a person's homeless situation, but the reasons why they arrived there in the first place. By continuing to be pro-active and work alongside our partners, we stand the best chance of reducing homelessness and improving people's chances in life.

This strategy comes at a very challenging time for all local authorities, as continuing budget pressures mean some tough choices on how best to target reduced resources in the most meaningful way. With this in mind, we have formulated an action plan which, we consider, is both realistic and achievable while recognising our changing position.



Priority 1: Understanding the true cost of homelessness

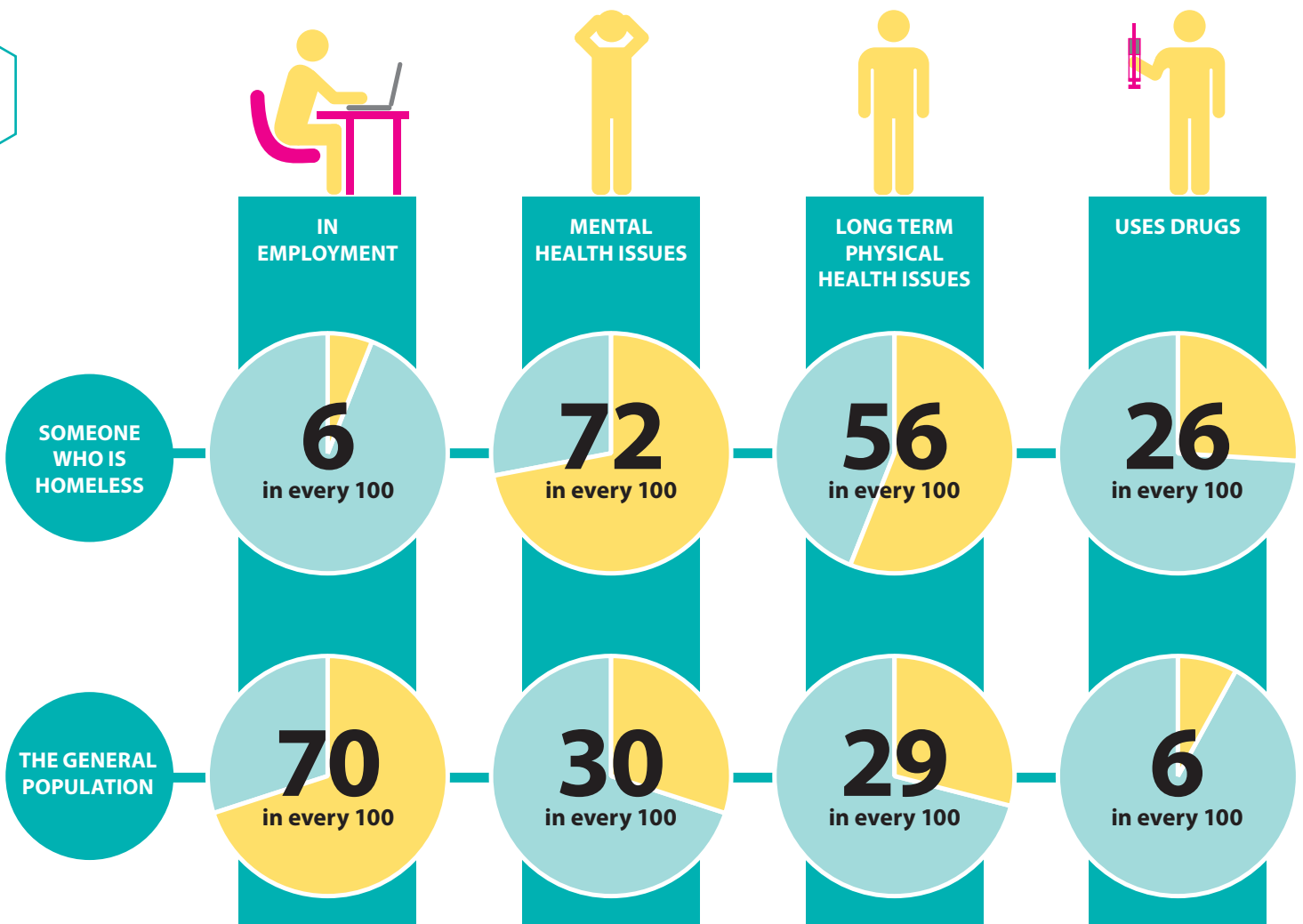
Not having a home can make it harder for individuals to find a job, stay healthy and maintain relationships. (Homeless Link)

The review highlighted a need to create a solid evidence base, about the true cost of homelessness and how its long term impact can be measured more fully. Our findings were informed by data from all statutory and voluntary agencies and localised to South Hams and West Devon.

To meet this priority we will:

- Ensure we establish a solid evidence base which informs practice across all sectors and clearly illustrates the true cost of homelessness in South Hams and West Devon.
- Monitor the impact of welfare reform, and ensure that this informs future strategic priorities
- Recognise the continuing pressures on the Councils' budgets and how best to target resources in the most meaningful way
- Ensure partnerships with other agencies demonstrate value for money
- Ensure access to good quality financial advice to help tackle poverty, poor quality housing and homelessness

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Priority 2: Access to Services

While we recognise the importance of face-to-face interaction in building rapport, trust and confidence, we also recognise that, increasingly, people who are able to resolve their own housing issues would like to access services in a different way. We would like to ensure that people who are able to resolve their own situation are given access to good quality advice, so that they have every opportunity to remedy their situation, independently.

Of course, the very nature of homelessness means a large proportion of the people requiring housing advice and homeless services will be vulnerable. Disclosures they may need to make to staff are often upsetting and traumatic and some, as a result, choose not to make contact, or do so, too late. Through improving partnership working, we have a real opportunity to make a difference to the lives of people who have struggled to engage with the Council in the past.

In addition to external partnership working, the Council has been through a significant service transformation project, which has been successful in breaking down artificial departmental barriers and restraints. It is because of this, that we are in a position to design a multi-service approach, based on the needs of the customer. This will strip out duplication and inefficiencies, while at the same time collectively offering people the services they need, at a time and place they need them most, without the need to repeat the details of, what is often, a distressing course of events.

To meet this priority we will:

- Offer advice and assistance in a range of formats, so the customer can choose how they communicate with their Council
- Ensure our most vulnerable customers are able to access advice services effectively
- Work with partners to ensure that we are able to offer services at the time and place our customers need them most
- Readily and regularly consult with our customers and stakeholders to make sure we get our services right



Priority 3: Access to Housing

The review highlighted the need to improve the supply and quality of affordable accommodation, with the largest number of people needing assistance with homelessness and housing advice, doing so for reasons of unaffordability. Changes to the benefit system, brought about by welfare reform, have had a significant effect on the lives of homeless people in South Hams and West Devon. To ensure we tackle these challenges, it is important to look at wider housing solutions in order to continue to meet needs, while also looking to the future in order to prepare for the further challenges which welfare reform will bring.

The need to 'do things differently' can be compounded in the South Hams by our rough sleeper count. Although a very small proportion of the people requiring assistance because of homelessness become rough sleepers, there is a small population in Totnes where we recognise that access to traditional housing is a step too far. There needs to be an acceptance of offering help in a new way to maximise opportunities for people who have disengaged from traditional society.

The review also highlighted how successful the South Hams in-house social letting agent had been at preventing homelessness, in an area of high demand and high costs. As of the 30 September 2016, there were 47 properties managed by the Council. This has prevented scores of families from requiring temporary accommodation and we are keen to expand the model in South Hams to take on single person's accommodation and extend the scope of the scheme into West Devon.

To meet this priority we will:

- Increase the supply, standard and options for people who face homelessness within our area
- Develop innovative options for our Rough Sleeper Community
- Continue the downward use of temporary accommodation for homeless households

Priority 4: Health and Wellbeing

South Hams and West Devon both recognise the importance of wellbeing for people living in our communities, and as a result, it is one of our key corporate priorities. Tackling homelessness takes more than just the provision of a house, if we are to maximise the opportunities for our most vulnerable residents.

The health inequalities of homeless people can be evidenced in a national health audit undertaken in 2014 by Homeless Link and The Department of Health. This showed that 41% of homeless people reported a long-term physical health problem (compared to just 28% of the general population) and 45% had been diagnosed with a mental health problem (compared with 25% of the general population) (Source – The Unhealthy State of Homelessness: Health Audit Results 2014)

Often, poor health, addictions and unhealthy lifestyles mean that people are unable to secure, and maintain, accommodation for themselves or their families. We recognise our supporting role as a protector of public health and the importance of working, in partnership, to effectively meet and support the needs of vulnerable people in South Hams and West Devon.

To meet this priority we will:

- Work in partnership with our voluntary and statutory sectors to holistically address people's needs as fully as possible.
- Ensure we adequately protect and safeguard the most vulnerable members of our community
- Enable early help, to avoid crisis and tackle homelessness at its root cause.

How the Homeless strategy and Delivery Plan will be monitored

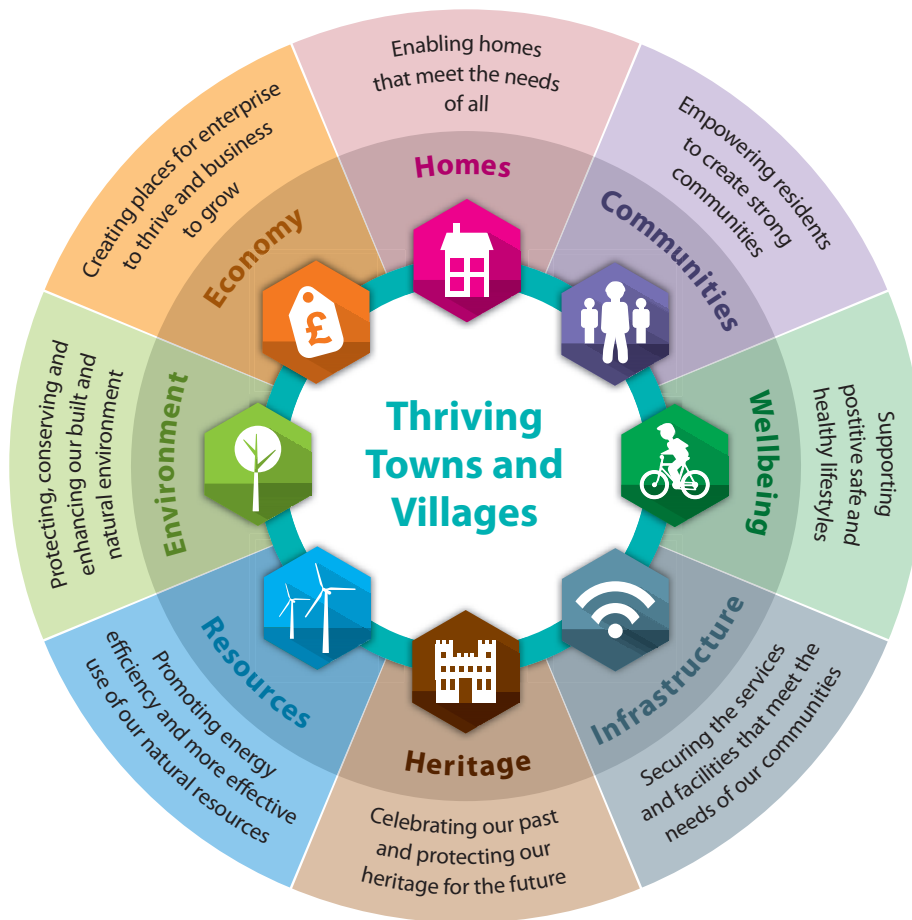
The life of this homeless strategy is intended to be five years.

Annually we will publish our progress to date and a refreshed Action Plan.

The delivery of the Action Plan will rely on the resources of both Councils and their partners, working together to achieve positive outcomes, for people in South Hams and West Devon.

It is proposed that the established Task and Finish Group, will continue as a Homelessness Steering Group to monitor progress against the priorities and the formulation of Years 2-5 of the Action Plan for this strategy. This will ensure an ongoing conversation, to keep the strategy relevant and ensuring that local people continue to have a voice through their elected representative.





Working together



South Hams
District Council



West Devon
Borough
Council





South Hams & West Devon Homelessness Strategy

2017/18
Action Plan





Priority 1: Understanding the True Cost of Homelessness

-  Ensure there is a solid evidence base which informs, across all sectors, the true cost of homelessness in South Hams & West Devon.
-  Monitor the impact of welfare reform, to inform future strategic priorities
-  Recognise the continuing pressures on Council's budgets and how best to target resources in the most meaningful way, ensuring partnerships with other agencies demonstrate value for money.
-  Ensure access to good quality money advice, to help tackle poverty, poor quality housing and homelessness

| PI | Action | Measure | By When |
|------|--|--|------------|
| HSU1 | To evaluate the successes of Council-funded initiatives such as money advice, and social prescribing and the impact they have had on homeless prevention | Increase in homeless prevention | April 2018 |
| HSU2 | To investigate the feasibility of adopting Shelter's "Living Home Standard" to increase the quality of housing in South Hams & West Devon. | Increase in homeless prevention from households in unsuitable, defective accommodation, who would otherwise have become homeless | April 2018 |
| HSU3 | To develop quality information on areas of welfare reform, to ensure that people are aware of any potential impacts in advance and work with them to provide effective financial planning for managing their home. | Increased take up of discretionary housing payments, reduction in households becoming homeless due to lack of affordability. | April 2018 |
| HSU4 | To map existing partnerships within the Council and ensure focus is given, wherever relevant and possible, to activity around homeless prevention. Take all necessary measures to ensure value for money and avoidance of duplication. | Reduction in the number of households evicted from private rented accommodation Reduction in repeat service users | April 2018 |

Priority 2: Access to Services

- ◆ Offer advice and assistance in a range of formats, so the customer can choose how they communicate with their Council
- ◆ Ensure our most vulnerable customers are able to access advice services effectively
- ◆ Work with partners to ensure that we are able to offer services at the time and place our customers need them most
- ◆ Ensure we are readily and regularly consulting with our customers and stakeholders to make sure we get our services right.

| PI | Action | Measure | By When |
|------|---|--|--|
| HSS1 | By using the Council's new operating model, work with teams in the locality to best support vulnerable people in the access of services, local to them, but also in a setting in which they are comfortable and therefore more likely to engage | Increased early intervention and homeless prevention work | April 2018 and ongoing through the life of this strategy |
| HSS2 | Roll out of the new online housing benefit claim form and use as an opportunity to better engage with our Landlords. | Reduction in homelessness, as a result of rent arrears or unaffordability. Increase in homeless prevention | April 2018 and ongoing through the life of this strategy |
| HSS3 | Train our partner organisations to be able to act as a first point of contact, equipping them with the knowledge of effective referral routes into the Council, whilst building the trust and confidence of people needing help but choosing not to access it from the Council. | Increased homeless prevention. Reduction in Rough Sleeper estimated count | April 2018 and ongoing through the life of this strategy |
| HSS4 | Re-establish a Homeless Forum in South Hams & West Devon to ensure a two-way conversation between ourselves and other organisations working with homeless people to prevent people "slipping through the net" | Reduction in the number of households evicted from private rented accommodation Reduction in repeat service users | Autumn 2017 and then bi-annually through the life of this strategy |

| PI | Action | Measure | By When |
|------|--|---|--|
| HSS5 | Re-establish a Landlords Forum in South Hams & West Devon to work with the sector to best meet the needs of their tenants, whilst also providing them with improved access to, and understanding of, Council-wide Services | Reduction in the number of households evicted from private rented accommodation | Winter 2017 and then bi-annually through the life of this strategy |
| HSS6 | Review all standard letters and leaflets to ensure we are using "Plain English" in all our information | Better understanding by the customer and a decrease in "failure demand" | Autumn 2017, reviewed annually. |
| HSS7 | Redesign the web content for Housing Options and Advice, in order to increase awareness & visibility, and direct customers who have the ability to "self-help" towards the best options for them | Reduction in homelessness and interventions required as people are able to resolve their own housing problems | Winter 2017 and throughout the life of this strategy |






Priority 3: Access to Housing

- ◆ Increase the supply, standard and options for people who face homelessness within our area
- ◆ Develop innovative options for our Rough Sleeper Community
- ◆ Continue the downward use of temporary accommodation for homeless households.

| PI | Action | Measure | By when |
|-----|--|--|---|
| HS1 | Review options for emergency and temporary housing, to ensure offers are tailored, wherever possible, to an individual's circumstance | Reduction in long term use of temporary accommodation | Autumn 2017 |
| HS2 | Introduce a Direct Lets scheme in West Devon for the management of privately rented properties, and expand the scheme in South Hams | Reduction in temporary accommodation | Autumn 2017 and ongoing through the life of this strategy |
| HS3 | Investigate the feasibility of a tiny houses project, incorporating the "housing first" principal for entrenched rough sleepers in South Hams | Reduction in Rough Sleeper estimated count | Autumn 2017 |
| HS3 | Work with other providers to ensure individuals are given the best chances possible to succeed in their tenancies, by promoting tenant education. | Reduction in the number of households evicted from private rented accommodation Reduction in repeat service users | Spring 2018 and ongoing through the life of this strategy |
| HS4 | Work with RP's and private sector landlords to promote shared housing as a tenure of choice, particularly in the under 35's | Reduction in homeless and rough sleeping in this demographic | Spring 2018 and ongoing through the life of this strategy |
| HS5 | Develop a "crash pad" model for young single homeless people, to give them space, while working proactively to, wherever possible, return them home. | Reduction in numbers of young people accepted as homeless or being taken into care. Reduction in numbers of young people in temporary accommodation | Autumn 2017 and ongoing through the life of this strategy |

Priority 4: Health & Wellbeing

-  Work in partnership with our voluntary & statutory sectors to holistically address people's needs, as fully as possible.
-  Ensure that we adequately protect & safeguard the most vulnerable members of our community
-  Enable early access to help, to avoid crisis and tackle homelessness, at its root cause.

| PI | Action | Measure | By When |
|------|--|---|--|
| HSW1 | Develop a Council Vulnerable Customer Charter to ensure we embed the responsibility we have, toward our most vulnerable customers, throughout the Council. | Increase in early intervention homeless prevention | Autumn 2018 |
| HSW2 | Extend the scope of the existing Health & Wellbeing Panel to holistically address the housing needs of any individual, including those in need of a disabled facilities grant, or interventions around poor quality housing. Ensure we offer the best solution possible for those in housing need. | Increase in homeless prevention, including low level homeless approaches as a result of hospital discharge. Increased wellbeing of customer as a result of the most appropriate intervention. | Summer 2017 and ongoing through the life of this strategy |
| HSW3 | Work in partnership with schools, to help equip young people for adulthood by delivering housing advice in schools to Year 11 students. | Sustained low levels of youth homelessness | Autumn 2018 and ongoing through the life of this strategy. |
| HSW4 | To continue offering a No Second Night Out Service to people rough sleeping in our area | Reduction in new rough sleepers | Autumn 2017 and ongoing through the life of this strategy. |



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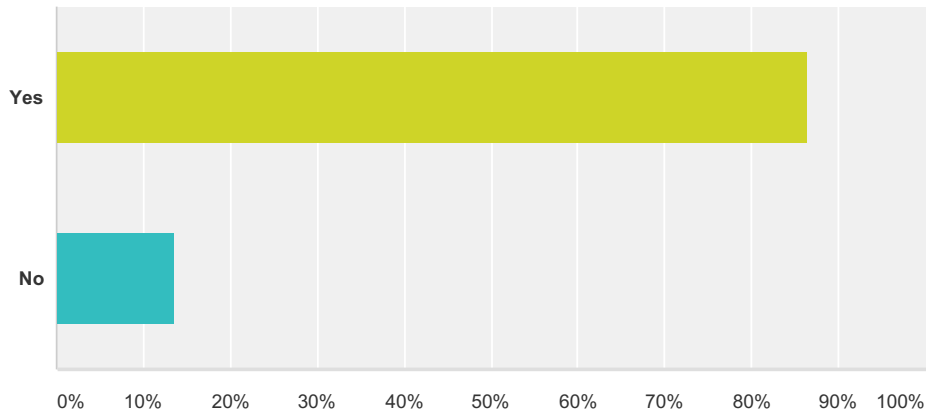
South Hams
District Council



West Devon
Borough
Council

Q1 Have you read the Draft Homelessness Strategy 2017-2022?

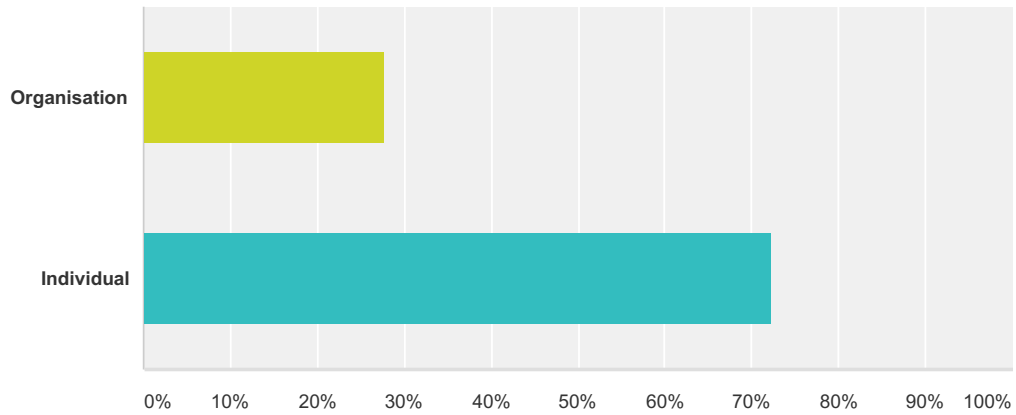
Answered: 37 Skipped: 1



| Answer Choices | Responses | |
|----------------|-----------|-----------|
| Yes | 86.49% | 32 |
| No | 13.51% | 5 |
| Total | | 37 |

Q2 Are you an organisation or an individual

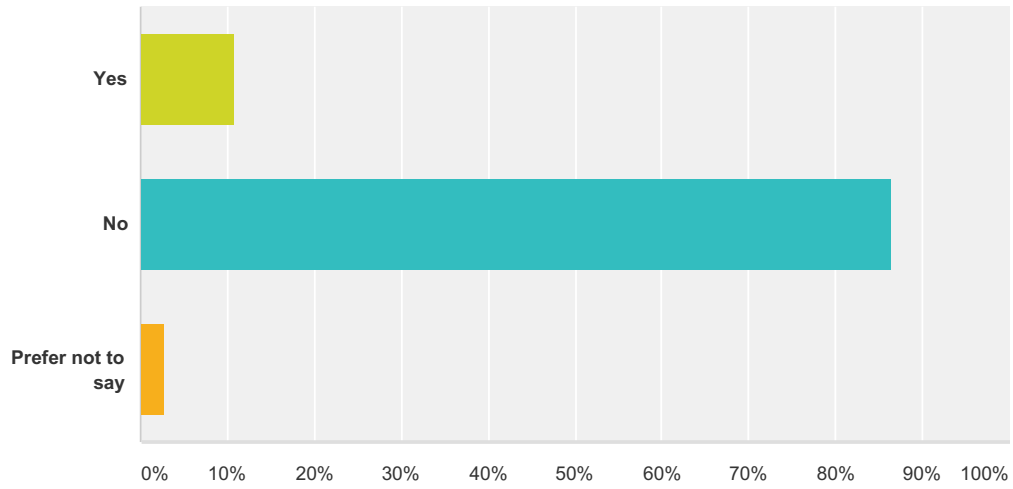
Answered: 36 Skipped: 2



| Answer Choices | Responses |
|----------------|-----------|
| Organisation | 27.78% 10 |
| Individual | 72.22% 26 |
| Total | 36 |

Q3 Have you ever been homeless?

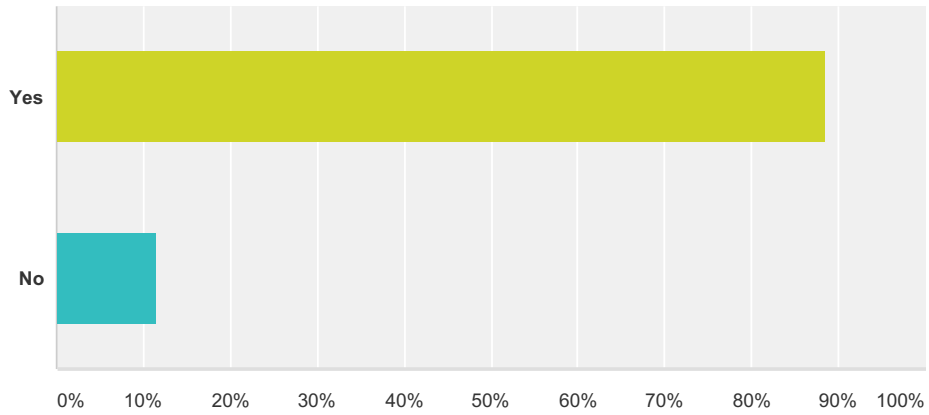
Answered: 37 Skipped: 1



| Answer Choices | Responses |
|-------------------|-----------|
| Yes | 10.81% 4 |
| No | 86.49% 32 |
| Prefer not to say | 2.70% 1 |
| Total | 37 |

Q4 Are the 4 themes we have identified as priorities the right ones for West Devon & South Hams? For clarity these are: Understanding the true cost of homelessness Access to Services Access to Housing Health & Wellbeing

Answered: 35 Skipped: 3



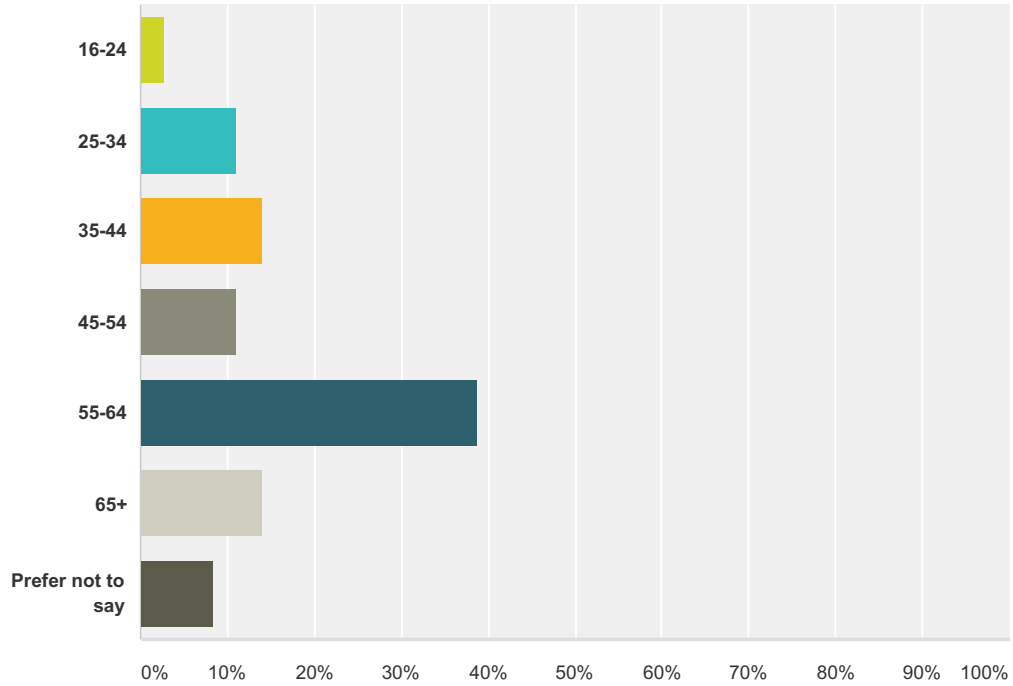
| Answer Choices | Responses | |
|----------------|-----------|-----------|
| Yes | 88.57% | 31 |
| No | 11.43% | 4 |
| Total | | 35 |

Q5 Please give your comments on the strategy

Answered: 22 Skipped: 16

Q6 From the list of age bands below, please indicate the category that includes your current age in years.

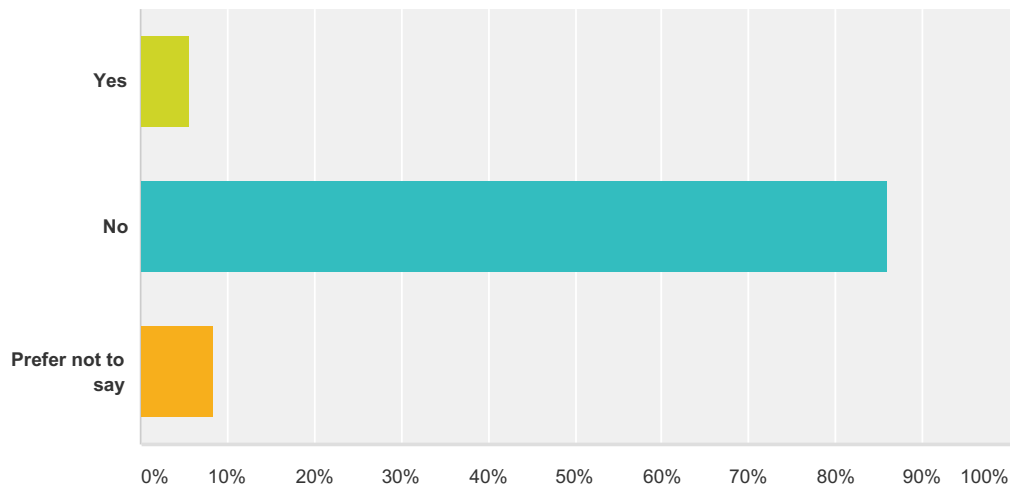
Answered: 36 Skipped: 2



| Answer Choices | Responses | |
|-------------------|-----------|-----------|
| 16-24 | 2.78% | 1 |
| 25-34 | 11.11% | 4 |
| 35-44 | 13.89% | 5 |
| 45-54 | 11.11% | 4 |
| 55-64 | 38.89% | 14 |
| 65+ | 13.89% | 5 |
| Prefer not to say | 8.33% | 3 |
| Total | | 36 |

Q7 The Equality Act 2010 generally defines a disabled person as someone who has a mental or physical impairment that has a substantial and long-term adverse effect on the persons ability to carry out normal day to day activities. Do you consider yourself to have a disability according to the definition in the Equality Act

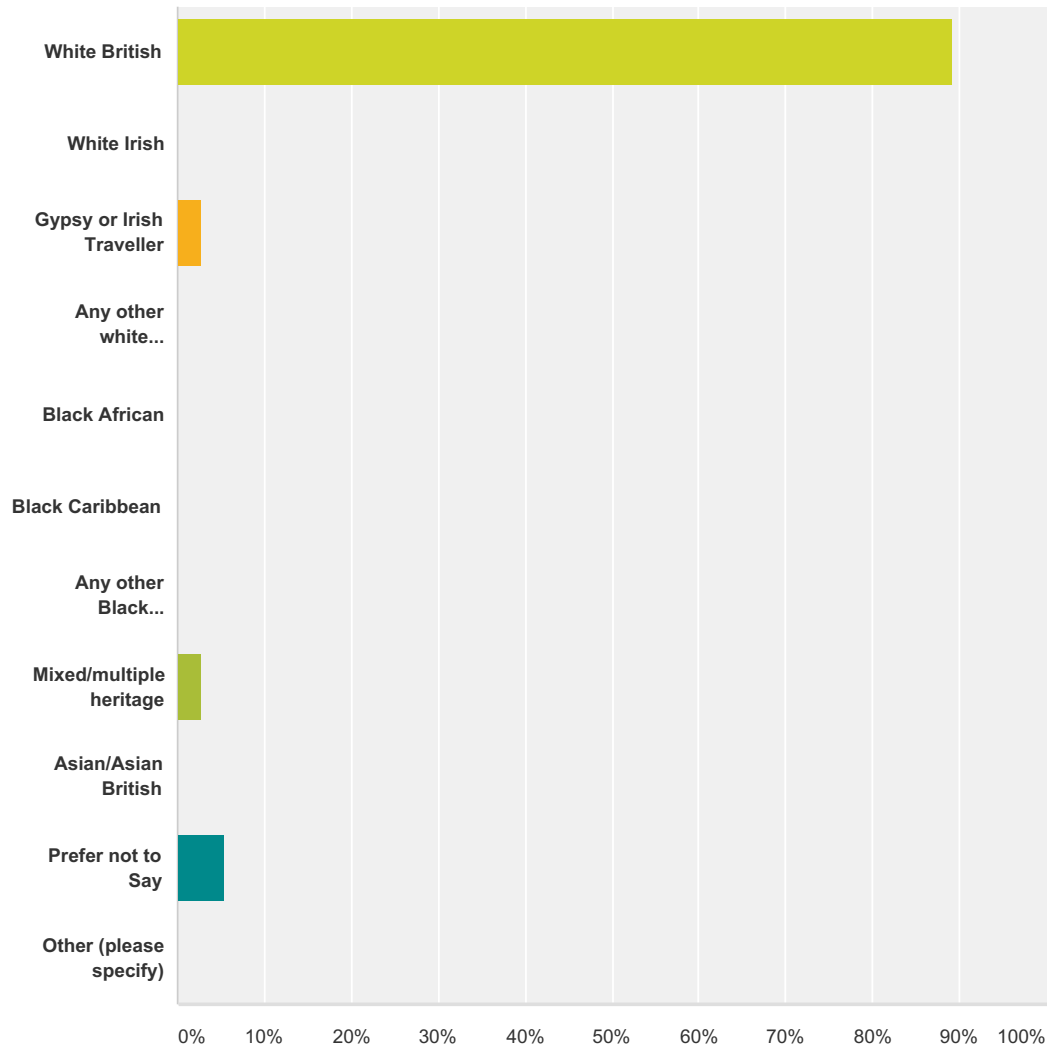
Answered: 36 Skipped: 2



| Answer Choices | Responses |
|-------------------|-----------|
| Yes | 5.56% 2 |
| No | 86.11% 31 |
| Prefer not to say | 8.33% 3 |
| Total | 36 |

Q8 What is your ethnic group?

Answered: 37 Skipped: 1



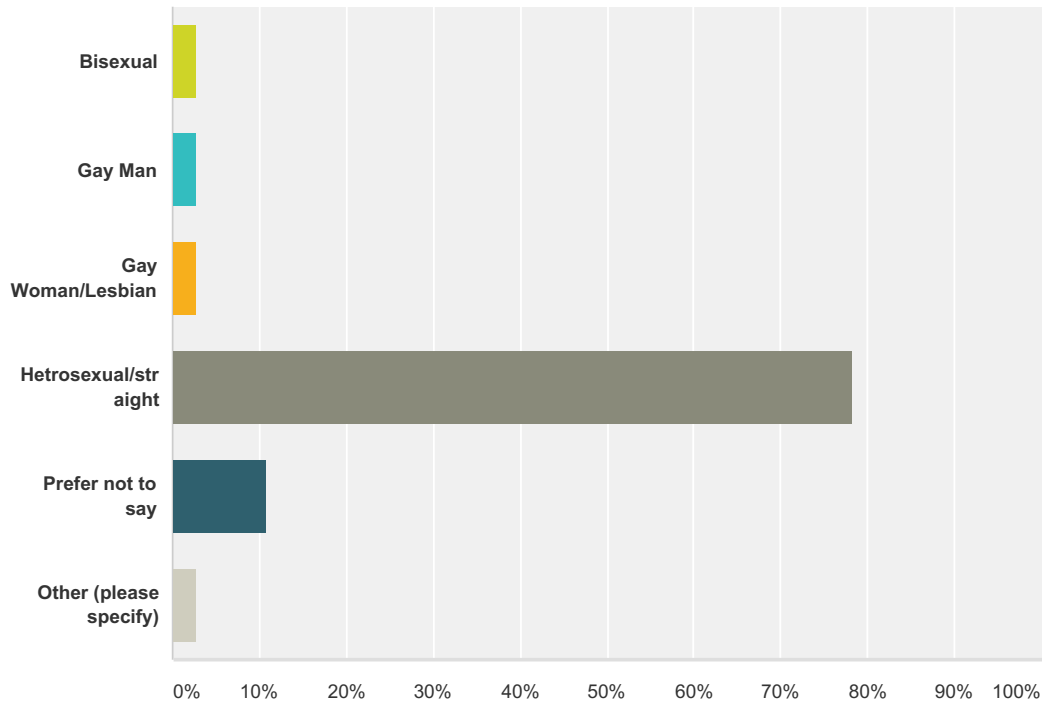
| Answer Choices | Responses | Count |
|----------------------------|-----------|-------|
| White British | 89.19% | 33 |
| White Irish | 0.00% | 0 |
| Gypsy or Irish Traveller | 2.70% | 1 |
| Any other white background | 0.00% | 0 |
| Black African | 0.00% | 0 |
| Black Caribbean | 0.00% | 0 |
| Any other Black background | 0.00% | 0 |
| Mixed/multiple heritage | 2.70% | 1 |
| Asian/Asian British | 0.00% | 0 |
| Prefer not to Say | 5.41% | 2 |

Homelessness Strategy 2017-22 Public Consultation

| | | |
|------------------------|-------|-----------|
| Other (please specify) | 0.00% | 0 |
| Total | | 37 |

Q9 What is your sexual orientation?

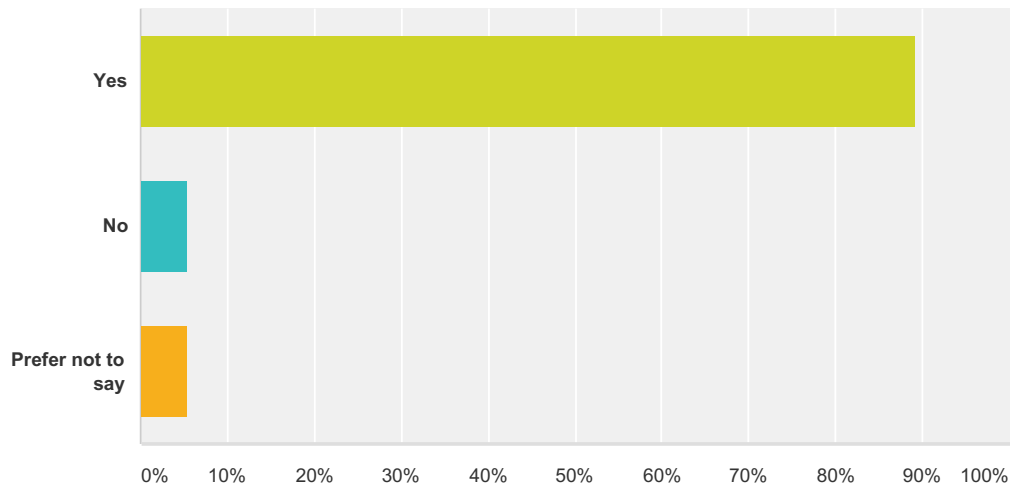
Answered: 37 Skipped: 1



| Answer Choices | Responses |
|------------------------|-----------|
| Bisexual | 2.70% 1 |
| Gay Man | 2.70% 1 |
| Gay Woman/Lesbian | 2.70% 1 |
| Hetrosexual/straight | 78.38% 29 |
| Prefer not to say | 10.81% 4 |
| Other (please specify) | 2.70% 1 |
| Total | 37 |

Q10 Is your gender identity the same as the gender assigned to you at birth?

Answered: 37 Skipped: 1



| Answer Choices | Responses | |
|-------------------|-----------|-----------|
| Yes | 89.19% | 33 |
| No | 5.41% | 2 |
| Prefer not to say | 5.41% | 2 |
| Total | | 37 |

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| You Said | We said | Action |
|--|--|--|
| <p>It is important that people have easy access to the services and support they require. This can be a challenge given the rural nature of our communities and relatively poor (and expensive) public transport system and I believe this needs to be taken into consideration.</p> | <p>We agree that delivering services to vulnerable people is a challenge that cannot be ignored. We will use the Council's new operating model to work with our teams in the locality, and maximise partnership opportunities to prevent people slipping through the net</p> | <p>This challenge will be addressed by Actions HSU1, HSU4, HSS1, HSS3, HSS4, HSW1, and HSW2.</p> |
| <p>I'm particularly interested in the HSW3 point about educating school children in year 11 about the issue of housing and homelessness.</p> | <p>This is proven best practice, and locally we have experience of this from work</p> | <p>HSW3</p> |

| | | |
|--|---|---|
| | <p>previously completed at Tavistock College which resulted in reductions of youth homelessness.</p> | |
| <p>The affordability aspect is glossed over.</p> | <p>We would acknowledge that affordability of private rented accommodation, and the lack of affordable housing remains a concern. By creating opportunities through different models of housing, offering good money advice, ensuring wherever possible their homes are of good quality and maximising peoples take up of benefit</p> | <p>HSU1, HSU2, HSU3, HSU4, HSS2, HSS7, HSH5</p> |

| | | |
|---|--|--|
| | <p>they are entitled to we hope this will go some way to address some of the issues of affordability</p> | |
| <p>I have worked in middle management for homeless people for 5years and learning disabilities for 15 years. I have a deep interest in your strategies and planned to comment. However I am declining to do so because I find your questions regarding my race, sexual orientation and particularly whether I have the same gender as was assigned at birth, totally irrelevant, intrusive and offensive on this questionnaire.</p> | <p>It was important for us to ensure that the opportunity of responding to this consultation was afforded to everyone, and we wanted to ensure our local demographics were reflected in our responses.</p> | |
| <p>These are obviously the right themes, but are of no practical use whatever without sufficient funding. Our councillors of ALL parties should have the courage to point out the effect that this government's funding cuts are having on local councils. Most South Hams councillors are conspicuously silent about this.</p> | <p>It is a statutory duty to advise and assist people who are threatened with homelessness, both Councils have recognised the importance of early</p> | |

| | | |
|--|---|-------------------|
| | intervention and prevention. | |
| Re access to 'services', what services exactly? Access to housing, there is no affordable housing available and all you waffle and tick boxing isn't making any difference | Through improving access and working with landlords to encourage different models of housing we believe that people who struggle to find affordable housing may find alternative opportunities | HSH2, HSH3, HSH5. |
| Can't churches open their doors to the homeless at night | Churches can, and do open there churches at night elsewhere in the County. If there was sufficient demand for these services we could assist churches obtain the correct planning permissions for these uses. However this option | |

| | | |
|---|---|---|
| | may not be possible for many churches due to a lack of funding or willing volunteers. We are happy to talk to any church or community group about this option | |
| It would be good to see some greater emphasis on the issue of circles of support/networks and relationships. Evidence clearly shows that pulling someone from the street and placing them into accommodation often fails because of the issue of loneliness. | Partnerships and support work are very much part of ending the cycle of homelessness, and one that delivery of this strategy is reliant on | HSU1, HSU4, HSS1, HSS3, HSS4, HSS5HSH4, HSH5, HSW1, HSW2, |
| I would emphasise the need for on-going social support and advice for people once they have been found suitable accommodation so they do not slip back into homelessness. | As above | As above |
| I feel the theme "Understanding the true cost of homelessness" is ambiguous. It implies homelessness is a monetary problem to SHDC. It may well be but the theme should be "Understanding the true plight of Homelessness". Homelessness is a vicious and sometimes inescapable circle of rejection. No | Understanding the true costs of homelessness is not just about monetary values, as | |

| | | |
|--|--|-------------------------------|
| <p>home? No job. No job? No home. The circle can be broken by access to simple temporary accommodation and an input by Services.</p> | <p>demonstrated on p16 of the homeless strategy. However the reality is that with budget pressures on all public sector services there is a need to make sure people get access to the best help possible and that we are able to help as many people as we can.</p> | |
| <p>I would like to see the Council giving top priority to certain categories of homeless people. First, the particularly vulnerable individuals who sleep rough on the streets. We need some form of hostel providing beds in a warm dry environment with access to toilet and bathroom facilities. This should be available 24/7/365 of the year and if the accommodation could be provided by the council it could no doubt be manned voluntarily by responsible agencies such as The Churches, Salvation Army and other volunteers. I would be willing to provide some of my free time every week of the year. Second, those families who cannot get onto the Housing ladder due to the high cost of purchasing property locally or getting onto the Private Rental Sector which requires substantial outlay and high rent. These families need affordable housing such</p> | <p>The needs of rough sleepers and bringing people indoors is addressed in this strategy. A hostel is not part of the Councils plans at this current time, and we wish to work with people to</p> | <p>HSH1, HSH3, HSH6, HSW4</p> |

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| <p>as the cheap echo construction housing that can be quickly assembled recently shown on Spotlight.</p> | <p>offer and support them into long term accommodation rather than sustaining a street lifestyle. Affordability of accommodation remains a challenge and some other opportunities to improve and change housing options are highlighted in the strategy.</p> | |
| <p>All local authorities, including West Devon / South Hams, need to take a good hard look at the distribution of support and care funding allocated via central government. During the period when the Supporting Programme was in operation (2002-2010), there was a significant decrease in homelessness nationally and locally. Now that money has largely been reallocated to the general care budget by local authorities, support services aimed at housing support have been significantly reduced with skilled support staff moving to other professions. This is clearly leading to an increase in service need, with consequent increases homelessness and housing need.</p> | <p>Devon County Council invest in Countywide homeless prevention contracts. As part of our emphasis on partnership working, we will continue to make</p> | |

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| | best uses of the existing contract. | |
| Funding skilled support workers has a proven impact on the ability of vulnerable people to avoid homelessness. | As above | |
| <p>I agree that the above are all important priorities in tackling homelessness. That said I would suggest that some consideration and possible prioritisation is also given to the following issues: -</p> <p>1. Adverse impact on children and young adults caused by homelessness and how this reduces their future life chances. Suggest much closer working with schools, colleges, mental health services and children's social services to explore every possible way to minimise these adverse impacts and the long term harms to children and young people. How this multi-agency cross working might actually work in practice to be carefully considered and included in the Homeless Strategy.</p> <p>2. Recognition in the Homeless Strategy that many homeless people are suffering from mental health problems that may have either contributed to their homelessness or have arisen since becoming homeless. Suggest Strategy includes a commitment to much closer working with community mental health services, GP's and mental health charities to explore the best ways of helping people with mental health problems in respect of any housing difficulties they are experiencing. Recognition to be given in the Strategy that early help with mental health problems may prevent homelessness further down the line. Homelessness may also lead to self-harm and suicide - better support and care of homeless people may possibly help reduce the shockingly large numbers of people who take their own lives, which is especially high amongst young single men.</p> <p>3. Employment. A local low wage economy, increase in zero hour contracts, unemployment and job</p> | <p>We are planning to restart our schools project as we recognise the importance of this early intervention. By re-establishing our homelessness forum , which previously was the information exchange for partner organisations, we believe we have the best opportunity to bring a multitude of likeminded agencies to the table who can help us tackle homelessness</p> | HSW3 |

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| <p>insecurity may all contribute to homelessness. Economic development plans and other relevant policies and strategies produced by DCC and WDBC should be asked to carefully consider and clearly detail how these development plans, policies and strategies can improve employment prospects of the local population and help to reduce homelessness and improve poor quality housing. 4. Impact of homelessness and/or living in sub optimal conditions on health (physical and mental) and life expectancy. There is scope for better collaboration between health services including mental health services, Directors of Public Health, Council Services and voluntary sector to help maintain and improve the health of homeless people. Better health may reduce the future risk of homelessness e.g. better choice of work, employment or the physical ability to access educational opportunities. Can the Homeless Strategy please detail working relationships with health services, Public Health services, Councils and voluntary sector and how such collaborations can help improve the health and life expectancy of homeless people and those at risk of homelessness? 5. Significantly improve local employers and general public's perception of homeless people - to reduce the stigma of being homeless and the sense of humiliation and failure that may accompany this. This might encourage some local employers to consider employing and/or assist in other ways a homeless person in need of a job. There is possibly some scope to very sensitively share some of the life stories of local homeless people, to help employers and general public better understand how individuals and families can become homeless - to help dismiss the rhetoric that anyone who is homeless must be lazy or a shirker to become homeless. Homelessness need a bit of a PR and public education campaign showing the life stories, achievements and lived</p> | <p>We also agree that coaching and mentoring would be beneficial for people and seek to address this through tenancy education.</p> | |
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| <p>experiences of homeless people. This could help educate the public how easily it is for anyone to fall on hard times, and/or a personal change of circumstances/relationships that could eventually result in homelessness. Would provide a media platform to inform local residents what they can do to minimise the risk of this happening to them and what they should do/where they can go for help if they are heading towards or have become homeless. Perhaps the Council communications team could do some valuable work with local press, media and social media on the above and these kinds of stories. 6. Recognition in the Strategy of the roles played by and clear signposting to non-council organisations such as Samaritans, Citizens Advice Bureau, Food banks etc. that people can contact if they need help with the issues described above related to homelessness. These organisations might just help some individuals from becoming homeless and/or help them if they are already homeless... 7.The Homeless Strategy should attempt to consider what the impact of Brexit might be on homelessness in West Devon and South Hams and have some plans in place to help mitigate as far as possible against any increase in homelessness that might arise before and after Brexit? 8. Role of education services - schools, colleges and adult education can help some people avoid homelessness by improving their self-confidence, educational attainments and life chances through access to education. In rural areas access to education can be very difficult, especially if individuals are dependent upon limited public transport and/or either don't have access to broadband or live in area with poor broadband. Can the council possibly do more in this strategy to help people better access education opportunities? Alongside education - coaching and mentoring can be a very powerful tool in assisting individuals tackle many</p> | | |
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| <p>complex life issues and challenges and to improve their life chances. Is there any way coaching and mentoring could be facilitated by the Council - perhaps in collaboration with local businesses and charities to provide coaching and mentoring support to individuals at risk of homelessness or who are already homeless.</p> | | |
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| You said | We said | Action |
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| <p>A lot of thought and consideration seems to have been given to trying to address the reasons for homelessness and to provide the appropriate support to people finding themselves in this situation.</p> <p>As long as there are real people on the ground who are experienced and able to work with people who are suffering from the effects or the threat of homelessness all the strategies will have the power to take effect - otherwise its all just "strategy" and printed words.</p> | <p>The focus on partnership working, early interventions and giving people access to the information they need at a time they need it will be key</p> | <p>We have set target dates for individual actions and will review progress regularly</p> |
| <p>From the point of view of a registered provider the 2 priorities that are intrinsically linked to and impact upon the work and services we provide are access to services and access to housing. As a landlord we look to reinvest in the business and work to deliver more and more homes. We currently have a good working relationship with housing development at SHDC and WDBC and work collaboratively to deliver affordable housing across our area. The continued development and progress of this partnership working will go towards improving access to housing. With regard to access to services this is something that could be improved between SHDC/WDBC and DCH to help tackle homelessness. Whilst as a social housing provider we look to house those with a housing need there are times when we have to look to take enforcement action against tenants for</p> | <p>We welcome this positive response from one of our biggest local housing providers</p> | |

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| <p>reasons such as rent arrears and anti-social behaviour. Being able to link in with housing benefit and housing options at an early stage can effectively help to address these issues before repossession happens. Perhaps an exchange of direct contact numbers or defined points of contact could help towards this as the switchboard services can be onerous. With regard to anti-social behaviour we currently have involvement at the council's respective anti-social behaviour meetings and these are a beneficial tool in the prevention of homelessness in getting a multi-agency early intervention approach to issues. With regard to access to housing welfare reform and changes to housing benefit entitlement for under 21's and LHA restrictions on social rent for under 35's (capped a shared room tae) also provides a problem which may require some idea sharing and a multi agency approach between RP's and LA's in working to be able to provide a housing offer to under 35's.</p> | | |
| <p>In a low wage, high cost area, greater emphasis on social housing is needed. It is vital to overcome the financial problems of providing social housing in order to sustain healthy communities.</p> | <p>Affordability of accommodation is a huge issue and we hope that through exploring a variety of housing options we will help people find the best option for them</p> | |

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| <p>The strategy should be simple - build council houses and don't sell them off.</p> | <p>We recognise the need to explore this option more thoroughly and our elected members will be discussing this in the spring of 2017.</p> | |
| <p>its deeply flawed and you clearly have not only spoken to those without a home or permanent address, its clear that you dont really intend to do anything about it. Its just a requirement to 'have' a strategy on paper and thats all. Classic tick boxing responsibility avoidance</p> | <p>Every effort has been made to engage with people from all aspects of our local community. We also held an event with rough sleepers at Burke Road Drop in Centre, where service users talked about what they</p> | |

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| | needed from the strategy. | |
| Taking in account my previous comments, access to alternative affordable accommodation needs to be an priority. There are lots of models of low cost modular housing and this combined with a housing first approach would be beneficial. | Both the principles of housing first and low cost modular housing will be explored as part of the tiny houses project | |
| A well thought out and comprehensive strategy. | | |
| The strategy (both) are very well written and would no doubt show that the Author (s) have worked very hard putting them together. But it is all just words. What SHDC need to do is provide a huge hostel (night shelter) and deal with Homeless People head on. Let them get cleaned up, provide clean clothes to them and feed them. THEN introduce them to services following an initial assessment by shelter staff. causes? | There are no plans to build a night shelter in the South Hams. It is our desire to proactively work with people in getting them off the streets than help sustain a street lifestyle | |
| I think it will be difficult to implement without adequate funding, with cuts being made to everything else this is another area that will suffer as a result | If the interventions in | |

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| | <p>this strategy are successful and lead to increased homeless prevention, we will as a consequence spend less on temporary housing.</p> | |
| <p>Recognises the complex factors leading to homelessness and the need for partnership working to prevent it and assist people affected.</p> | | |
| <p>The 'local picture' statistics are enlightening and do not make comfortable reading because there is obviously a human story behind all of them. Kingsbridge Town Council was approached by 2 homeless persons in 2016. The councils' priorities are laudable and it is excellent news to see actions in place to help people in the spiral of homelessness. We wish you every success in achieving your goals and offer our local support.</p> | <p>We thank Kingsbridge Town Council and look forward to closer partnership working in the future.</p> | |
| <p>The scheme correctly identifies that you cannot look at housing issues for the homeless without addressing the root causes of their homelessness. The use of a multi agency approach is flawed by the constant turnover of staff. A key worker approach is more valuable.</p> | <p>We recognise this as an issue and by training our partner</p> | <p>HSS3</p> |

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| | organisations as a first point of contact we hope that we can embed some of the principles of a key worker who is trusted by the person | |
| The proposed strategy is excellent but needs to be implemented with vigour as soon as possible. Too many good plans fall by the wayside when the financial implications are discussed in Full Council Meetings. | Early intervention work will prevent the need for costly temporary accommodation further on. | |
| The strategy should place greater emphasis on the provision of support at local levels, to ensure tenancies are sustained and accommodation is maintained. I would suggest a case is made to the care and support commissioners at County level for a reallocation of funds from the care budget, to provide preventative support services. | DCC as commissioners of homeless prevention contracts do work in partnership with both South | |

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| | Hams & West Devon Councils. | |
| Over optimistic on what can be achieved with the available funding. | We will regularly review our progress on actions | |
| Some consideration and possible prioritisation is also given to the following issues:- 1. Adverse impact on children and young adults caused by homelessness and how this reduces their future life chances. Suggest much closer working with schools, colleges, mental health services and children's social services to explore every possible way to minimise these adverse impacts and the long term harms to children and young people. How this multi-agency cross working might actually work in practice to be carefully considered and included in the Homeless Strategy. 2. Recognition in the Homeless Strategy that many homeless people are suffering from mental health problems that may have either contributed to their homelessness or have arisen since becoming homeless. Suggest Strategy includes a commitment to much closer working with community mental health services, GP's and mental health charities to explore the best ways of helping people with mental health problems in respect of any housing difficulties they are experiencing. Recognition to be given in the Strategy that early help with mental health problems may prevent homelessness further down the line. Homelessness may also lead to self harm and suicide - better support and care of homeless people may possibly help reduce the shockingly large numbers of people who take their own lives, which is especially high amongst young single men. 3. Employment. A local low wage | Please see previous comments on this answer to the previous question regarding the 4 priorities. | |

economy, increase in zero hour contracts, unemployment and job insecurity may all contribute to homelessness. Economic development plans and other relevant policies and strategies produced by DCC and WDBC should be asked to carefully consider and clearly detail how these development plans, policies and strategies can improve employment prospects of the local population and help to reduce homelessness and improve poor quality housing.

4. Impact of homelessness and/or living in sub optimal conditions on health (physical and mental) and life expectancy. There is scope for better collaboration between health services including mental health services, Directors of Public Health, Council Services and voluntary sector to help maintain and improve the health of homeless people. Better health may reduce the future risk of homelessness e.g. better choice of work, employment or the physical ability to access educational opportunities. Can the Homeless Strategy please detail working relationships with health services, Public Health services, Councils and voluntary sector and how such collaborations can help improve the health and life expectancy of homeless people and those at risk of homelessness?

5. Significantly improve local employers and general public's perception of homeless people - to reduce the stigma of being homeless and the sense of humiliation and failure that may accompany this. This might encourage some local employers to consider employing and/or assist in other ways a homeless person in need of a job. There is possibly some scope to very sensitively share some of the life stories of local homeless people, to help employers and general public better understand how individuals and families can become homeless - to help dismiss the rhetoric that anyone who is homeless must be lazy or a shirker to become homeless. Homelessness need a bit of a PR and public education campaign showing the life stories, achievements and lived

experiences of homeless people. This could help educate the public how easily it is for anyone to fall on hard times, and/or a personal change of circumstances/relationships that could eventually result in homelessness. Would provide a media platform to inform local residents what they can do to minimise the risk of this happening to them and what they should do/where they can go for help if they are heading towards or have become homeless. Perhaps the Council communications team could do some valuable work with local press, media and social media on the above and these kinds of stories.

6. Recognition in the Strategy of the roles played by and clear signposting to non-council organisations such as Samaritans, Citizens Advice Bureau, Food banks etc that people can contact if they need help with the issues described above related to homelessness. These organisations might just help some individuals from becoming homeless and/or help them if they are already homeless...

7. The Homeless Strategy should attempt to consider what the impact of Brexit might be on homelessness in West Devon and South Hams and have some plans in place to help mitigate as far as possible against any increase in homelessness that might arise before and after Brexit?

8. Role of education services - schools, colleges and adult education can help some people avoid homelessness by improving their self confidence, educational attainments and life chances through access to education. In rural areas access to education can be very difficult, especially if individuals are dependent upon limited public transport and/or either don't have access to broadband or live in area with poor broadband. Can the council possibly do more in this strategy to help people better access education opportunities? Alongside education - coaching and mentoring can be a very powerful tool in assisting individuals tackle many complex life issues and challenges and to improve their life chances. Is there any

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| way coaching and mentoring could be facilitated by the Council - perhaps in collaboration with local businesses and charities to provide coaching and mentoring support to individuals at risk of homelessness or who are already homeless. | | |
| It was generally agreed that this was a welcomed strategy | | |
| Seems very positive and reactive to demand and need | | |

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Homeless Strategy – Public Consultation Dec 2016 – Feb 2017.

Online Survey – Featured on the Council Website, and Press Release Issued.

Public Events in the Locality

- **Okehampton** – 74 members of the public, 68 flyers handed out
- **Tavistock** – 40 members of the public 32 flyers handed out (very positive response from those spoken to, some had already been online and completed) Main comments in Tavistock:
 - ‘there’s a ticking time bomb...about to explode due to all the cuts’
 - Worries re the closure of Harewood House and what that will mean for older people who can’t cope and don’t have family
 - Concerns re the effect of mental health issues and how these affect homelessness
 - Lack of affordable housing especially for younger people who want to stay in the Tavistock area
- **Kingsbridge** – 30 flyers handed out, 18 conversations
- **Lee Mill** (Tesco’s) 29 Flyers, 8 conversations.
- **Totnes** 17 flyers, 20 conversations Main comments in Totnes The people of Totnes were very passionate about this issue, A lot of interest in the poster generally.
 - Private Rent: Price and Standards (DCH Over-pricing & Corruption)
 - Lack of Social Housing and Cost: Private rent in Torbay cheaper than social housing in Totnes.
 - Affordable Housing in Totnes: Why don’t we use local builders, people commented this may make people less resentful.
 - Distrust towards SHDC Planners
 - Intimidation from homeless drinkers at certain bus stops in Totnes towards elderly.
 - Understanding from many that homelessness was a result of bad circumstances and relationship breakdowns i.e. Relationship breaks down man has to move out of social housing with nowhere to go.
 - DCC Social Service building at Bridgetown sat empty, could home numerous homeless people during winter.

- Lack of hospital beds for mental illness cases.

- **Dartmouth** 40 flyers, 10 conversations

Main comments in Dartmouth

- Affordable Housing
- Lack of social housing
- Distrust in new development companies.

Partner Engagement.

All Town & Parish Councillors, Devon County Council, Devon & Cornwall Police, All Secondary Schools, Devon County Council, NHS, Devon Housing Options Managers, All Housing Providers, NHS England, Childrens Centres, Revival Life Ministries, Shekinah,

All Members were invited to respond through an article in the Members Bulletin

Vulnerable Groups

Focus Meeting with users of the Burke Road Drop in Centre.

5 Rough Sleepers spoke individually with Officers. Positive about the strategy, however stressed the need for good communication. Asked when we spoke to young people to talk to them about respect (some incidents of anti-social behaviour) a need for more accommodation and support in making the transition from street life. Particularly in relation to being housed locally, in shared housing and the possibility of tiny houses.

Report to: **South Hams Executive**

Date: **9 March 2017**

Title: **Parking Enforcement for Dittisham Parish Council**

Portfolio Area: **Environment Services**

Wards Affected: **West Dart**

Relevant Scrutiny Committee:

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

Date next steps can be taken: To be considered by the Council on 11th May 2017
(*e.g. referral on of recommendation or implementation of substantive decision*)

Author: **Cathy Aubertin** Role: **Operational Manager (Environment Services)**

Contact: Cathy.Aubertin@swdevon.gov.uk

Recommendations:

1. That the South Hams District Council Off-Street Parking Places Order be amended to include the Ham car park in Dittisham.
2. That the parking charges and permit information resolved by Dittisham Parish Council be added to the Off-Street Parking Places Order so that South Hams District Council may undertake enforcement in the Ham and the Level car parks on behalf of the Parish Council.
3. That South Hams District Council provide a parking enforcement service on behalf of Dittisham Parish Council.

1. Executive summary

- 1.1 This report requests that Members consider the recommendation to take steps to allow South Hams District Council to undertake parking enforcement on behalf of Dittisham Parish Council in the Ham and the Level car parks.

2. Background

- 2.1 Dittisham Parish Council owns two car parks, known as the Ham and the Level car parks.
- 2.2 As the Level car park was previously owned by South Hams District Council it is already included in the Council's Off-Street Parking Places Order.
- 2.3 However, there is a need to add the Ham car park to the Order and a plan detailing this is attached at Appendix 1.
- 2.3 We have been approached by the Parish Council with a request to undertake enforcement in the two car parks, in line with the draft agreement attached at Appendix 2.

3. Outcomes/outputs

- 3.1 In order to be able to carry out the enforcement, it is a requirement that our Off-Street Parking Order is amended to reflect and facilitate this.

4. Options available and consideration of risk

- 4.1 Should the recommendation be resolved, it will be necessary for the amendments to be the subject of a public consultation exercise. Any objections received would be considered and responded to by the Parish Council. However, such objections would have to be submitted to the District Council, which may result in complaints from customers who may assume the proposals are District-Council led, leading to a reputational risk.
- 4.2 However, we are able to address this by clarifying with customers, and in ensuring that we issue a clear press release.

5. Proposed Way Forward

5.1 Pay & Display details

Charges to be payable from 9am to 6pm every day of the year, including weekends and bank holidays. Proposed tariffs:

| | ½ hour | 1 hour | 2 hours | 3 hours | 4 hours | All day |
|-------|--------|--------|---------|---------|---------|---------|
| Ham | £0.50 | £1.00 | £2.00 | £3.00 | £3.50 | £5.00 |
| Level | N/ A | £1.00 | £2.00 | £3.00 | £3.50 | £5.00 |

- 5.2 As in the District Council's car parks, Blue Badge holders will be entitled to one hour's free parking on the expiry of a valid Pay & Display ticket.
- 5.3 Permits
Weekly permits to be available at a cost of £25.00.

5.4 Residents' permits to be issued by the Parish Council free of charge.

5.5 Enforcement

Inclusion in the South Hams District Council's Off-Street Parking Places Order will allow District Council officers to undertake enforcement in both car parks on behalf of the Parish Council, in line with the draft agreement at Appendix 2.

5.6 Enforcement would be provided free of charge but the District Council would retain all PCN income.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|--|---------------------------|--|
| Legal/Governance | | <p>The Council has power to provide off-street parking under the Road Traffic Regulation Act 1984 (as amended).</p> <p>The Council has the power to deal with the provision, management and control of car parks.</p> <p>The Council has the powers to provide this service under the General Powers of Competence in the Localism Act 2011.</p> |
| Financial | | <p>The consultation exercise will cost approximately £600 to advertise. This cost will be borne by Parish Council but may be shared with the District Council if this consultation is coupled with another one.</p> <p>There will be income generated from the issue of PCNs but, at this stage, this is impossible to estimate.</p> |
| Risk | | Reputational risk as detailed in paragraph 4, to be addressed with a clear press release. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | A comprehensive impact assessment has been completed which shows that there are no issues to be considered further. |
| Safeguarding | | No implications. |

| | | |
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| Community Safety, Crime and Disorder | | No potential positive or negative impact on crime and disorder reduction. |
| Health, Safety and Wellbeing | | No implications. |
| Other implications | | None. |

Supporting Information

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 |

THIS AGREEMENT is made the day of 20

BETWEEN

(1) SOUTH HAMS DISTRICT COUNCIL of Follaton House, Totnes, Devon **(The District Council)**

(2)

IT IS HEREBY AGREED as follows:-

1. Definitions and Interpretation

1.1 The following definitions shall apply to this Agreement:

“Car Park” means the area of land known as the Car Park at outlined in red on the attached plan marked ‘A’.

“Civil Enforcement Officers” means the persons employed by the District Council and authorised by or on behalf of the to supervise the Car Park

“Car Park Order” means South Hams District Council (Off-Street parking places)(Amendment) Order No. of 20

“Operational Manager (Environment Services)” means the District Council’s Operational Manager (Environmental Services) (or such other duly authorised officer of the District Council)

“Penalty Charge” means the sum charged for contravention of the **Car Park Order**.

“Principal Order” means the South Hams District Council (Off-Street Parking Places) Order 20 and subsequent amendments.

2. Management

2.1 The District Council shall provide car park management services for in accordance with the provisions of this Agreement.

3. Car Park Order

3.1 Both parties shall have regard to the Car Park Order and any subsequent amendments or variations in the operation of this Agreement.

3.2 Any changes intend to make to the Car Park Order including variation of parking charges shall be notified to the Operational Manager (Environment Services) prior to the commencement of any statutory process.

4. Income

4.1 Parking fee income – **IF CASH COLLECTION SERVICE IS REQUIRED**

4.1.1 The District Council will reconcile all cash collected, check balances against the Pay and Display audit report and transfer 100% of the Pay & Display income collected to [REDACTED] on a quarterly basis. The District Council will invoice [REDACTED] an amount equal to 20% of the quarterly income collected plus VAT in consideration for the District Council's management responsibilities pursuant to this agreement.

4.1.2 The District Council will provide data reports from the Aslan management system (or similar electronic management system) to [REDACTED] at their reasonable request.

4.2 Penalty Charge Income.

4.2.1 The District Council will retain all income arising from the issue of the Penalty Charge Notices.

5. Variation

5.1 Variations to this Agreement may be made if agreed in writing between both parties.

6. Termination

6.1 Either party may terminate this Agreement on giving 28 days notice to the other.

7. [REDACTED]'s Responsibilities

7.1 Parking Charges

7.1.1 [REDACTED] shall be responsible for setting the parking charges for the Car Park (except for the Penalty Charge) having first consulted with the District Council.

7.2 Amendments to the Car Park Order

7.2.1 [REDACTED] shall be responsible for any action required together with any associated or consequential costs in amending the Car Park Order and for making variation notices in respect of any changes to the parking charges contained within the Car Park Order.

7.3 Signage

7.3.1 [REDACTED] shall provide appropriate signage to make motorists aware that the District Council is patrolling and enforcing the Car Park.

7.4 Permits

7.4.1 [REDACTED] shall inform the District Council of any vehicles that have been issued with permits to park without purchasing a Pay & Display ticket. However, it will be the motorists' responsibility to ensure that valid permits are displayed (where necessary) and the District Council shall enforce in accordance with the Car Park Order.

7.5 Maintenance of the Car Park

7.5.1 [REDACTED] shall be responsible for the maintenance of the Car Park including its surface and signage.

7.6 Ticket Machine

- 7.6.1 The Pay and Display ticket machines are to be supplied by [REDACTED] and are to be manufactured by Metric as compatible with the Aslan electronic management system (IF SERVICE IS REQUIRED).
- 7.6.2 The District Council shall be responsible for the removal and security of cash from the ticket machines.
- 7.6.3 [REDACTED] shall be responsible for the supply of parking tickets issued by the ticket machine. The District Council will arrange replenishment of tickets using tickets supplied by [REDACTED]. Any changes to the format of the parking tickets must be first agreed with the District Council.
- 7.6.4 [REDACTED] will arrange a maintenance agreement for the ticket machines with the machine supplier. The District Council shall be responsible for the prompt replacement of parking tickets supplied by [REDACTED].
- 7.6.5 [REDACTED] shall ensure that any fault in the ticket machine reported to them shall be notified, where appropriate, to the Operational Manager (Environment Services) and shall be put right promptly.

7.7 Removal of Vehicles

- 7.7.1 [REDACTED] shall be responsible for arranging the removal of vehicles from the Car Park in accordance with the Car Park Order.
- 7.7.2 Any assistance provided by the District Council in the removal of vehicles from the Car Park shall be subject to a separate agreement between the Council and [REDACTED] as and when required.

7.8 Closures

- 7.8.1 [REDACTED] shall notify the Operational Manager (Environment Services) at least 24 hours in advance of any intended closure or part closure of the Car Park.

7.9 Enforcement of contraventions of the Car Park Order

- 7.9.1 The District Council shall be responsible for the enforcement of any contraventions of Part II of the Principal Order. [REDACTED] will be responsible for enforcement of Part III of the Principal Order.

8. District Council Responsibilities

8.1 Civil Enforcement Officer

- 8.1.1 The District Council shall be responsible for the provision of the services of a Civil Enforcement Officer to patrol and enforce in the Car Park in accordance with the Car Park Order.

8.2 Duties of the Civil Enforcement Officer

- 8.2.1 The Civil Enforcement Officer shall patrol the Car Park on a minimum of one occasion per day on a minimum of five days a week or as otherwise advised by the District Council from time to time.
- 8.2.2 The Civil Enforcement Officer may issue a Penalty Charge Notice for any contravention set out in Part II of the Car Park Order.
- 8.2.3 The Civil Enforcement Officer may issue a 24 hour notice in accordance with the Car Park Order and shall notify the details of the notice promptly to [REDACTED].
- 8.2.4 If the Civil Enforcement Officer becomes aware, whilst patrolling the Car Park, of a fault with the Ticket Machine, he shall attempt to rectify the fault before notify the District Council.
- 8.2.5 The Civil Enforcement Officer will report to [REDACTED] any other contraventions (under Part III of the Car Park Order) which he becomes aware of during his patrol.

8.3 Penalty Charges

- 8.3.1 The amount of Penalty Charge amount is fixed nationally and the District Council and [REDACTED] will comply with the Penalty Charge amount so set.

8.4 Penalty Charge Ticket

- 8.4.1 The District Council shall be responsible for the supply of Penalty Charge tickets.

8.5 Enforcement

- 8.5.1 Enforcement will be carried out in accordance with the Car Park Order.

8.6 Administration

- 8.6.1 The administration of the Penalty Charge will be carried out in accordance with the Car Park Order.

8.7 Appeals

- 8.7.1 The right of appeal against the issue of a Penalty Charge Notice shall be to the District Council. There shall be no right of appeal from the motorist to the [REDACTED].

THE COMMON SEAL OF SOUTH HAMS)

DISTRICT COUNCIL was hereunto affixed)

this day of 20▀)

in the presence of:)

Chairman

Director

THE COMMON SEAL OF ▀

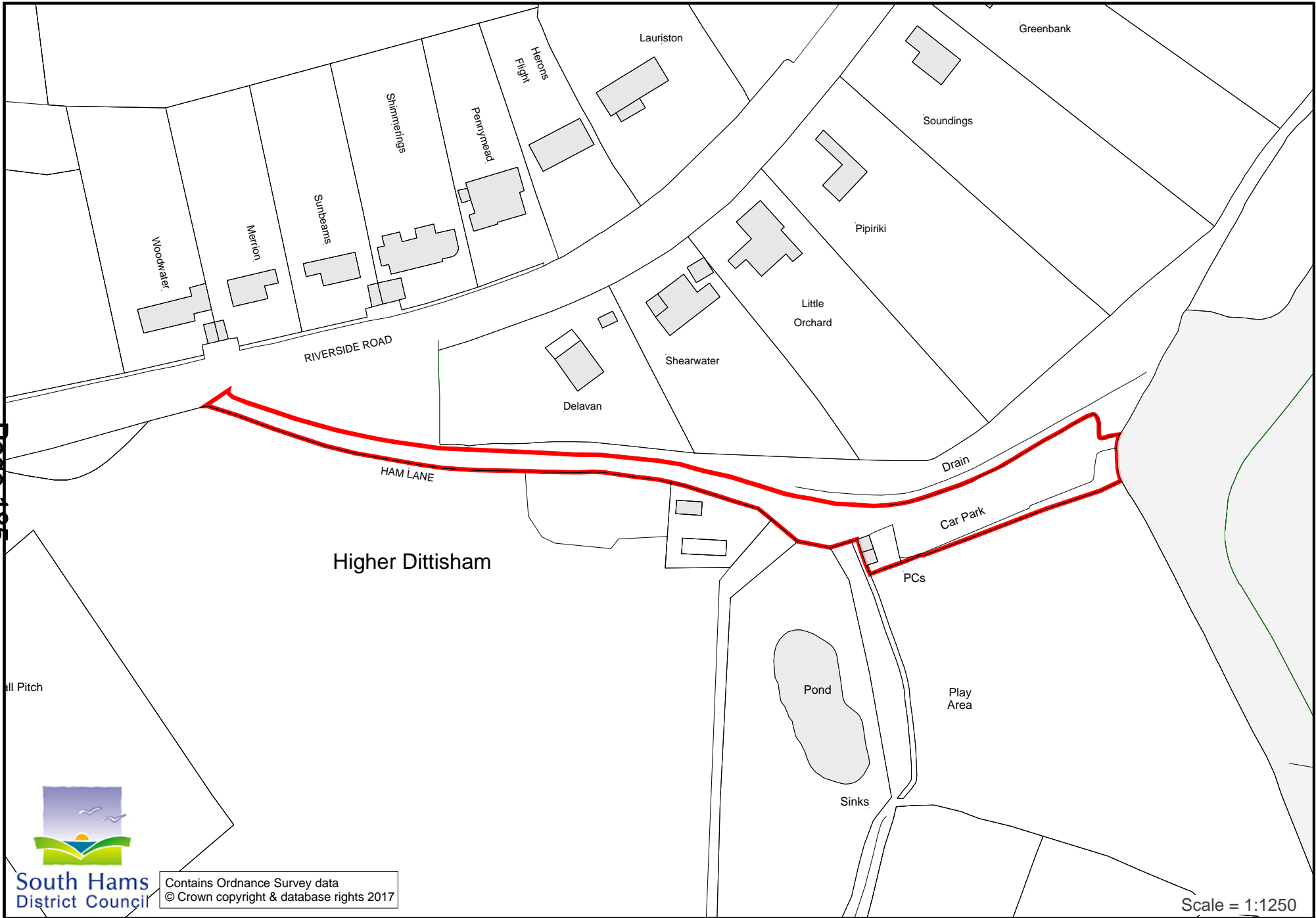
▀ was hereunto affixed)

this day of 20▀)

in the presence of:)

Director

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Report to: **Executive**

Date: **9 March 2017**

Title: **Community Housing
Development and Funding Strategy**

Portfolio Area: **Assets / Cllr Hilary Bastone**

Wards Affected: **all**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

Date next steps can be taken:
Immediately, for after full Council for
recommendations

Author: **Chris Brook/David Parkes** Role: **Assets CoP lead**

Contact: **Telephone/email: Chris.Brook@swdevon.gov.uk**

That the Executive Recommends to Council:

- 1.** The endorsement of the Community Housing Strategy set out in this report, specifically approving;
- 2.** The apportionment of the £1.88m Community Housing Fund (CHF) as per section 3 of this report, including the forward funding of 3 FTE for 2 years.
- 3.** The delegation of acquisition for sites up to £250k for the delivery of community housing from the CHF grant, to the CoP Lead for Assets, in consultation with the Portfolio Holder for Assets and S151 Officer.

Executive Recommendation:

- 4.** That a response be sent to DCLG ahead of the 10th March 2017 deadline, as per the Community Housing Strategy set out in this report.

1. Executive summary

- 1.1.** In December 2016, the Government released details of the first year funding allocations to local authorities of the Community Housing Fund. South Hams were awarded a proportionately high allocation of £1,881,000 based largely on housing affordability and proportion of second homes in the district. Half of these monies in the sum of £940k have been received in January of this year.

- 1.2. The Council is required to respond to DCLG **by 10th March** 2017 setting out in broad terms the intended use and allocation of these funds and this report reflects the recommendations of officers, who seek member approval to proceed.
- 1.3. A lack of affordable housing has a significant impact on the underlying vitality and sustainability of local communities. Whilst affordable rented homes provide a required safety net for those in greatest housing need, the Government recognises a wider range of options are required to help people into home ownership in areas where house prices are beyond an affordable level for those on low and medium incomes.
- 1.4. The Community Housing Fund (CHF) will provide welcome financial support to many existing and emerging local housing projects but there is a recognition that many community housing projects have wider delivery issues beyond funding. The Executive is therefore invited to consider whether it wishes to establish a direct development capacity to support and deliver such projects.
- 1.5. It is proposed to deliver up to 5 schemes of 10 – 20 houses per year, and allocate funding to cover; capacity building, site purchase, design work as well as direct grant awards to existing community housing groups, as set out in section 3.
- 1.6. The construction phase of the projects would be funded from borrowing via the Public Works Loan Board (PWLB), and each scheme would come before the Executive and Council for a decision on a case by case basis. To be clear, Members are not being asked to consider the borrowing funding in this report.
- 1.7. The programme would be ultimately self-funding, as a small return on capital would be generated through the construction and sale of houses, to reflect the risk the Council takes in this phase.

2. Background

- 2.1. Community Housing is defined by a set of requirements as follows:
- 2.2. *That the community must be integrally involved throughout the process in key decisions (what, where, for who). They don't necessarily have to initiate and manage the development process, or build the homes themselves, though some may do;*

A presumption in favour of community groups that are taking a long term formal role in ownership, management or stewardship of the homes, and

A requirement that the benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity

- 2.3. The CHF is specifically targeted at *community-led housing* projects as distinct from affordable homes provided by registered providers that are eligible for alternative grant assistance.
- 2.4. The funding can support either revenue or capital requirements and the funding criteria point to certain objectives and outcomes as follows:
 - 2.4.1. To increase overall housing supply
 - 2.4.2. To support areas affected by high house prices and/or proliferation of second homes, particularly rural and coastal settlements.
 - 2.4.3. To help deliver housing projects that are initiated or supported by local people or organisations (e.g. Community Land Trusts (CLT's); Parishes; Neighbourhood Planning groups; local trusts)
 - 2.4.4. To encourage community participation in the placemaking; development; ownership and management of local housing schemes
 - 2.4.5. To deliver permanently affordable or low cost homes that respond to local housing needs.
- 2.5. The role of Local Authorities in using the CHF to help achieve these objectives is not precisely defined. This might include acquiring suitable sites; capacity building; providing direct development support or gap funding.
- 2.6. The South West is an area that has a relatively high proportion of self-help housing groups and within South Hams there CLT housing projects currently in the pipeline at Totnes; South Brent and Harberton.
- 2.7. However such schemes are often under-resourced and as a result many stall or take years to come to fruition. Promoting this as a platform for delivering affordable housing carries with it an additional risk that vulnerable groups will be drawn into an over-commitment of their time and/or financial resources.
- 2.8. The paper attached in Appendix A sets out the case for the Council offering to partner with local community groups providing development support to help acquire suitable sites as well as facilitate, fund and project manage the development. This would be based on a collective custom-build model, delivering infrastructure and core buildings designed in partnership with a local community group or CLT.
- 2.9. The aim is that the Council would offer to derisk the development process and help deliver more projects, more efficiently and more securely. To achieve this the Council needs to build internal capacity to manage this programme and the CHF can contribute to that objective.
- 2.10. The programme will support the delivery of low cost housing, available in perpetuity and tailored to the specific needs of local people.

3. Outcomes/outputs

- 3.1. Our target is to deliver up to 5 project sites each year, from year 2 of the programme. Each site would be expected to deliver 10-20 homes (i.e. 50 to 100 new homes pa).
- 3.2. Of the £1.88m funding available in 2017, the following allocation is proposed:
 - 3.2.1. Internal capacity building, (to include setting up an arms-length company, subject to prior legal advice and separate Council approval) constituting the appointment of a new development director, project manager and community facilitation officer, reporting to the Assets CoP. Allocation £300k, to forward fund the full time posts for two years, after which the programme will be self-funding.
 - 3.2.2. Up, to £900k for the acquisition of new project sites. Site values are anticipated to be up to £250k. It is proposed that delegated authority to purchase sites *specifically* for community housing up to that value is delegated to the Assets CoP in consultation with the portfolio holder for Assets and the S151 officer.
 - 3.2.3. Up to £400k for grant funding for community housing groups that don't wish to utilise the Council's Community Housing delivery model, and grant funding will be made on a case by case basis by the housing team, in accordance with agreed criteria to be developed by the Housing Team.
 - 3.2.4. Up to £300k for supply chain costs to cover: Site assessment and appraisals, planning advice, planning applications, design, contract preparation and administration.
- 3.3. The construction costs of each scheme would need to be funded direct from the Council, in the form of borrowing from the PWLB, as the CHF is insufficient to fund construction on any meaningful scale. This needs to be explored further and funding for construction would be brought to the Executive (and Council) for approval on a case by case basis and be based on a business case that delivers a return on capital (ROC) of 15% to reflect the risk the Council will take.
- 3.4. The programme value once construction starts (year 2 onwards) would be in the order of £10M-£15M.
- 3.5. Key targets for year 1 would be
 - 3.5.1. To identify up to 5 pilot projects (existing schemes)
 - 3.5.2. Build an internal development capacity of 3 FTE.
 - 3.5.3. Select support consultants (currently underway)
 - 3.5.4. Articulate the delivery model and partnership offer
 - 3.5.5. Acquire or secure options on 3-5 new project sites

- 3.5.6. Host a networking event for Parish/Town and Neighbourhood Planning Groups (April)
- 3.5.7. Support the delivery of existing CH initiatives through direct funding, landowner's agreements; design and development support; coordinating peer to peer learning etc.
- 3.6. This initiative will require close working between officers in the Assets CoP and the Housing Teams and the development of these proposals has been undertaken jointly.
- 3.7. The proposal to take community housing into a subsidiary development company should form part of the considerations of the LACC working group, but this will not delay the initial capacity building and community engagement phase of the programme.

4. Options available and consideration of risk

- 4.1. A lower risk option would be to simply distribute and monitor funding but this does not deal with delivery capacity issues and would limit the scope of this programme. It is the case however, that there will be an element of direct funding as part of the CHF policy offer.
- 4.2. Delivery and financial risk would be transferred from individuals and CLT's to the Council.
- 4.3. Subject to further legal advice and the recommendations of the (LACC) Joint Steering Group it is proposed to undertake this activity within an arms-length corporate vehicle set up for this purpose that would hold limited liability. SHDC would deploy professional project management resources and construction partners to mitigate delivery risk and these costs are included in 3.2.4 above.
- 4.4. Use of Council resources and capital to offset risk would be subject to an entitlement to a development profit of c.15% ROC that could be reinvested in the programme.
- 4.5. Funding would be supported by the CHF and future loan finance through PWLB.
- 4.6. This funding is not intended to support conventional delivery of affordable homes through registered providers but s106 reserves would enable the Council to continue to offer support for such schemes

5. Proposed Way Forward

- 5.1. That the Executive approves the commencement of a community housing development programme, that is appropriately resourced and able to deliver affordable, sustainable and locally managed housing schemes.
- 5.2. Approval to spend the CHF grant in accordance with section 3 and delegation in relation to acquisitions is approved.

6. Implications

| | | |
|------------------|---------------------------|---|
| Implications | Relevant to proposals Y/N | <p>Details and proposed measures to address</p> <p>The Council have been allocated this funding by central government in response to concerns over the number of second homes in certain areas and the impact this has on affordable homes for local people. If this funding is not put to good use the Council reputation could be tarnished and compromise future funding opportunities. Innovative use of this funding is likely to have a significant positive impact on housing within SH.</p> |
| Legal/Governance | Y | <p>Member approval is required to authorise the spending of the CHF in the terms set out in this report.</p> <p>The legal implications of subsidiary companies will form part of a further report to members.</p> |
| Financial | | <p>The setting up of this development programme relies largely on the CHF grant which in year 2017/2018 is £1.88m to SHDC. The level of funding in future years may be uncertain but it is nevertheless clear that this will be strongly influenced by the Council's ability to deliver affordable homes from this programme in the future.</p> <p>The intention therefore is to use this funding programme to build capacity and secure sites for future development so that this becomes a self-financing activity that could return revenue to the Council in the form of profit on activities as well as meeting policy objectives.</p> <p>Future spending decisions to fund construction would require further approval.</p> |
| Risk | | <p>All property development carries significant risk. It is capital intensive and complex requiring professional skills and expertise.</p> <p>A concern is that if this risk falls to community organisations who may not have such expertise things can easily go wrong (as recently demonstrated at Broadhempston CLT). This policy of direct development with community groups mitigates this risk.</p> <p>A primary consideration therefore in channelling resources into a direct development vehicle is to absorb that risk in house in a manner that can</p> |

| | | |
|--|--|--|
| | | <p>offset this risk with appropriate skills and resources.</p> <p>By not doing this the Council runs the risk of losing the funding and any subsequent further funding opportunities</p> <p>The Council accepts that by taking this risk through direct development, it will be take a 15% return on capital for each scheme approved. This will allow the programme to become self-financing.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | N/A |
| Safeguarding | | N/A |
| Community Safety, Crime and Disorder | | <ul style="list-style-type: none"> N/A |
| Health, Safety and Wellbeing | | |
| Other implications | | |

Supporting Information

Appendices:

Appendix A – Community Housing Briefing Note.

Background Papers:

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. (Cabinet/Scrutiny) | Yes |

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