

South Hams Council



Title:	Agenda																																													
Date:	Thursday, 30th March, 2017																																													
Time:	2.00 pm																																													
Venue:	Council Chamber - Follaton House																																													
Full Members:	<p style="text-align: center;">Chairman Cllr Smerdon Vice Chairman Cllr Cuthbert</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Baldry</td> <td style="width: 33%;">Cllr Holway</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr Hopwood</td> <td></td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Huntley</td> <td></td> </tr> <tr> <td>Cllr Blackler</td> <td>Cllr May</td> <td></td> </tr> <tr> <td>Cllr Bramble</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pennington</td> <td></td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pringle</td> <td></td> </tr> <tr> <td>Cllr Cane</td> <td>Cllr Rowe</td> <td></td> </tr> <tr> <td>Cllr Foss</td> <td>Cllr Saltern</td> <td></td> </tr> <tr> <td>Cllr Gilbert</td> <td>Cllr Steer</td> <td></td> </tr> <tr> <td>Cllr Green</td> <td>Cllr Tucker</td> <td></td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Vint</td> <td></td> </tr> <tr> <td>Cllr Hicks</td> <td>Cllr Wingate</td> <td></td> </tr> <tr> <td>Cllr Hitchins</td> <td>Cllr Wright</td> <td></td> </tr> <tr> <td>Cllr Hodgson</td> <td></td> <td></td> </tr> </table>	Cllr Baldry	Cllr Holway		Cllr Bastone	Cllr Hopwood		Cllr Birch	Cllr Huntley		Cllr Blackler	Cllr May		Cllr Bramble	Cllr Pearce		Cllr Brazil	Cllr Pennington		Cllr Brown	Cllr Pringle		Cllr Cane	Cllr Rowe		Cllr Foss	Cllr Saltern		Cllr Gilbert	Cllr Steer		Cllr Green	Cllr Tucker		Cllr Hawkins	Cllr Vint		Cllr Hicks	Cllr Wingate		Cllr Hitchins	Cllr Wright		Cllr Hodgson		
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																																													
Committee administrator:	Member.Services@swdevon.gov.uk																																													

1. Urgent Business

the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under item 7 below);

2. Exempt Information

to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;

3. 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;

4. Treasury Management Strategy 2017/18	1 - 28
5. Reports of Bodies	
* Indicates Minutes containing recommendations to Council	
(a) Development Management Committee - 15 February 2017	29 - 38
(b) Salcombe Harbour Board - 20 February 2017	39 - 42
(c) Overview and Scrutiny Panel - 23 February 2017	43 - 52
(d) Council Tax Setting Panel - 23 February 2017	53 - 56
(e) Executive* - 9 March 2017	57 - 64

Agenda Item 4

Report to: **Special Council**

Date: **30th 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: 1st April 2017

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

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

Recommendations: That Council resolves to approve 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 Council approval of the proposed Treasury Management and Investment Strategies for 2017-18 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.

On 9th March 2017, the Executive met to consider the 2017/18 Treasury Management Strategy. At this meeting, the Strategy was recommended to Council (Minute E.73/16). The Strategy needs to be considered by Council prior to the beginning of the financial year 1st April 2017. On the advice of the treasury management advisors, Enhanced Cash Funds have also been added to the Strategy as these can provide a good alternative option to help generate a better yield and still maintain liquidity.

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 was also a report on the Executive agenda (9th March 17) for a commercial property investment strategy. There was 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. The recommendation to gain specialist advice was approved (Minute E.70/16). A revised Treasury Management Strategy would be presented to Council at the same time as the full business case for the commercial property investment strategy.

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	<p>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.</p> <p>On 9th March 2017, the Executive met to consider the 2017/18 Treasury Management Strategy. At this meeting, the Strategy was recommended to Council (Minute E.73/16). The Strategy needs to be considered by Council prior to the beginning of the financial year 1st April 2017.</p>

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	<p>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> <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: 9/03/17 – TMS & Annual Investment Strategy 2017-18

Executive: 9/03/17 – Investment in Commercial Property

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

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	2,502	6,798	7,318
Movement in CFR	Nil	Nil	2,600	4,296	520
Movement in CFR represented by:					
Net Financing need for the year	Nil	Nil	2,600	4,400	800
Less MRP	Nil	Nil	Nil	-104	-280
Net borrowing requirement	Nil	Nil	2,600	4,296	520

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)/financing cost to net revenue stream.	(1.8)%	(1.5)%	(0.5)%	1.0%	1.3%

Note – This is a surplus in 15/16 to 17/18, but it becomes a net financing cost from 2018/19 onwards.

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 was also a report on the Executive agenda for a commercial property investment strategy. There was 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. This was approved. A revised Treasury Management Strategy would be presented to Council at the same time as the full business case for the commercial property investment proposal.

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
Enhanced Cash Funds	AAA	£6 million	T + 2
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
The Council is not recommending using the following investment vehicles and this is reflected by showing 0% against the limit per institution.			
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
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
3. Enhanced Cash Funds	EMMF	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 – <ol 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	<p>The funds eligible for local authority investment score highly on credit quality and low volatility. All have an 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>
Exposure limits	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.

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

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**MINUTES OF THE MEETING OF THE DEVELOPMENT MANAGEMENT
COMMITTEE HELD AT FOLLATON HOUSE, TOTNES, ON WEDNESDAY,
15 FEBRUARY 2017**

Members in attendance			
* Denotes attendance			
∅ Denotes apology for absence			
*	Cllr I Bramble	*	Cllr J M Hodgson
*	Cllr J Brazil (am only)	*	Cllr T R Holway
*	Cllr B F Cane	*	Cllr J A Pearce
*	Cllr P K Cuthbert	*	Cllr R Rowe
*	Cllr R J Foss (Vice Chairman)	*	Cllr R C Steer (Chairman)
*	Cllr P W Hitchins (pm only)	*	Cllr R J Vint

Other Members in attendance:

Cllrs Baldry, Brown, Tucker and Wright

Officers in attendance and participating:

Item No:	Application No:	Officers:
All agenda items		COP Lead Development Management; Planning Specialists, Deputy Monitoring Officer and Specialist Democratic Services

DM.54/16 MINUTES

The minutes of the meeting of the Committee held on 18 January 2017 were confirmed as a correct record and signed by the Chairman.

DM.55/16 DECLARATIONS OF INTEREST

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

Cllr J M Hodgson declared a personal interest in application **3781/16/VAR**: Removal of conditions 3, 4 and 6 of application 57/2943/13/VAR to allow separate residential use of ancillary building – Burnside, Avonwick by virtue of knowing the applicant. She remained in the meeting for the duration of this item and took part in the debate and vote thereon;

Cllr R C Steer declared a personal interest in application **3781/16/VAR**: Removal of conditions 3, 4 and 6 of application 57/2943/13/VAR to allow separate residential use of ancillary building – Burnside, Avonwick by virtue of the applicant and objector being neighbours. He remained in the meeting for the duration of this item and took part in the debate and vote thereon;

Cllr R J Foss declared a personal interest in application **2432/16/FUL**: construction of new dwelling with integral garaging – Land south of The Ridings, West Alvington by virtue of being related by marriage to the applicants. He remained in the meeting for the duration of this item and took part in the debate and vote thereon;

Cllr B F Cane declared a disclosable pecuniary interest in application **1825/16/OPA**: Outline application (with some matters reserved) for the erection of circa 29 dwellings and means of access – Land at SX550 522, North of Canes Orchard, Brixton by virtue of being the landowner. He left the meeting for the duration of this item;

Cllr Steer declared a personal interest on behalf of the Conservative group members in application **1825/16/OPA**: Outline application (with some matters reserved) for the erection of circa 29 dwellings and means of access – Land at SX550 522, North of Canes Orchard, Brixton by virtue of the landowner being a fellow Conservative district councillor. They remained in the meeting and took part in the debate and vote thereon;

Cllr Brazil declared a personal interest on behalf of the Opposition group members in application **3166/16/TPO**: T1 – Oak – remove two branches approximately 8 metres from ground level which overhang adjacent property – Endsleigh, Jubilee Road, Totnes by virtue of the applicant being the wife of a fellow Opposition group member. They remained in the meeting and took part in the debate and vote thereon.

DM.56/16

URGENT BUSINESS

The Chairman advised that application **1825/16/OPA**: Outline application (with some matters reserved) for the erection of circa 29 dwellings and means of access – Land at SX550 522, North of Canes Orchard, Brixton had been deferred from the agenda following publication.

DM.57/16

PUBLIC PARTICIPATION

The Chairman announced that a list of members of the public who had registered their wish to speak at the meeting had been circulated.

DM.58/16

PLANNING APPLICATIONS

The Committee considered the details of the planning applications prepared by the Planning Case Officers as presented in the agenda papers, and considered also the comments of Town and Parish Councils together with other representations received, which were listed within the presented agenda reports, and **RESOLVED** that:

0784/16/FUL Land adj to Gould Road, Salcombe

Parish: Salcombe

Erection of new industrial units and associated access and parking

Case Officer Update: None

Speakers included: Supporter: Mr Chris Brook: Ward Members:
Cllrs Pearce and Wright

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Time
2. Accords with plans
3. Notwithstanding any indications of materials shown on the approved drawings or within any other part of this application, the exterior walls of the building hereby approved shall be clad in timber in accordance with details and samples that shall have been approved in writing by the Local Planning Authority prior to their installation. The development shall then be carried out in accordance with the approved details and the timber shall be retained as approved and shall not be painted or varnished in a way that will change its external appearance unless otherwise agreed in writing by the Local planning Authority.
4. Parking to be provided prior to occupation and retained.
5. Drainage to be implemented and maintained.
6. B1(b) light industrial use only
7. CEMP
8. Turning area to be provided and retained as such
9. Details of hard and soft landscaping to be agreed and implemented.
10. Unsuspected contamination
11. Permeable paving with drainage/filter layer to be used to control run off from the parking area in accordance with details to be previously approved by the LPA.
12. An oil separator is to be installed to prevent pollution from entering the estuary in accordance with a detailed specification previously approved by the LPA
13. All internal drainage is to connect into the foul sewer system in accordance with details to be approved by the LPA.
14. No external storage of chemicals.
15. LEMP to be agreed pre-commencement to address issues of pollution control management
16. No works to the area of embankment during bird nesting season unless an ecologist has confirmed in writing that there are no nesting birds and this report has been submitted and agreed by the LPA

**3227/16/OPA The Paddock, Hemerdon Lane, Hemerdon,
Plymouth**

Parish: Sparkwell

Outline application with all matters reserved for the erection of three detached dwellings

Case Officer Update: N/A

Speakers included: Supporter – Mr J Gamble: Ward Member – Cllr
Baldry

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Standard Outline Time Limit
2. Standard Outline Conditions
3. Approved plans
4. Retention of boundary hedges
5. Drainage details for surface/foul
6. Approved parking areas to be provided before occupation maintained
7. Refuse/recycling areas to be provided before occupation/maintained thereafter
8. Unexpected contamination
9. Samples of materials
10. Existing access to be retained for development
11. Any access improvements required implemented prior to commencement.
12. PD for means of enclosure removed
13. Landscape and boundary details & implementation

**3976/16/FUL Whitegates, Parsonage Road, Newton
Ferrers**

Parish: Newton and Noss

Demolition of single dwelling and the erection of two detached dwellings

Case Officer Update: Garage removed from the scheme due to concerns over impact on trees

Speakers included: Supporter – Mr Hallett: Ward Member – Cllr
Baldry

Recommendation: Conditional Approval

During discussion, Members noted their concern regarding the dimensions of the proposal. The Ward Member had stated that, in his view, the proposal represented overdevelopment of the site and a number of Members agreed. Another Member who had attended the site visit stated that the proposal was untypical of the area and therefore the proposal represented overdevelopment and not being in keeping with the surrounding properties. Generally, Members accepted that the proposal was smaller than a previous application that had been refused, but still felt that the proposal being discussed represented overdevelopment of the site.

Committee Decision: Refusal

Reasons:

The proposal had taken into account the reasons for refusal of the previous application, however, it still represented overdevelopment of the site that would result in a cramped and contrived layout that would be out of keeping with, and detrimental to, the character of the area.

3781/16/VAR Burnside, Avonwick

Parish: Ugborough

Removal of conditions 3, 4 and 6 of application 57/2943/13/VAR to allow separate residential use of ancillary building

Case Officer Update: N/A

Speakers included: Objector – Mrs Margaret Doggett: Supporter – Mrs Lindsay Stewart: Ward Member – Cllr Holway

Recommendation: Refusal

During discussion, Members commended the proposal as a good re-use of a building. Less weight was paid to comments of the Highways officer as the access was already in residential use.

Committee Decision: Conditional Approval

Reasons:

The proposal represented sustainable development and was already in residential use.

Conditions:

1. Accord with plans
2. Parking and turning area to be laid out within 3 months
3. Removal of permitted development rights

3701/16/HHO The Green House, Newton Ferrers**Parish: Newton Ferrers****Householder application for proposed detached outbuilding to be used as a boathouse**

Case Officer Update: N/A

Speakers included: Supporter – Mr Beveridge: Parish Council – Cllr Alison Ansell: Ward Member – Cllr Baldry

Recommendation: Conditional Approval

During discussion, Members noted concerns in respect of light pollution, both external lighting and the impact of lighting within the building on the estuary. Some Members felt the proposal was an extension of the house, rather than purely a boat house. Members were also concerned that the proposal was set forward and projected into the estuary, and felt it would be more acceptable if set back into the bank.

Committee Decision: Refusal

Reasons:

The location of the proposed building beyond the edge of the estuary bank together with its design, with a significant level of glazing contributing to light intrusion, would not conserve the landscape and scenic beauty of the South Devon AONB. The proposal is therefore contrary to paragraph 115 of the National Planning Policy Framework, Policy CS9 of the LDF Core Strategy and Policy DP2 of the LDF Development Policies DPD.

2432/16/FUL Land south of The Ridings, West Alvington**Parish: West Alvington**

Construction of new dwelling with integral garaging

Case Officer Update: N/A

Speakers included: Supporter – Mr Andrew Lethbridge: Ward Members – Cllrs Pearce and Wright

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Time limit – 2 years
2. Accord with plans
3. Landscape planting specification and maintenance
4. Drainage connections

5. Drainage scheme to be implemented prior to occupation and thereafter maintained
6. Parking/turning to be made available prior to occupation

3166/16/TPO Endsleigh, Jubilee Road, Totnes

Parish: Totnes

T1: Oak – Remove two branches approx. 8 metres from ground level which overhang adjacent property

Case Officer Update: N/A

Speakers included: None

Recommendation: Conditional Approval

Committee Decision: Conditional Approval

Conditions:

1. Works to BS 3998:2010

DM.59/16 PLANNING APPEALS UPDATE

Members noted the list of appeals as outlined in the presented agenda report and the COP Lead Development Management responded to questions and provided more detail where requested.

DM.60/16 PERFORMANCE INDICATORS

The COP Lead Development Management introduced the latest set of performance indicators related to the Development Management service. Members had a lengthy debate on this item and were concerned that there may not be the appropriate number of staff in place to ensure that applications were determined within time. Members were keen to understand the number of cases that each officer was dealing with. The COP Lead explained that number of cases would not give a true picture of workload as cases varied in complexity and did not take account of pre-application work. He set out the measures being undertaken in employing additional staff and, whilst he was broadly comfortable with the workload for most officers, he was confident that the latest recruitment phase would provide him with the staffing levels he needed to address any shortfall. The COP Lead undertook to provide Members with a verbal update at each meeting of average case load at each of level 4, 5 and 6. Members agreed that this would at least enable workload trends to be monitored.

It was then:

RESOLVED

That the latest set of performance indicators be noted.

(Meeting commenced at 10.00 am and concluded at 5.00 pm)

Chairman

Voting Analysis for Planning Applications – DM Committee 15 February 2017

Application No:	Site Address	Vote	Councillors who Voted Yes	Councillors who Voted No	Councillors who Voted Abstain	Absent
1825/16/OPA	Land adj to Gould Road, Salcombe	Conditional Approval	Cllrs Holway, Cane, Rowe, Steer, Foss, Cuthbert, Bramble, Pearce, Brazil, Vint, Hodgson (11)	(0)	(0)	Cllr Hitchins (1)
3227/16/OPA	The Paddock, Hemerdon Lane, Hemerdon	Conditional Approval	Cllrs Holway, Cane, Rowe, Steer, Foss, Cuthbert, Bramble, Pearce, Vint, Hodgson, Hitchins (11)	(0)	(0)	Cllr Brazil (1)
3316/16/FUL	Whitegates, Parsonage Road, Newton Ferrers	Conditional Approval	Cllrs Steer, Hitchins, Foss, Cane (4)	Cllrs Hodgson, Rowe, Vint, Pearce, Bramble, Cuthbert, Holway (7)	(0)	Cllr Brazil (1)
3316/16/FUL	Whitegates, Parsonage Road, Newton Ferrers	Refusal	Cllrs Hodgson, Rowe, Vint, Pearce, Bramble, Cuthbert, Holway (7)	Cllrs Steer, Hitchins, Foss, Cane (4)	(0)	Cllr Brazil (1)
3781/16/VAR	Burnside, Avonwick	Conditional Approval	Cllrs Foss, Hodgson, Vint, Hitchins, Pearce, Bramble, Holway, Rowe (8)	Cllrs Steer, Cane, Cuthbert (3)	(0)	Cllr Brazil (1)
3701/16/HHO	The Green House, Newton Ferrers	Conditional Approval	Cllrs Holway, Steer, Foss (3)	Cllrs Hodgson, Vint, Pearce, Hitchins, Cuthbert, Cane, Bramble, Rowe (8)	(0)	Cllr Brazil (1)
3701/16/HHO	The Green House, Newton Ferrers	Refusal	Cllrs Hodgson, Vint, Pearce, Hitchins, Cuthbert, Cane, Bramble, Rowe (8)	Cllrs Holway, Steer, Foss (3)	(0)	Cllr Brazil (1)

2432/16/FUL	Land south of The Ridings, West Alvington	Conditional Approval	Cllrs Steer, Foss, Hitchins, Bramble, Holway, Rowe, Cuthbert, Cane, Pearce, Vint, Hodgson (11)	(0)	(0)	Cllr Brazil (1)
3166/16/TPO	Endsleigh, Jubilee Road, Totnes	Conditional Approval	Cllrs Steer, Foss, Hitchins, Bramble, Holway, Rowe, Cuthbert, Cane, Pearce, Vint, Hodgson (11)	(0)	(0)	Cllr Brazil (1)

**MINUTES OF THE MEETING OF
THE SALCOMBE HARBOUR BOARD
HELD AT QUAY HOUSE, KINGSBRIDGE ON MONDAY, 20 FEBRUARY 2017**

Members in attendance			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr J Brazil (Chairman)	*	Ms A Jones
∅	Cllr J A Pearce	*	Mr M Long
*	Cllr K R H Wingate	*	Mr M Mackley
*	Cllr S A E Wright	*	Mr H Marriage
		∅	Mr A Thomson
		*	Mr M Taylor
∅	Cllr R D Gilbert		

Item No	Minute Ref No below refers	Officers in attendance and participating
All agenda items		Salcombe Harbour Master, Commercial Services Group Manager, Specialist Democratic Services

SH.32/16 MINUTES

The minutes of the meeting of the Salcombe Harbour Board held on 21 November 2016 were confirmed as a correct record and signed by the Chairman.

SH.33/16 NOMINATION OF VICE CHAIRMAN

It was **PROPOSED, SECONDED** and duly **CARRIED** that Mr Hugh Marriage be elected Vice Chairman of Salcombe Harbour Board.

The Chairman congratulated Mr Marriage and also took the opportunity to formally welcome Ms Ali Jones as a new Member of the Board.

SH.34/16 DECLARATIONS OF INTEREST

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

Cllrs Wingate and Wright and Ms Jones, Mr Mackley, Mr Marriage and Mr Taylor all declared a disclosable pecuniary interest in all related agenda items by virtue of having moorings or paying harbour dues to the Council. As a result of the Solicitor granting each Board Member a dispensation, they were all able to take part in the debate and vote on any related matters (Minute SH.05/16 refers).

SH.35/16 PUBLIC QUESTION TIME

In accordance with the Public Question Time procedure rules, Mr Peter Ralph addressed the Board and advised that he had been elected as the Chairman of Kingsbridge Estuary Boat Club (KEBC). The Board thanked Mr Ralph for attending, and confirmed the importance of a good relationship between KEBC and the Board.

SH.36/16 FEEDBACK FROM HARBOUR COMMUNITY FORUMS

The Board received verbal update reports from the Board Members who attended the Harbour Community Forums. The updates were given as follows:

Salcombe Kingsbridge Estuary Association (SKEA)

No update was given.

Salcombe Kingsbridge Estuary Conservation Forum (SKECF)

Mr Long advised that Dr Harling CBE had previously been the representative for this Forum and, as he already attended the SKECF meetings, he offered to take on the role of Board representative. The Chairman agreed and thanked Mr Long.

South Devon & Channel Shellfishermen

The representative had given apologies for this meeting but another Board Member was able to update that the recent meetings with the Forum had been positive, largely thanks to the work of the Harbour Master. The revised refuse arrangements were of particular note.

Kingsbridge and Salcombe Marine Business Forum

The representative suggested that, as Ms Jones was the Chairman of this Forum, she might like to take on the role of representative. The Chairman then asked if an approach could be made to non-power boat users and businesses around the Harbour to ascertain if they felt that representation as a Forum would be of benefit. Otherwise, they could continue to be represented as part of the Business Forum.

The Chairman advised the Board that planning permission had recently been granted for light industrial units at Gould Road, Salcombe. This matter had previously been discussed by the Board and, whilst they were pleased that the planning permission had been granted, Members wished to formally record their view of the importance of the units being reserved for marine industry use. Board Members also noted that any consultation exercise in respect of design of that area should include local people and users.

Kingsbridge Estuary Boat Club (KEBC)

The representative advised that the AGM had been held and the Harbour Master had attended.

SH.37/16 **UPDATE ON THE LOCAL AUTHORITY CONTROLLED COMPANY (LACC)**

The Group Manager Commercial Services advised the Board that the recommendation of the Joint Steering Group (JSG) had been that the Council should not proceed with the LACC in its proposed form. Whilst there were no technical issues to prevent proceeding, there were additional costs in the early years that were felt to be prohibitive.

A Board Member who was a member of the JSG added that whilst the LACC may not have been the right solution, the budgetary constraints still existed and the JSG would continue to work to consider alternative options.

Another Member noted surprise that the Harbour Board had been included in the LACC from the start, when Board Members had met with the JSG and requested a delay. The JSG Member responded that the Harbour would have been included for modelling purposes, but no definite decision had been taken on when the Harbour Authority would have been incorporated into the LACC.

SH.38/16 **REVENUE BUDGET MONITORING 2016/17**

A report was presented that enabled Members to monitor income and expenditure variations against the approved budget for 2016/17, and provided a forecast for the year end position. The Harbour Master introduced the report and indicated the items of particular interest.

The Chairman again raised the matter of credit card charges and the Harbour Master advised that work was almost complete on being able to offer BACS payments. The Board asked that this matter be updated at the next meeting of the Board.

Members were pleased to note the forecast surplus, and in terms of the modest amount, praised the accurate budget forecasting. Finally, the Chairman asked if future reports could include up to date information on the amount held in reserves.

It was then:

RESOLVED

That the forecast income and expenditure variations for the 2016/17 financial year and the overall projected underspend of £30,000 be noted.

SH.39/16 **3RD QUARTER PERFORMANCE INDICATORS**

The Harbour Master presented a report that summarised Salcombe Harbour's Performance Indicators (PIs) for the period 1 October 2016 to 31 December 2016.

He noted the position regarding waiting lists and how it demonstrated a strong demand. There were no accidents or incidents to report during this timeframe.

It was then:

RESOLVED

That the latest PIs be noted.

SH.40/16 **HARBOUR MASTER'S REPORT**

The Harbour Master presented a report on topical harbour issues that could be of interest to the Board or affected the Harbour.

He further updated the position with regard to the Egremont and the investigations being undertaken in respect of alternatives for this year. In discussing the Kingsbridge Salcombe Ferry, Members were clear that the Harbour Master should seek expressions of interest to ensure that a Ferry service did run this year.

The Harbour Master provided the Board with clarity in respect of the Aquaculture proposal, and Members had differing views on potential harm or benefits of the scheme. Members did agree however that all appropriate licences and permissions must be in place prior to any such scheme being trialled.

The Harbour Master then updated the Board on a matter of a boat that had broken free of its moorings. Members had a brief discussion on the merits of imposing an inspection regime on private moorings and agreed that this subject should be discussed at a future workshop.

Finally, it was confirmed that the next Harbour Board meeting was scheduled for 10 July, 2017 and would take place after the Annual Inspection. The following confirmed meeting date was 25 September 2017.

It was then:

RESOLVED

That the report be noted.

(Meeting commenced at 2.30 pm and concluded at 4.15 pm)

**MINUTES OF THE MEETING OF THE
OVERVIEW & SCRUTINY PANEL
HELD AT FOLLATON HOUSE, TOTNES ON
THURSDAY, 23 FEBRUARY 2017**

Panel Members in attendance:			
* Denotes attendance		∅ Denotes apology for absence	
*	Cllr K J Baldry	*	Cllr D W May
*	Cllr J P Birch	*	Cllr J T Pennington
*	Cllr J I G Blackler	*	Cllr K Pringle
*	Cllr D Brown	*	Cllr M F Saltern (Chairman)
*	Cllr J P Green	*	Cllr P C Smerdon
∅	Cllr J D Hawkins	*	Cllr K R H Wingate (Vice Chairman)
*	Cllr N A Hopwood		

Other Members also in attendance:
Cllrs H Bastone, I Bramble, R Foss, R D Gilbert, J A Pearce, R J Tucker, R J Vint and S A E Wright

Item No	Minute Ref No below refers	Officers in attendance and participating
All		Head of Paid Service, Executive Director (Service Delivery and Commercial Development) and Senior Specialist – Democratic Services
8	O&S.70/16	Devon and Cornwall Housing Chief Executive; Community Of Practice Lead Housing, Revenue and Benefits and Specialist – Place and Strategy
9	O&S.71/16	Specialist Manager and Community Of Practice Lead Environmental Health
10	O&S.72/16	Case Management Manager
11	O&S.73/16	Group Manager – Support Services
12	O&S.74/16	Group Manager – Support Services and Specialist – Performance & Intelligence
13(a)	O&S.75/16(a)	Group Manager – Commercial Services
13(b)	O&S.75/16(b)	Group Manager – Commercial Services
13(c)	O&S.75/16(c)	Group Manager – Business Development

O&S.66/16 MINUTES

The minutes of the meeting of the Overview and Scrutiny Panel held on 19 January 2017 were confirmed as a correct record and signed by the Chairman.

O&S.67/16 DECLARATIONS OF INTEREST

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

O&S.68/16 PUBLIC FORUM

In accordance with the Public Forum Procedure Rules, there were no issues received for consideration.

O&S.69/16 LATEST PUBLISHED EXECUTIVE FORWARD PLAN

The Panel was presented with the most recently published Executive Forward Plan and duly noted its contents without further discussion.

O&S.70/16 DEVON AND CORNWALL HOUSING – ANNUAL UPDATE

The Chairman welcomed Mr Paul Crawford (Devon and Cornwall Housing (DCH) Group Chief Executive) to the Panel meeting.

With particular reference made to the South Hams area, Mr Crawford proceeded to undertake a presentation that covered the following specific themes:-

- An update on the external environment and how DCH was responding;
- Issues to consider in delivering affordable housing in the South Hams; and
- Member Questions.

In concluding his presentation, Mr Crawford emphasised that DCH remained committed to the South Hams area and working together with the Council. As an example of this commitment, the Panel was advised that DCH was currently in negotiations with the Council with a view to becoming an on-site tenant at Follaton House.

In the subsequent discussion, reference was made to:-

- (a) the impact of the 1% rent reduction. It was noted that this Central Government initiative would result in a projected £39 million loss in income to DCH over the next four years. When questioned further, Mr Crawford advised the Panel that the Government's justification for this reduction was that Housing Associations also had to play their part in managing the Welfare Bill;
- (b) the Development Management process being a barrier for the delivery of affordable housing. In setting the context, the Panel acknowledged that, when considering the desperate need in the South Hams, there was an ongoing under delivery of affordable housing provision in the South Hams. In respect of viability, it was felt that 30% affordable housing per development was a far more realistic and attainable target to deliver;
- (c) the Housing White Paper. Since the guidance was so recent, Mr Crawford advised that DCH had not made any assumptions yet

regarding Starter Homes being delivered at 10% of affordable housing provision for any schemes greater than ten units;

- (d) the renovations and renewals programme. Mr Crawford informed that the programme focus for DCH was on delivery of decent Housing Standards and greater investment (£10 million had been allocated) towards energy efficiency and 'affordable warmth' measures. In response to a request, Mr Crawford also agreed to circulate the DCH ward by ward renovations programme to local Members;
- (e) the new office arrangements. The Panel recognised that the centralisation of the offices to a site in East Devon made good economic and service delivery sense. In emphasising the importance of DCH having a local presence, the proposed touchdown base in Totnes was welcomed;
- (f) Section 106 contributions. In response to a specific query relating to the process of bidding for off-site Section 106 contributions towards affordable housing provision, it was agreed that a written response would be provided outside of the meeting;
- (g) the Sherford development. Mr Crawford informed that DCH had recently secured 114 of the 120 affordable homes for Phase 1 of the Sherford development. Being a new settlement, the organisation recognised that there was an element of risk in this decision. However, on the assumption that Phase 1 was successful, it was confirmed that DCH would be keen to look at the future phases of the project.

In conclusion, the Chairman wished to thank Mr Crawford for his informative presentation and responses to Member questions.

O&S.71/16 **EMPTY HOMES STRATEGY UPDATE**

The Panel considered a report that provided an update on the work that had been carried out under the Empty Homes Strategy.

In discussion, the following points were raised:-

- (a) With regard to the performance management targets outlined in the presented agenda report, officers informed that work had been limited to reactive complaints and these had not been met. It was noted that a further reason for these targets not being met was that great emphasis had been given to Disabled Facilities Grants as opposed to Empty Homes.

Since the Council's performance in respect of Disabled Facilities Grants was now in a positive position, Members and officers alike considered that it was now timely to give renewed focus to bringing empty homes back into use;

- (b) The Panel recognised that, on some occasions, property landlords would prefer to sell their properties rather than carry out improvements to bring them back into use;
- (c) As part of the review into the Council's approach to empty homes, a Member asked that the statement in relation to the Empty Dwelling Management Order (EDMO) be updated. This update was necessary to reflect the fact that legislation had since changed whereby an EDMO could only now be served when a property had been empty for over two years;
- (d) The Panel was advised that the Direct Lets Scheme was a potential means of providing grant funding for empty homes and this aspect would be subject to a full review as part of the Council's newly adopted Homelessness Strategy;
- (e) With regard to officer costs to administer the Strategy, officers promised to provide a detailed breakdown to an interested Member outside of this meeting.

It was then:

RESOLVED

That officers be tasked with reviewing the Empty Homes Strategy as soon as is practically possible and the approach to dealing with empty homes as a means of meeting the wider housing need be endorsed.

O&S.72/16 STREET NAMING AND NUMBERING BRIEFING PAPER

The Panel considered a briefing paper on the Street Naming and Numbering function.

In discussion, reference was made to:-

- (a) the lack of reference to Members. A number of Members were of the view that the current approach to Street Naming and Numbering was lacking reference to the role of elected Members during the consultation process. Furthermore, some Members cited their examples of specific instances when this policy was not being adhered to. In light of these concerns, Members requested that the policy be reviewed and updated before being presented back to the Panel at its June 2017 meeting;
- (b) the frequency of town and parish council meetings. In light of the frequency of these meetings, a Member was of the view that providing town and parish councils with only 21 days to consider a street name was unreasonable. Since most town and parish councils met on a monthly basis, the Member felt that a 38 day time window would be more reasonable;

- (c) the use of apostrophes in street names. Having questioned why apostrophes were not permitted in street names, officers committed to providing a response to this query outside of the meeting.

It was then:

RESOLVED

That the current Street Naming and Numbering Policy be reviewed and updated before being presented back to the Panel meeting in June 2017.

O&S.73/16 **TRANSITIONAL RESOURCES – QUARTERLY MONITORING REPORT**

The Panel considered a report that provided Members with an update on the impact on service areas of the temporary, fixed-term transitional resources that were approved by the Council in June 2016 to improve customer satisfaction and the public perception of the Council.

In discussion, reference was made to:-

- (a) errors on the published report. Officers drew attention to the following two areas that were incorrect:
- whilst the cost proportion figures for the Council were accurate, the equivalent West Devon Borough Council figures were incorrect; and
 - the current status (paragraph 3.1 of the presented agenda report refers) should read 'as of end of December 2016' and not 'as of end of January 2017';
- (b) the use of visual charts and graphs. Members welcomed the greater use of visual illustrations in this quarterly monitoring report;
- (c) the reduced call volumes. In welcoming this reduction, officers advised that this had also provided the opportunity for contact centre staff to receive additional training. With regard to the quality and accuracy of responses given by contact centre staff, it was noted that these were monitored and staff were assessed against their responses.

It was then:

RESOLVED

That the Panel acknowledge the action that has been taken and welcome the service improvements that have been made to date.

O&S.74/16 **QUARTERLY PERFORMANCE MEASURES**

The Panel considered a report that presented the Quarter 3 performance indicators for 2016/17.

In discussion, the following points were raised:-

- (a) Some Members reiterated their previously raised concerns in relation to the planning enforcement service. In comparison to other local authorities, these Members stated that there was a perception that the Council provided only a light touch service and was far too lenient on developers and other serial offenders. Furthermore, a Member was also of the view that, for some of the historical backlog of cases, the Council had been too soft in its approach.

In reply, officers acknowledged these concerns but advised that, in a number of instances, it was simply not expedient to pursue legal action against an applicant. Nonetheless, if any Members had specific instances of where they felt the Council had been too lenient, then they were encouraged to provide these examples to officers outside of the meeting for further consideration. Finally, the Panel was advised that there was still an upward trend of enforcement cases being received by the Council and this had been the main reason for additional resource being approved during the recent Budget setting process;

- (b) With regard to the figures and comments in the performance reports, the Panel expressed its frustration that the information contained was (in some instances) both out of date and not cross referenced between the figures and supporting comments. At this point, Members were reminded of the ability to self-serve, as they all had access to the online dashboards which provided near real time performance data. In addition, since the published report was for the Quarter 3 period, this information was retrospective and could always be considered as being out of date;
- (c) It was confirmed that, since the complaints recording procedures had been amended, the figures were illustrated differently which made it difficult at this time to draw comparisons with last year;
- (d) Some surprise was expressed that the top call type during this quarter had been 'Call in the wrong queue'. In reply, officers advised that this had been due to a problem with the call routing system that had since been rectified;
- (e) The fact that the Corporate Balanced Scorecard illustrated that there were no indicators with a below target performance during this quarter was welcomed by the Panel;
- (f) At the request of the Chairman, the Human Resources Community Of Practice Lead provided an explanation for the marked increase in both short and long-term sickness absence. Following this update, the Panel requested that it receive a more detailed update on sickness absence at its meeting in June 2017.

It was then:

RESOLVED

1. That the performance levels against target communicated in the Balanced Scorecard and the performance figures in the background and the exception report be noted;
2. That officers be reminded of the importance of presenting the most up to date information in future reports; and
3. That the Human Resources Community Of Practice Lead present a Sickness Absence Update to the Panel at its June 2017 meeting.

O&S.75/16 **TASK AND FINISH GROUP UPDATES**

(a) Dartmouth Lower Ferry

Prior to any debate taking place, it was **PROPOSED** and **SECONDED** that:

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 1 and 3 of Schedule 12A to the Act is involved.

In discussion, the Panel expressed its support for the service solution as outlined at Appendix B of the presented agenda report.

It was then:

RECOMMENDED

That the Executive be **RECOMMENDED** that the service solution at Appendix B of the presented agenda report be supported, subject to the outcome of the current formal union consultation.

It was then:

RESOLVED

That the press and public be re-admitted to the meeting.

(b) Waste and Recycling

It was noted that the most recent meeting had been held on 22 February 2017 and the Panel noted the following progress updates:

- The In-cab project for domestic and trade waste was in operation and was working well. Moreover, it was intended that a demonstration would be arranged for all Members in due course;
- In respect of the round review, the Panel was reminded that Phase 1 had been closed down and, as part of Phase 2, the Group was specifically looking at the previous work that had been undertaken and how the Council collected its food and garden waste. The Group had already identified that this was a particularly complicated issue and there would be an informal Member Briefing scheduled in due course on this matter;
- It was felt that there was further scope to improve the number of outlets (currently 26) that were able to issue recycling sacks;
- The lead Member confirmed that the Bottle Bank notices were now ready;
- The Group was particularly conscious of the need to address the rising amount of both residual and garden waste. In particular, there was a critical need to address the fact that currently 23% of the contents contained in the grey bin was food waste;
- With regard to instances of fly-tipping, a Member questioned whether the recycling sacks could be barcoded to act as a deterrent. In reply, a commitment was given that this (and the potential for messages to be included on the sacks) would be considered by the Group;
- It was intended that the Group would present a detailed report to an upcoming Panel meeting.

(c) Events Policy

The Panel was asked to consider the concluding report of the Events Policy Task and Finish Group.

In discussion, reference was made to:-

- (i) an amendment was **PROPOSED** and **SECONDED** as follows:-

‘That there will be no fee rendered in respect of those events that are organised by charities or are for charitable purposes.’

In support of the amendment, the proposer informed that this addition would appease a number of dissatisfied residents. In stating that the current approach worked successfully, the proposer felt it to be inappropriate that the discretion be transferred to one officer without the need for any further consultation. Furthermore, another Member highlighted the increased income and economic benefits that charitable events brought to the Council and the district.

In contrast, other Members advised of the Group objective to adopt an equitable policy across the district. A Member also stated his total opposition to the principle of the Council subsidising charities through such means.

When put to the vote, the amendment was declared **LOST**.

- (ii) the consultation process. The Group Chairman informed that the consultation exercise would include all original responders being written to and all Members, town and parish councils and identified event organisers would be included in this process. The Panel questioned the need for the Events Task and Finish Group to be reconvened and concluded that it would be more appropriate for responsibility to be given to the Group Manager – Business Development, in consultation with the Chairman of the Group, to prepare the Policy for a future Executive meeting.

It was then:

RESOLVED

1. That the suggested principles for the revised Events Policy and consultation process (as detailed in section 3 of the presented agenda report) be approved;
2. That the Group Manager – Business Development, in consultation with the Chairman of the Events Task and Finish Group, be tasked with preparing an Events Policy based on these recommendations for approval at the next Executive meeting after the consultation period is completed; and
3. That, once live, the Policy be reviewed annually, with the fees levied being reviewed as part of the regular Fees and Charges setting process.

O&S.76/16 ACTIONS ARISING / DECISIONS LOG

The contents of the latest version of the Log was presented and subsequently noted with no further issues or comments being raised.

O&S.77/16 DRAFT ANNUAL WORK PROGRAMME 2016/17

In consideration of its Annual Work Programme, the following comments, additions and amendments were made:-

- (a) It was noted that, in advance of the project update being presented to the next Panel meeting (6 April 2017), a Member site tour of the Sherford development had been arranged to take place on Friday, 31 March 2017;
- (b) The Our Plan Annual Report would be presented to the next meeting on 6 April 2017;
- (c) With regard to the Joint Local Plan (JLP), the Head of Paid Service advised that the combined £150,000 that had been set aside across

the three local authorities was a sufficient sum of money to enable for a robust defence of the JLP during the Examination In Public;

- (d) The Work Programme for the May 2017 Panel meeting would be updated to include the following items:
 - T18 Payback Period; and
 - Report from the Waste and Recycling Task and Finish Group;
- (e) The Work Programme for the June 2017 Panel meeting would be updated to include the following items:
 - Future Use of Follaton House – to include heating;
 - An overview of the procedures relating to sickness absence monitoring; and
 - A review of the Street Naming and Numbering Policy; and
- (f) It was requested that the Work Programme for the July 2017 Panel meeting include an agenda item relating to an update on the Council's Emergency Planning arrangements.

(Meeting started at 10.00 am and concluded at 1.00 pm)

Chairman

MINUTES OF THE MEETING OF THE COUNCIL TAX SETTING PANEL HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 23 FEBRUARY 2017

MEMBERS

* Cllr P Smerdon - Chairman

* Cllr K J Baldry

* Cllr R J Tucker

* Cllr M F Saltern

* Denotes attendance

Officers in attendance:

All Agenda Items: COP Lead Finance; Specialist - Democratic Services

CTSP.1/16 **DECLARATIONS OF INTEREST**

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

CTSP.2/16 **DECLARATION OF THE COUNCIL TAX BASE AND INDIVIDUAL TAX BASES FOR TOWNS AND PARISHES: 2017/2018**

Consideration was given to a report that calculated and set out the Council Tax for 2017/18, having taken into account the precepts as notified from Devon County Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority, and the Town and Parish Councils.

Members considered the detail of the report and the COP Lead Finance brought the key elements to Members attention.

During discussion, one Member raised concerns over variations in town and parish council precepts. Whilst the District Council had no control over the setting of town and parish council precepts, he found the significant variations difficult to accept.

It was then:

RESOLVED

1. That it be noted that in December 2016 the Senior Leadership Team, under delegated authority from full Council, approved the Council Tax Base for the year 2017/18
 - (a) for the whole Council area as 37,379.62 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012; and
 - (b) for dwellings in those parts of its area to which a Parish Precept relates in accordance with regulation 6 of the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012 **(Appendix A)**

2. That the Council Tax requirement for South Hams District Council's own purposes for 2017/18 (excluding Parish precepts) is calculated at £5,809,541 **(Appendix B)**.

3. That the following amounts are calculated by the Council for the year 2017/18 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and the Localism Act 2011 **(Appendix B)**:
 - (a) £44,035,623 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish/Town Councils **(Gross expenditure including parish precepts)**.

 - (b) £36,130,587 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act **(Total income including formula grant and council tax surplus)**.

 - (c) £7,905,036 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act) **(Council tax requirement including parish precepts)**.

 - (d) 211.48 being the amount at 3(c) above (Item R), all divided by the council tax base (1(a) above) in

accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year **(Average band D council tax for South Hams District Council and parishes).**

- (e) £2,095,495 being the aggregate amount of all special items (Parish Precepts), referred to in Section 34(1) of the Act (as per the attached **Appendix C – Parish Precepts).**
- (f) £155.42 being the amount at 3(d) above less the result given by dividing the amount at 3(e) by the Council tax base (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates **(Band D council tax for South Hams District Council only).**

4. That it be noted the County Council, the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings as shown below:

Precepting authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Devon County Council's tax requirements	845.28	986.16	1,127.04	1,267.92	1,549.68	1,831.44	2,113.20	2,535.84
Police & Crime Commissioner's tax requirements	117.52	137.11	156.69	176.28	215.45	254.63	293.80	352.56
Devon & Somerset Fire & Rescue Authority's tax requirements	54.38	63.44	72.51	81.57	99.70	117.82	135.95	163.14

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts of Council Tax for the year 2017/18 for each of the categories of dwellings shown at **Appendix D (total of all valuation band council taxes for South Hams District Council including parishes, county, police and crime commissioner and fire authority).**

6. That the Council concluded that the basic amount of Council Tax for South Hams District Council for 2017/18 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 (see calculation at **Appendix B**).

(Meeting commenced at 2.00pm and concluded at 2.07pm).

Chairman

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY, 9 MARCH 2017**

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

Also in attendance and participating		
Item 6	E.69/16	Cllrs Baldry, Birch, Brazil, Green, Hodgson, Huntley, Vint
Item 7	E.70/16	Cllrs Brazil, Green, Hopwood, Pearce
Item 8	E.71/16	Cllrs Baldry, Birch, Brazil, Pearce, Pennington
Item 9	E.72/16	Cllrs Baldry, Birch, Brazil, Green, Pearce
Item 11	E.74/16	Cllrs Baldry, Birch, Hawkins, Hodgson, Pennington, Vint
Item 12	E.75/16	Cllr Green
Item 13	E.76/16	Cllrs Bramble, Brazil, Green, Hodgson, Pennington, Vint
Item 15	E.78/16	Cllr Hawkins
Also in attendance and not participating		
Cllrs Blackler, Cuthbert, May, Pringle, Saltern, Steer, Wingate		

Officers in attendance and participating		
All items		Executive Director (Strategy and Commissioning), Executive Director (Service Delivery and Commercial Development) and Specialist Democratic Services
Item 6	E.69/16	Specialist (Assets)
Item 7	E.70/16	Group Manager Business Development
Item 8	E.71/16	Finance Business Partner, s151 Officer, Group Manager Commercial Services, Operational Manager (Waste)
Item 9	E.72/16	Capital Accountant, Senior Specialist Affordable Housing
Item 11	E.74/16	COP Lead Housing, Revenues and Benefits
Item 12	E.75/16	Group Manager Commercial Services
Item 13	E.76/16	COP Lead Assets
Item 15	E.78/16	COP Lead Assets

E.65/16 WELCOME

The Leader welcomed Cllr Huntley to her first meeting of the Executive. He also took the opportunity to welcome Cllr Dan Brown as an Executive Member.

E.66/16 MINUTES

The minutes of the Executive meeting held on 2 February 2017 were confirmed as a true record and signed off by the Chairman.

E.67/16 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 Bastone declared a personal interest in Item 15: 'Disposal of sites in Dartmouth' (Minute E.78/16 below refers) by virtue of being the Ward Member. He introduced the item and took part in the debate but abstained from the vote;

Cllr Tucker declared a personal interest in Item 12: 'Parking Enforcement for Dittisham Parish Council' (Minute E.75/16 below refers) by virtue of being the Ward Member. He took part in the debate but abstained from the vote;

Cllr Wright declared a personal interest in Item 6: 'Community Reinvestment Project Fund Grant Allocations' (Minute E.69/16 below refers) by virtue of being a member of a Parish Council that was recommended to receive a grant. He took part in the debate but abstained from the vote.

E.68/16 PUBLIC QUESTION TIME

It was noted that no public questions had been received.

E.69/16 COMMUNITY REINVESTMENT PROJECT FUND GRANT ALLOCATION

Members were presented with a report that set out the applications received and a summary that outlined the officer assessment and recommendations.

The Portfolio Holder for Customer First introduced the report. Members from Totnes and Dartington expressed their disappointment that applications from their wards had not been successful, and suggested alternative proposals that would enable funds to be given to the projects they supported. One proposal was to reduce the grants to all of the successful projects to enable funds to be shared amongst all of those who had applied. Some Members questioned whether the criteria for the fund had been consistently applied, whilst others supported the recommendations. One Member suggested that perhaps projects should not receive the full cost of the project and any grant should be capped to encourage fund raising activities in the community.

The point was made that the fund was oversubscribed this year and, inevitably, some Members would be disappointed. It was also explained how projects in the Totnes area had been successful in previous years. Those Members who had supported projects that had been successful expressed their gratitude.

It was then:

RESOLVED

That eight grant applications totalling £153,900 from the 2016/17 Community Re-investment Project Fund be approved.

E.70/16 INVESTMENT IN COMMERCIAL PROPERTY

Members were presented with a report that proposed a commercial property investment strategy and asked for approval of funds to gain specialist advice in order to develop a full business case.

The Portfolio Holder for Business Development introduced the report and explained how the proposal was an outcome from the survey undertaken by Members earlier in the year. Members praised the report for being succinct and self-explanatory. Some Members asked for caution and felt the proposal was risky. One Member stated that, with hindsight, she would remove her initially positive responses as, in the cold light of day, she was not so enthusiastic.

In response, the Portfolio Holder explained that at this stage the resolution was to gain bespoke specialist advice before proceeding with the project.

It was then:

RESOLVED

1. That the proposed commercial property investment strategy and proposed direction of travel as detailed in Appendix A of the presented agenda report be noted;
2. That the allocation of resources from the Innovation (Invest to Earn) Earmarked Reserve which has an uncommitted balance of £20,500 be approved, to gain specialist advice in order to develop a full business case for the commercial property investment proposals set out in the presented report, which would be brought back to Council for a final decision; and
3. 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 be agreed.

E.71/16 REVENUE BUDGET MONITORING 2016/17

Members were presented with a report that enabled them to monitor income and expenditure variations against the approved budget for 2016/17, and provided a forecast for the year end position.

The Portfolio Holder for Support Services introduced the report and he and the Finance Business Partner responded to questions. An additional recommendation was **PROPOSED, SECONDED** and on being put to the vote declared **CARRIED** that would enable monies received from an Access Agreement and from Land and Property Investments to be assessed for transfer to the Capital Programme.

Members noted and discussed the budget pressures in Commercial Services. The Portfolio Holder explained that the budget had been significantly reduced following advice from iESE that a refuse/recycling round could be removed. However, in practice this had not been possible and therefore there was a resulting budget overspend. Despite this, savings had been made within Commercial Services. The Operations Manager (Waste) updated Members on the latest phase of the Commercial Waste project.

It was then:

RESOLVED

1. That the forecast income and expenditure variations for the 2016/17 financial year and the overall projected overspend of £27,000 be noted; and
2. That Council be **RECOMMENDED** to transfer funding of £160,000 from the Business Rates Retention Earmarked Reserve into the Consolidated Income and Expenditure Account in 2016/17.
3. That Council be **RECOMMENDED** that income received from Access Agreements and Land and Property Investments be reviewed at the end of the financial year to assess if it can be transferred into the capital programme.

E.72/16 CAPITAL PROGRAMME MONITORING

Members were presented with a report that advised of the progress on individual schemes within the approved capital programme, including an assessment of their financial position.

The Portfolio Holder for Support Services introduced the report.

It was then:

RESOLVED

1. That the report be noted; and

2. That Council be **RECOMMENDED** that:
- a) The capital budget for Burke Road, Totnes and Admiral Court, Dartmouth be increased by £200,500 as set out in presented exempt appendix B; and
 - b) The £200,500 be financed by capital receipts of £160,000 and a contribution from the Land and Development Reserve of £40,500.

E.73/16

TREASURY MANAGEMENT STRATEGY 2017/18

Members were presented with a report that recommended adoption of a number of elements related to the Treasury Management Strategy as detailed within the presented report.

The Portfolio Holder for Support Services introduced the report.

It was then:

RESOLVED

That Council be **RECOMMENDED** to approve:

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 of the presented agenda report 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 of the presented agenda report.
4. The Investment Strategy 2017/18 Appendix C and the detailed criteria included in Appendix D of the presented agenda report.

E.74/16

HOMELESSNESS STRATEGY 2017-2022

Members were presented with a report that sought to recommend to full Council the adoption of the Homelessness Strategy 2017-2022 and the 2017 Action Plan, and that the joint Member Task and Finish Group be retained as a Homeless Strategy Monitoring Group.

The Portfolio Holder for Customer First introduced the report. Members praised the Strategy and the work of the Task and Finish Group and officers who had been responsible.

It was then:

RESOLVED

That Council be **RECOMMENDED** that:

1. The Homelessness Strategy 2017-2022 and the 2017 Action Plan be approved, with effect from 1 April 2017; and
2. The Joint Member Task and Finish Group be retained as a Homelessness Strategy Monitoring Group.

E.75/16 **PARKING ENFORCEMENT FOR DITTISHAM PARISH COUNCIL**

Members were presented with a report that asked that consideration be given 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.

The Executive Member for Commercial Services introduced the report. The Group Manager Commercial Services advised that there were other examples across South Hams and West Devon where the Councils operated parking enforcement on behalf of third parties and the arrangements were always set up to ensure that costs were recovered.

It was then:

RESOLVED

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; and
3. That South Hams District Council provide a parking enforcement service on behalf of Dittisham Parish Council.

E.76/16 **COMMUNITY HOUSING**

Members were presented with a report that set out how the Government had released details of the first year funding allocations to local authorities of the Community Housing Fund and that South Hams District Council had been awarded an allocation of £1,881,000 based largely on housing affordability and proportion of second homes in the district. The report recommended how the fund should be utilised.

The Executive Member for Customer First introduced the report. One Member noted that there were other ways of providing affordable housing. In response the Executive Member confirmed that all options would be considered. Another Member remarked that the money was

welcome but success would be measured on how many houses were actually built..

It was **PROPOSED, SECONDED** and on being put to the vote declared **CARRIED**, that Recommendation 3. be amended to include local Ward Members.

It was then:

RESOLVED

That the Executive **RECOMMEND** to Council:

1. The endorsement of the Community Housing Strategy set out in the presented agenda report, specifically approving;
2. The apportionment of the £1.88m Community Housing Fund (CHF) as per section 3 of the presented agenda report, including the forward funding of 3 FTE for 2 years.
3. The delegation of acquisition for sites up to £250,000 for the delivery of community housing from the CHF grant, to the CoP Lead for Assets, in consultation with the Portfolio Holder for Assets, S151 Officer and local Ward Members.

and that Executive Resolves that a response be sent to DCLG ahead of the 10th March 2017 deadline, as per the Community Housing Strategy set out in the presented agenda report.

E.77/16 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 paragraph 3 of Schedule 12A to the Act is involved.

E.78/16 DISPOSAL OF SITES IN DARTMOUTH

Members were presented with a report that set out the detail of a proposal to dispose of sites in Dartmouth.

Members discussed the proposal and local Ward Members welcomed the report.

It was then:

RESOLVED

1. That the disposal of the site as set out in paragraph 1.2 of the presented agenda report be approved;
2. That the disposal of the site as set out in paragraph 1.4 of the presented agenda report be approved;
3. That authority be delegated for final negotiations to the CoP Lead for Assets, in conjunction with the S151 Officer and the Monitoring Officer.
4. That the recommendation to re-invest the capital receipts towards the development of additional commercial units in Ermington be noted.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.71/16 (2 and 3), E.72 /16 (2), E.73/16 and E.74/16 (2) WHICH ARE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 30 MARCH 2017, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY, 20 MARCH 2017 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 11.00 am and concluded at 1.05 pm)

Chairman