

# Agenda for Scrutiny Committee

## Thursday, 2 February 2016, 6.00pm



### [Members of the Scrutiny Committee](#)

**Venue:** Council Chamber, Knowle, Sidmouth, EX10 8HL

[View directions](#)

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- 1 [Public speaking](#)
- 2 To confirm the minutes of the meeting held on 24 November 2016 (pages 3 - 9)
- 3 Apologies
- 4 [Declarations of interest](#)
- 5 [Matters of urgency](#) – none identified
- 6 To agree any items to be dealt with after the public (including press) have been excluded. There are no items that officers recommend should be dealt with in this way.
- 7 Decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview Procedure Rules. There are no items identified.

### **Matters for Debate**

- 8 **Local Plan Process Review** (pages 10 - 11 )  
Report from the Service Lead – Planning on next steps for the review of the Local Plan process.
- 9 **NHS Property Services response** (pages 12 - 34)  
NHS Property Services have responded in writing to a letter sent by the Chairman, following committee debate on the 24 November 2016. NHS Property Services have indicated that they do not intend to attend any future meeting of the committee.
- 10 **Police and Crime Panel update** (pages 35 – 36)  
Update from Councillor Tom Wright, EDDC's representative on the Panel. The revised Police and Crime Plan has not been published by the date of this agenda publication but the draft plan and consultation responses can be viewed at the [Police and Crime Commissioner's website](#).

**11 Scoping of topics suggested by committee – reviewed rental of Sports and Activities Clubs; and the Thelma Hulbert Gallery (pages 37 - 41)**

Report by the Democratic Services Officer on two of the topics previously suggested by the committee for further consideration.

**12 Scrutiny forward plan (page 42)**

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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a meeting of the Scrutiny Committee held at Knowle, Sidmouth on 24 November 2016**

#### **Attendance list at end of document**

The meeting started at 6.00pm and ended at 9.39pm

#### **\*26 Public speaking**

Speakers reserved their questions for the relevant items as heard at the meeting.

#### **\*27 Minutes**

The minutes of the Scrutiny Committee held on the 3 November 2016 were confirmed as a true record subject to an amendment to minute 24 being amended as "Start the planned work on the review of the process of producing the Local Plan; for example on how sites are identified and brought forward for potential inclusion on the Local Plan."

#### **\*28 NEW Devon CCG Consultation "Your Future Care"**

The Chairman welcomed Rob Sainsbury, Chief Operating Officer of the NEW Devon Clinical Commissioning Group.

Robert Crick, representing the Patient participation Group of Sid Valley, welcomed the recent Conservative group press release calling for a second opinion on Devon NHS funding crisis treatment. He felt that none of the options presented by the CCG in the consultation were appropriate; he felt they were unconvincing and unethical. He asked the committee to call on MPs to reverse their earlier decisions on funding and reinstate the NHS as it had once been.

The committee received a short presentation from the CCG outlining the consultation, covering:

- Severe financial pressure on the NHS
- Evidence that changing the way people are cared for is beneficial to the individual and provides efficiencies
- The proposed model of care was to transfer resource and staff from community hospitals to providing home based care services
- There is a disproportionate number of community inpatient beds in Eastern Devon
- An example given was based on a 16 bedded community hospital unit at a cost of £75k per month equated to caring for around 21 people; moving to the new model of care at the same cost would provide 12 nurses, 8 therapists, 7 support workers plus some night sits totalling care for around 82 people
- No changes to services would be made until the tests derived by local clinicians have been undertaken to ensure the changes are safe and reliable

The options set out in the consultation were:

- Option A Tiverton 32 beds; Seaton 24 beds; Exmouth 16 beds
- Option B Tiverton 32 beds; Sidmouth 24 beds; Exmouth 16 beds
- Option C Tiverton 32 beds; Seaton 24 beds; Exeter 16
- Option D Tiverton 32 beds; Sidmouth 24 beds; Exeter 16 beds

The CCG preferred option was A, as this combination was considered by the CCG to result in the smallest changes in travel time and has the greatest whole system impact.

The Council had already passed a motion on the 26 October 2016 "that this Council register its extreme concern at the impending loss of 71 Community beds in this part of Devon. It is

a well-known fact, particularly in coastal and rural Devon, that there is an above average population of elderly people. Older people take longer to recuperate from illness, hospital admission and operations. Community services are already overstretched and there is an acute lack of appropriate carers to care for people in their own homes. Our District General Hospitals increasingly find it difficult to keep up with demand due to the fact that they cannot discharge people when they are ready because of the lack of community services. All the Government advice has been to encourage the care of people close to their homes. We thank Devon MPs, including Sir Hugo Swire and Neil Parish, who secured a debate at Westminster on the 18 of October, to air their concerns about proposed changes to community bed provision in East Devon, and that this Council write to them urging them to continue speaking on behalf of all residents in East Devon, so that an ill thought out decision which has come about only for financial reasons, is urgently re-considered by the Devon CCG.”

A letter had been sent to Sir Hugo Swire MP and Neil Parish MP on behalf of the Council from the Chief Executive on the 4 November in respect of this resolution by the Council on the 26 October 2016.

Before questions and debate commenced, the Chairman reminded the committee of the recent comments made in Parliament by Neil Parish MP in taking action to “fight all closures across East Devon”. The Chairman hoped that the committee would adopt the approach of unified front rather than raising arguments between the towns where community hospitals are located.

Questions raised by Councillors and responses from Mr Sainsbury covered issues including:

- Any change to a new model of care would not be implemented unless it was proven that the new model was safe to implement; this included there being sufficient clinical staff available;
- There was recognition that in some community hospitals an aging staff base was a concern and training both new staff and existing staff was required; it was also possible that not all staff would want to train in administering care outside of hospital as a visiting clinician;
- Carers could be provided via private care, or from Devon County Council, but there was also the possibility that by moving to a new model of care, some carer provision could be made by the NHS to help towards filling the current care gap; recognised that community hospitals should not be a substitute for care homes;
- Travelling clinicians could be vulnerable in having to travel in rural areas and in dealing with vulnerable patients in their own homes. Risks to NHS staff was a high priority and mitigated for where possible in current working practices, and would continue under the new model of working; this included the resilience of staff in dealing with extreme weather conditions;
- Concern that the model proposed would not be a suitable model for the aging demographic of the District and their often complex care needs, including mental health issues;
- Concern about privatisation of the NHS service. Mr Sainsbury commented that the consultation was not a procurement exercise;
- Tiverton PFI Hospital (Private Finance Initiative) has a long term arrangement and therefore felt sensible by the NEW Devon CCG to retain inpatient beds; but the hospital also scored highly in assessment, so was not included purely as a financial component;
- Recognition that the staff bill for NHS services in the area was large, particularly with the use of agency staff. Nursing costs had increased year on year. Moving to a new

- model of care could reduce the level of agency staff used;
- Night sits were quoted as part of the new model of care, but Councillors felt that the provision of “some night sits” was not enough to cope with the demand that existed;
  - Northern Devon locality has already introduced the new model of care, providing the NEW Devon CCG with evidence that this does have a positive impact on the care delivered;
  - Devolving some lower level care from District Nurse level to other carers was being considered;
  - One Councillor who trained nursing undergraduates did not recognise the evidence provided of an aging profile of nursing staff; good care in the community came at a high cost and one of the issues was the lack of time they could devote to each patient and that; national training currently had a focus on acute hospitals, as there are few community hospitals nationally;
  - Evidence presented in the report had been collated independently; however Councillors had received differing figures for bed use from different representatives of the NEW Devon CCG, and therefore found it difficult to trust any statistics presented;
  - The consultation does not infer that any of the hospitals are closing – only in consulting on the closure of in-patient beds;
  - Many Councillors felt that to make changes to in-patient bed numbers now was premature if local care packages were not set up first;
  - Costings presented were still not backed up with detail; there was general agreement that the NEW Devon CCG needed to look to find savings at an administrative and managerial level rather than the small level of savings that closing in-patient beds would bring;
  - Challenging that evidence exists to show that there is harm to patients who remain in hospital; no evidence of clear clinical trials that the new model of care works;
  - There was no proposal to close Barnstaple Accident and Emergency unit;
  - Concerns were recognised over using a central contact number – the example of the problems around 101 and 111 was used – this “single point of access” related to a professional point of access for practitioners to use, as had worked successfully in Northern Devon area;
  - The model of care suggested was not a new innovation – it was working elsewhere in the country and the NEW Devon CCG had looked at 17 examples nationally;
  - Royal Devon & Exeter NHS Trust were exploring how they could make community hospitals into real community assets – Budleigh Salterton hospital “Hub” was an example, but appeared to have lacked some joint working in order to plan what could be provided from the building before it was closed;

A proposal to include in the response to the NEW Devon CCG to stop the privatisation of the NHS was put to the vote and lost.

**RESOLVED** that a response from the Scrutiny Committee to the NEW Devon CCG “Your Future Care” consultation contains the following comments:

1. Asks that the New Devon CCG presents an outline of how care delivery integrates health, social, and mental care, as well as physiotherapy, and how it is provided to patients;
2. Consider that the comparison with Northern and Western Devon areas is unfair as the demographics were not the same as Eastern Devon;
3. The committee considers that the models proposed in the consultation will not meet the needs of the District because of the local issues of social isolation, and the support that carers need;

4. The NEW Devon CCG should review the expenditure on management and administration as a means to realise savings that could be used to provide care rather than divert funding from in-patient beds;
5. The committee considers that the evidence presented to date by the NEW Devon CCG is not sufficient to convince them that the new model of care will be successful;
6. The Committee does not accept Options A – D, but recommends that the NEW Devon CCG should retain the current level of in-patient beds in community hospitals in the Eastern Devon locality;
7. Should a decision be made to close in-patients beds, the Committee insists that this is not undertaken until the replacement model of care is recognised as safe and in place; subject to the provision of evidence that the model of care has resulted in no bed blocking at acute hospitals, non occupancy of beds in community hospitals, and full care in the community.

The Chairman thanked Mr Sainsbury for attending to answer questions.

**\*29 NHS Property Services**

12 Community hospitals are transferring from Northern Devon Healthcare Trust ownership to NHS Property Services; in the District this relates to Axminster Community Hospital, Honiton Hospital, Seaton Community Hospital, Budleigh Salterton Community Hospital, Exmouth Community Hospital, Sidmouth Hospital and Ottery St Mary Hospital. The transfer will complete on the 1 December 2016. Some GP surgeries will also transfer in ownership.

The committee considered a report submitted by NHS Property Services to the Health and Wellbeing Scrutiny Committee on the 19 September 2016, which outlined the role that the service provides in managing some of the NHS estate.

The Chairman voiced his disappointment in a lack of response from NHS Property Services to attend and respond to questions.

Concerns on the transfer of ownership from Councillors included:

- Impact on League of Friends organisations, who had tirelessly worked to fund improvements to their local community hospitals;
- No guarantee, if a property was sold, of the capital being used in the area the property was situated;
- Issues with local surgery at Sidmouth where there was pressure from NHS Property Services for the surgery to relocate to the hospital; this option was not acceptable by the local GPs, nor was the proposed increase in rent from NHS Property Services;
- How can a realistic market rate be calculated for a medical facility? Standard commercial rents were not considered by Councillors as a fair comparison, if that is the measure used to establish a market rate;
- Councillors felt that the exercise was a process of asset stripping;
- Does the increase in rent to a “market level” therefore mean that voluntary donations – such as from League of Friends organisations – were no longer required?
- The commitment from the Department of Health to meet any increased property costs for 2016/17 arising from the introduction of market rent should be continue to be applied for future years.

**RESOLVED** that the Chairman of the Scrutiny Committee writes to NHS Property Services, expressing:

1. Disappointment at the lack of response to the request to attend;

2. A request for attendance at a future meeting;
3. Questions raised by the Scrutiny Committee at their meeting on the 24 November 2016;

and that this letter is copied to the Health and Wellbeing Scrutiny Committee of Devon County Council; the three local MPs; and the Secretary of State.

**\*30 Financial Plan 2017 - 2022**

The Chairman welcomed the Portfolio Holder for Finance, Ian Thomas, and the Strategic Lead - Finance, Simon Davey.

The committee had before them the agreed Financial Plan for 2017 – 2022, which set out the longer term view of how the Council will structure and manage its finances over the next five years in order to deliver the Council Plan.

An understanding of the medium term financial model will assist the Committee when considering the draft budget for 2017/18 on the 18 January 2017.

Questions and discussion by Councillors included:

- Explanation of Tariff Payments as a payment back to the government from the business rates collected;
- No direct impact on current plan from the Autumn Statement;
- Financial pressures were set to continue and the plan helped to mitigate for that pressure;
- Evidence of the effectiveness of the transformation strategy was apparent from the savings achieved by specific initiatives in the strategy already undertaken for 2016/17, monitored throughout the year through the budget monitoring reported to Cabinet;
- The council tax support grant to towns and parishes was currently fixed for future years, but was under discussion, perhaps to ring fence, but would be explored further in a future report to Cabinet;
- Retention of business rates was explained with recognition of the benefits that the regeneration and growth point areas brought; Councillors were reminded of the paper issued by the Portfolio Holder for Finance explaining business rates;
- The cost of relocation and getting the maximum value from the sale of the current Council offices was raised; an explanation was given of the tender process and valuations but details on overage could not be given;
- In response to a question from Chairman about who is responsible for getting the best value for such projects as the relocation; the process was set out of approval through Cabinet and Council, with checking of the business case by the Audit and Governance Committee and external auditors Grant Thornton.

**RESOLVED** that the Financial Plan be noted.

**\*31 Quarterly monitoring of performance – second quarter 2016/17**

The committee noted that there were two service objectives showing a status of concern:

- **Promote inspection outcomes under the Food Hygiene Rating Scheme and to improve the ways in which we draw attention to those outcomes. To provide a clear incentive for businesses to improve their compliance with regulatory standards we will clearly and expressly identify businesses who have achieved improved scores and those who have not - Real time "changes" to food hygiene**

scores remains something that we are keen to promote and we are working with Strata to see if this IT related work is possible in the current schedule of work. In the meantime anyone can view the current food hygiene rating score of any restaurant, café and pub - in fact any caterer or food retailer in our area via the EAST DEVON APP.

- **Promoting use of Council assets as potential locations for joint venture energy generation with private energy company.** The Limited opportunities available are currently being explored;

The performance indicators are showing on track with two showing a status of concern:

- **Number of random vehicle licence checks** – Licensing service operates with reduced staffing in 2016 impacting upon number of checks conducted. Recruitment was now complete with staffing being up to capacity from January 2017.
- **Percentage of Other planning applications determined within 8 weeks** – Development Management are aware that the target for the quarter has not been met. This is partly due to heavy workloads and the focus on improving performance on Major applications, but in any case improved performance is being addressed as part of the current Systems Thinking review into the service where a number of changes to the way the service process “Other” applications is about to be trialed. It should be noted that for the Government Returns for the quarter we were at 77.5%.

In discussion on the performance indicators, Councillors felt that budget resource questions needed to be asked relating to staffing levels for Development Management (in dealing with application volumes) and for Property and Estates (in actioning projects).

Clarification was also requested for the legal requirements of market stalls in displaying inspection outcomes under the Food Hygiene Rating Scheme.

**RESOLVED** that

1. The Service Lead for Planning consider if additional staffing resource should form part of the Draft Budget 2017/18 to help resolve the performance on determination of planning applications within 8 weeks;
2. The Asset Management Forum be asked to consider if additional staffing resource should form part of the Draft Budget 2017/18 to help deliver projects.

### **\*32 Scrutiny Forward Plan**

The forward plan was noted.

The issue of cost implications, and the lifting of a standing order, was recently raised at Audit and Governance Committee, but reported to be an issue that may fall to the remit of the Scrutiny Committee. This will be investigated by the Democratic Services Officer to see if it does fall to the remit of the committee.

**Attendance list (present for all or part of the meeting):**

**Scrutiny Members present:**

Roger Giles  
Alan Dent  
Colin Brown  
Simon Grundy  
Bruce de Saram  
Cathy Gardner  
Douglas Hull



Bill Nash  
Val Ranger  
Marianne Rixson

**Other Members**

Paul Carter  
Dawn Manley  
Andrew Moulding  
Jill Elson  
Peter Faithfull  
Geoff Jung  
Megan Armstrong  
John Dyson  
Pauline Stott  
Tom Wright  
Susie Bond  
Ian Thomas  
David Barratt  
Brenda Taylor  
Steve Gazzard  
Brian Bailey  
Ian Hall  
Helen Parr  
Peter Burrows

**Officers present:**

Simon Davey, Strategic Lead Finance  
Giles Salter, Solicitor  
Debbie Meakin, Democratic Services Officer

**Scrutiny Member apologies:**

Dean Barrow  
Darryl Nicholas  
Cherry Nicholas  
Marcus Hartnell  
Douglas Hull

**Other Member apologies:**

Ben Ingham  
Rob Longhurst  
Phil Twiss  
Stuart Hughes  
Eileen Wragg  
Peter Bowden

Chairman ..... Date.....

**Report to:** **Scrutiny Committee**

**Date of Meeting:** 2<sup>nd</sup> February 2017

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 8

**Subject:** **Review of the process for production of the Local Plan**

**Purpose of report:** To update Members on discussions with the Planning Advisory Service (PAS) on the potential for them to undertake a review of the production process of the Local Plan and to give Members an indication of cost and timescale and seek their views on how to proceed.

**Recommendation:**

1. That Members consider the proposal from the Planning Advisory Service (PAS) for reviewing the production process for the Local Plan.
2. Should Members wish to proceed to instruct PAS on this basis it is recommended that the committee provide officers with detailed instructions of any specific issues with regard to the process that they would like PAS to consider and report on.

**Reason for recommendation:** The review of the production process for the Local Plan has been on the forward plan for Scrutiny Committee for some time and the proposal from PAS provides an opportunity to progress this work with an independent body with experience of doing this work and the necessary skills and knowledge to ensure that it is productive.

**Officer:** Ed Freeman – Service Lead Planning Strategy and Development Management

**Financial implications:** As included in the report.

**Legal implications:** There are no direct legal implications arising from the report

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- Link to the final report of a similar review carried out for Uttlesford District Council (see item 8): <https://uttlesford.cmis.uk.com/uttlesford/CalendarofMeetings/tabid/174/ctl/ViewMeetingPublic/mid/679/Meeting/6286/Committee/1965/Default.aspx>

**Link to Council Plan:** Continuously improving to be an outstanding Council

## Report in full

A review of the process for the production of the Local Plan has been on the forward plan for the Scrutiny Committee for some time. In order to progress this work officers initially met with SWAP (South West Audit Partnership) to scope out the work. However it quickly became apparent that they had not carried out any similar work previously and did not have sufficient knowledge of the legislative requirements and the process for the production of a Local Plan to undertake this work. Officers suggested that the Planning Advisory Service (PAS) may have experience of this work and the right expertise to undertake a useful review.

PAS is part of the Local Government Association (LGA) and they provide advice, support and training on planning and service delivery to councils. They are part funded by the Department of Communities and Local Government (DCLG) and have operated since 2004 initially providing free support to local planning authorities but in later years have had to start charging for their services due to budget cuts. They do however maintain an independence and a knowledge base that officers consider is crucial to undertaking a productive review.

Following discussions with PAS about the review a draft outline proposal has now been put forward by them for this work. The proposal focuses on reviewing the minutes of the various council meetings that were held and informed the production of the plan, evidence documents produced and the Inspector's letters and reports. Much of this work can be done remotely from their own offices but will involve attendance at meetings in Sidmouth particularly the presentation of the report to Scrutiny Committee and so there will be some travel and overnight accommodation expenses involved. The outline proposal is as follows:

"10 days work at £600 per day (plus VAT and expenses) comprising of:

- 1 early call to scope the work in more detail. This will help us obtain key decision dates from you, as well as any specific areas of the evidence base that caused you specific issues and delay (if any exist). We can then look at any of these in more detail to help learn lessons for next time.
- 2 on site meetings – 1 early on to discuss work progress/any other areas to focus on/clarify, 1 at the end to present the findings to the Council
- 5 research days – To read all relevant Council minutes, the Inspectors' Reports at the time of suspending the examination and at the end, and any relevant evidence as identified through scoping. We will carry out a broad-brush assessment of the evidence regardless of any specific requests to focus on certain topics
- 2 days to draft, send and edit the report and presentation

Should any particular areas require additional input from our supplier framework (arising out of the early scoping call) we will appraise you of these, and the additional cost, asap. Conversely, if any elements take less time, we will reduce the cost accordingly and advise you at the time."

Based on this proposal it is considered that a fee of between £7,500 and £8,000 is likely to be incurred for this work and an exemption to standing orders required in order to progress this work with PAS directly. Should Members wish to proceed on this basis it is recommended that the committee provide officers with detailed instructions of any specific issues with regard to the process that they would like PAS to consider.

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Cllr Roger Giles  
Chairman of the Scrutiny Committee  
East Devon District Council  
Knowle  
Sidmouth, EX10 8HL

22 December 2016

Dear Cllr Giles

### **Scrutiny Committee 24 November 2016**

Thank you for your letter of 6 December 2016 to my colleague Ray Goodier.

I am sorry that you did not receive a reply from our organisation to your invitation – we are committed to openness and transparency and this lack of response did not meet our company's communications standards and has been addressed internally.

As you are aware, we have engaged fully with the local statutory health overview and scrutiny committee – Devon County Council's Health and Wellbeing Scrutiny Committee. We have attended two meetings, one of which was open to the public, and provided a number of further written responses to members' questions.

Although we do not propose to attend a future session of East Devon District Council's Scrutiny Committee, we are happy to provide members with further information here regarding the role and remit of NHS Property Services.

I note you were able to review the report submitted to DCC's Health and Wellbeing Scrutiny Committee meeting on 19 September 2016 and for further reference, I am also enclosing:

1. PowerPoint presentation as given to members of the DCC committee on 20 June 2016
2. Written responses to supplementary questions asked by county councillors at the 20 June session, as sent on 22 July 2016.
3. Written responses to supplementary questions asked by councillors at the 19 September meeting, as sent on 7 November 2016.
4. 'A Guide to Property Costs 2016/17' – this document is available to download from our website at [www.property.nhs.uk/what-we-do/charges1617](http://www.property.nhs.uk/what-we-do/charges1617)

I would draw your attention to the following important points.

The transfer of the 12 community hospitals in Eastern Devon occurs because Northern, Eastern and Western Devon CCG (NEW Devon CCG) awarded the service provision contract in the

hospitals to a new provider, changing from Northern Devon Healthcare Trust (NDHT) to Royal Devon and Exeter Foundation Trust (RDEFT). The decision to transfer the hospitals to NHSPS from NDHT was made by the Department of Health.

The transfer of 11 hospitals owned on a freehold basis completed on 1 December 2016 with the twelfth, the Private Finance Initiative (PFI) leasehold interest for Tiverton Hospital, due to complete in coming weeks.

It is important to be clear that NHS Property Services is simply the landlord or leaseholder of the 12 properties involved in the transfer and does not determine what services are commissioned or provided in them or whether they are to be retained or released. These decisions are taken by healthcare commissioners, i.e. NEW Devon Clinical Commissioning Group.

NHS Property Services will continue to provide professional estates services to colleagues at NEW Devon CCG to help them develop their commissioning plans for the hospitals that have transferred, but decisions about service provision in these buildings, and their futures, rest with the CCG.

NHS Property Services is not for profit and only sells assets when the organisations that commission local healthcare - NHS England and clinical commissioning groups - tell us they are no longer needed by the NHS.

Proceeds from the sale of properties are reinvested in the NHS. These are not ring-fenced for local use but commissioners in Devon can submit a business case for funding new facilities.

Regarding the questions in your letter of 6 December 2016.

1. The move to market rents is consistent with initiatives being introduced more widely across central government to improve utilisation and value for money in property occupancy.

- a. How the market rent is applied for our occupiers depends on whether NHS Property Services has a leasehold or freehold/virtual freehold interest in the property:
- b. Freehold: Each customer's market rent will be assessed by an external valuer registered with the Royal Institution of Chartered Surveyors applying recognised professional standards (see below for further information).
- c. Leasehold: We normally hold a head lease on behalf of the NHS. The level of rent we have to pay our superior landlord is set out in the terms of this lease. We recover this cost by invoicing our customers for the same amount (plus a 5% management charge to cover our costs). Our customers' rents will be subject to the same review patterns as our head lease.

When calculating a market rental value for our freehold properties, appointed surveyors deploy the principles of property valuation and the approach set out in the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards 2014 UK Edition ('RICS VPS4') – also known as the “Red Book”. (A copy can be downloaded from this page

[www.rics.org/uk/knowledge/professional-guidance/red-book/red-book-2014-in-full](http://www.rics.org/uk/knowledge/professional-guidance/red-book/red-book-2014-in-full)). RICS publication GN60/2010, relating to the valuation of health centres, also informs the process.

To generate a rental value, the surveyor uses their experience and qualifications as a RICS Registered Valuer, applying the methodologies and requirements as prescribed in the Red Book, together with the high professional and ethical standards demanded by RICS of all Chartered Surveyors. They apply a methodology that takes into account:

- a. The values of properties in that location and the use (normally D1 healthcare), type or the bespoke nature of that building.
- b. Building information from various sources, as available, including physical inspection of the property, data held by NHS Property Services, condition reports, photography, the local knowledge of property managers and floor plans.
- c. The age and character of the building and, unless there is evidence to the contrary, the valuation is worked out on the basis that the state of repair of the building is commensurate with its age in the context of the NHS.
- d. Comparisons of a range of rental evidence from transactions on other D1 properties, with adjustments to reflect the respective merits or otherwise of the property. Note: with the exception of London, experience has shown that the healthcare market shows less regional variation than other property sectors. This is because services are provided to meet the needs of the community rather than being discretionary - and there is little regional variation in terms of the income generation for services.

Note: The rules around which building costs are footed by GPs and which are paid for them by the taxpayer are set out in a national NHS document called The NHS (General Medical Services – Premises Costs) (England) Directions 2013. Under The Directions, practices are reimbursed for the costs of their rent, rates, water charges and clinical waste by NHS England. We are not aware of any suggestion that this will change.

2. As landlord, NHS Property Services has distinct responsibilities when it comes to maintaining the buildings and grounds that it owns or leases. Charging market rents will provide the money needed for the on-going renewal of the estate, including funding maintenance and upkeep in line with our responsibilities as landlord.

Funding for projects from community groups or Leagues of Friends has always been voluntary and remains so, regardless of who owns the building. Projects funded by Leagues of Friends are generally to provide enhancements above and beyond the basic building requirements that we provide as landlord. It continues to be for local community groups to decide if they would like to fund building enhancements in consultation with the relevant NHS organisations.

Items of equipment funded by community donations are generally owned by NHS healthcare providers, as opposed to NHS Property Services.

Community donations towards buildings or equipment are always hugely appreciated by the NHS, but the buildings or equipment remain in the ownership of the NHS (whether this is an NHS Trust, NHS Foundation Trust or NHS Property Services).

It is important to remember that over time, patients and the community benefit from the presence and specific purpose of the project/equipment funded by the donation and the NHS generally meets the on-going costs associated with it, but the donation does not in itself provide rights of

ownership. Donations are made and received in good faith but as an ever-evolving organisation influenced by Government policy of the day, the NHS has never been able to provide indefinite assurances about the future use of its resources.

3. As you are aware, the Department of Health has agreed with NHS England that it will meet any increase in property costs arising as a result of market rent at a national level for 2016/17.

The uplift to NHS England's funding from the Department of Health for market rent is intended to be recurrent in subsequent years.

Importantly, as you will recall from the meeting of the Health and Wellbeing Board on 19 September, Hugh Groves, Chief Finance Officer of NEW Devon CCG, informed members that at that stage the indications were that the estimated market rent cost for the 12 hospitals was 'not materially different' to what the CCG currently paid. If, on review, this proves to be different then the CCG expectation is that NHS England will honour its commitment to fund any shortfall.

The market rent model offers benefits for our customers and the NHS – including:

1. It helps the NHS understand the true cost of occupation and reflect these transparently.
2. It informs decisions about the best location for services and investment.
3. It drives better and more efficient use of space.

I trust you find the information provided here of use to the committee - please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely



**John Westwood**

**Director of Asset Management**

cc:

- The Rt Hon Jeremy Hunt MP, Secretary of State for Health
- Sir Hugo Swire MP
- Mel Stride MP



***Property Services***

# Transfer of 12 Community Hospitals, Eastern Devon locality

Devon County Council – Health and Wellbeing  
Scrutiny Committee, 20 June 2016

Alan White, Senior Transaction Manager





# Who we are

- We own 3,500 NHS properties
- 10% of the total NHS estate
- Our focus is on driving efficiencies
- Savings are reinvested for the benefit of the NHS
- Core business areas: AM / FM
- A limited company, owned by the Secretary of State for Health



# Background

- NHS NEW Devon CCG plans to award Eastern Devon community services contract to Royal Devon and Exeter NHS FT (RDEFT)
- DH decision to transfer 12 properties to NHS Property Services from existing provider, Northern Devon Healthcare Trust (NDHT)
- ‘Changing owners every time contract changes limits long-term investment’ – DH
- NHS PS becomes landlord

# The 12 properties

- Axminster Community Hospital
- Honiton Hospital
- Tiverton Hospital
- Seaton Community Hospital
- Budleigh Salterton Community Hospital,
- Sidmouth Hospital
- Ottery St Mary Community Hospital
- Crediton Hospital
- Moretonhampstead Hospital
- Okehampton Hospital
- Exmouth Community Hospital
- Whipton Hospital.

# Market rent

- From 2016/17 financial year
- Applies to freehold properties
- Agreed with DH and NHS England
- Part of long-planned Government move across wider public sector estate
- DH to meet any increased costs in 2016/17. Decision on 2017/18+ funding this year by DH, NHSE and NHS Improvement

# Market rent

- Benefits for the NHS
  - Helps the NHS understand the true cost of occupation and reflect these transparently.
  - Informs decisions about the best location for services and investment.
  - Drives better and more efficient use of space.
- Provides the money needed for the ongoing renewal of the estate

# Role of NHS Property Services

- As part of the NHS family, our role is to work with commissioners to meet their healthcare estates requirements
- Provide professional estates services to colleagues at NEW Devon CCG to help them develop their commissioning plans for the hospitals involved in the transfer
- Hospitals remain in ownership of NHS

# Role of NHS Property Services

- **Decisions about service provision in these buildings, and their futures, rest with the CCG**
- NHS Property Services does not dispose of operational NHS sites
- NHS PS acts on the wishes of CCGs and NHSE if they declare a site surplus to NHS requirements

# Community

- Aware of keen community interest
- Community fundraising appreciated by the NHS
- Buildings (and items of equipment) are owned by the NHS
- Community benefits from the donations
- No rights of ownership
- Working relationships with Friends groups in other areas
- Seek solutions with local partners where possible



# Health hubs

- Property requirements for sites not confirmed at this stage
- Consider options once estate needs are confirmed
- Happy to work with local partners to explore options
- Seek solutions where possible

# Next steps

- Due diligence process
- Support work by CCG / Success Regime
- CCG update – Martin Sheldon
- Commissioning intentions, as opposed to market rent, are the key driver



# *Property Services*

[alan.white@property.nhs.uk](mailto:alan.white@property.nhs.uk)

**Written responses as submitted on 22 July 2016 to Devon County Council further to private members briefing on 20 June 2016.**

**1. Please explain the role of NHS Improvement or send an explanation of the NHS landscape.**

The creation of NHS Improvement was announced in July 2015 by the Secretary of State for Health. Further information can be found here: <https://improvement.nhs.uk/>

A useful guide to the NHS landscape was produced by the King's Fund in 2013. It can be viewed, along with supplementary notes regarding changes since the animation was published on this page: <http://www.kingsfund.org.uk/projects/nhs-65/alternative-guide-new-nhs-england>

**2. Request that the NHS looks at possibility of providing accommodation for nursing/medical students.**

NEW Devon CCG and NHS Property Services will consider any options available for providing this type of accommodation as part of the CCG's evolving Strategic Estates Plan.

**3. What will the market rents be for the hospitals?**

As stated at the briefing, the estimated rental value for all 12 hospitals is approximately £3.1million. This is based on 100% occupation at market rent.

**4. What is the market rent for each hospital?**

Market rent values for the individual hospitals are commercial in confidence while lease negotiations are ongoing.

**5. Re: Supplementary information in response to a general discussion and concerns about distribution of nationally pooled funds for improvement projects by NHS PS.**

Certain works, typically small-scale projects to keep our buildings statutorily and lease compliant and in a good state of repair, are carried out by NHS Property Services in line with our obligations as a landlord. Larger schemes, typically major multi-million pound projects, such as new buildings, extensions and major refurbishments, are requested by our customers. Up-front funding is normally provided by NHS Property Services, but in some cases we work with third-party development partners. These capital projects are led by commissioners and, if approved, delivered by NHS Property Services.

**6. Can you provide case studies of the spending of the proceeds of market rent?**

Market rent was only introduced in the 2016/17 financial year and as such we would be happy to provide examples of where it has provided funds for the renewal of the estate when they become available. In the interim, members may be interested to know that NHS Property Services has recently completed a £4.2million refurbishment of two wards at the Glenbourne Unit in Plymouth.

**7. Do you have a national figure for how much money you have spent/are spending to maintain your hospitals nationally/how much are you spending on maintenance?**

In 2015/16 NHS Property Services spent approximately £25million on repairs and maintenance across its portfolio. NHS Property Services also invested £55.4 million through its capital programme in 2015/16 to improve the property portfolio. Of this, £21.1 million related to new or refurbished buildings requested by customers within the NHS, and £34.3 million related to ensuring the estate managed by NHS Property Services is safe, warm, secure, and operates efficiently.

**Supplementary information from NHS Property Services – further to the meeting of Devon County Council’s Health and Wellbeing Scrutiny Committee on 19 September 2016.**

**1. Properties in the Devon area where NHS Property Services has a freehold or leasehold interest.**

The freehold ownership of the following hospitals is transferring to NHS Property Services (NHSPS) from Northern Devon Healthcare Trust (NDHT) on 1 December 2016: Axminster Community Hospital, Honiton Hospital, Seaton Community Hospital, Budleigh Salterton Community Hospital, Exmouth Community Hospital, Sidmouth Hospital, Ottery St Mary Community Hospital, Crediton Hospital, Moretonhampstead Hospital, Okehampton Hospital and Whipton Hospital. The leasehold of Tiverton Hospital (PFI), is also transferring to NHSPS from NDHT on the same date.

The transfer occurs because NEW Devon CCG has awarded the service provision contract in the hospitals to a new provider, changing from NDHT to Royal Devon and Exeter Foundation Trust (RDE). The decision to transfer the hospitals to NHSPS was made by the Department of Health.

Other properties in Devon (not including Plymouth City Council area) where NHS Property Services has a freehold or leasehold interest:

Property	NHS PS Tenure	Street	Town
Tavyside Health Centre (part)	Leasehold	The Quay Centre, Abbey Rise	Tavistock
St Leonards Practice (part)	Leasehold	Athelstan Road	Exeter
Westexe Children’s Centre (part)	Leasehold	Cowick Street	Exeter
Withycombe Centre	Freehold	Withycombe Centre	Exmouth
Stowford Rise Community Centre (part)	Leasehold		Sidmouth
Blackmore Health Centre	Freehold	Blackmore Drive	Sidmouth
Blackmore Health Centre (Car park adjacent)	Leasehold	Blackmore Drive	Sidmouth
Raleigh Building, Express Diagnostics	Leasehold	Research Way	Derriford, Plymouth
Pomona House	Leasehold	Oak View Close	Torquay
9 New North Road (The Clocktower Surgery)	Leasehold	New North Road	Exeter
Lescaze Offices (part)	Leasehold	Shinners Bridge	Dartington, Totnes
Larkby Evergreen Matford Lodge & Coach House	Leasehold	Victoria Road Park	Exeter
Ilfracombe Police Station (part)	Leasehold	Princess Avenue	Ilfracombe
Unit 1 Exeter International Office Park	Leasehold	Exeter International Office Park, Exeter Airport	Clyst Honiton, Exeter
Crown Yealm House (part)	Leasehold	Pathfields Business Park	South Molton
County Hall (part)	Leasehold	Topsham Road	Exeter
Chestnut Avenue Family Centre (part)	Leasehold	Magnolia Avenue	Exeter
Buckfastleigh Health Centre (part)	Leasehold	Bossell Road	Buckfastleigh
Brunel Dental Centre	Leasehold	Brunel Road	Newton Abbot
12 Boutport Street (part)	Leasehold	Boutport Street	Barnstaple
Bluecoats Children’s Centre (part)	Leasehold	Borough Road, Burwood	Torrington
Bideford Hospital (part)	Leasehold	Abbotsham Road	Bideford

Unit 2, Bay House	Leasehold	Riviera Park, Nicholson Road	Torquay
Barnstaple Health Centre (part)	Leasehold		Barnstaple
Trelawney Clinic	Freehold	Ham Drive	Plymouth
The Quay	Leasehold	Plymouth Road	Tavistock
Unit 3, The Hayloft	Leasehold	Puslinch, Yealmpton	Plymouth
The Byre	Leasehold	Puslinch, Yealmpton	Plymouth
Syrena House	Freehold	284 Dean Cross Road, Plymstock	Plymouth
St Olafs Chapel (Car Park)	Leasehold	Puslinch, Yealmpton	Plymouth
Plymstock Clinic	Freehold	Plymstock Clinic	Plymouth
Plympton Clinic	Freehold	Plympton Clinic	Plymouth
Pinewood Ward - Plympton Hospital	Freehold	Pinewood Ward - Plympton Hospital	Plymouth
Meadowpark Health Centre	Freehold	Meadowpark	Exeter
Lee Mill	Freehold	Lee Mill Unit	Ivybridge
Hillcrest	Freehold	Hillcrest	Honiton
Foxhayes Practice	Freehold	Civil Service Car Park	Exeter
Culm Valley Integrated Centre For Health	Leasehold	Willand Road	Cullompton
Colyton Health Centre	Freehold	Colyton Health Centre	Colyton
Bull Meadow Clinic	Freehold	Bull Meadow Clinic	Exeter
Barnes Greenways Bungalow Belmont Hospital	Freehold	Barnes/Greenway Bungalow	Tiverton

The properties in the table are not involved in the above transfer. Most will have been previously owned by the former Primary Care Trusts and Strategic Health Authority and transferred to NHSPS ownership as part of the health reforms of 2013.

It is important to be clear that NHS Property Services is simply the landlord or leaseholder of these properties and does not determine what services are commissioned or provided in them or whether they are to be retained or released. These decisions are taken by healthcare commissioners, ie clinical commissioning groups or NHS England.

## 2. What happens to disposal receipts?

Proceeds from the sale of properties are reinvested in the NHS. These are not ring-fenced for local use but commissioners in Devon can submit a business case for funding new facilities.

## 3. Donations/equipment given by the community or leagues of friends.

Many communities and Friends groups have raised vital funds for their local hospital and this is always hugely appreciated by the NHS and patients.

However, the buildings themselves are owned by the NHS (whether this is an NHS Trust, NHS Foundation Trust or NHS Property Services) and charitable donations raised by leagues of friends and other groups are gifted to the NHS for a specific purpose. Patients and the community benefit from this specific purpose but the donation does not in itself provide rights of ownership.

Donated items of equipment are generally owned by the NHS trusts or organisations providing healthcare.

#### **4 – Blackmore Health Centre, Sidmouth**

NHS Property Services is working closely with the practice on a number of business issues. Agreement with the practice has been reached on the main issues of rent and service costs that were raised at the committee meeting. The rent charged has not changed and members will be aware that GP practices are reimbursed for the costs of their rent, rates, water charges and clinical waste by NHS England.

Regarding the ownership of the practice, doctors from the surgery approached NHS Property Services in 2014 with a request to acquire the premises.

This was declined as it is in the interests of the NHS that NHS Property Services retains ownership of the property to ensure it can be used for NHS healthcare for as long as commissioners need it, and allows a strategic approach to be taken when managing the local NHS estate.

NHS Property Services is focussed on delivering premises improvements and a number of options are being considered. These include redeveloping the site to provide a purpose-built surgery with flats above it. This would ensure patients can receive treatment in a modern building and would offset some of the development costs. Parking issues and the potential need for expansion space will also be taken into consideration as part of ongoing discussions with the practice.

NHS England has indicated that in principle it would continue to reimburse the practice for these costs if a new development were approved.

**ENDS**

# A guide to property costs

From 1 April 2016, NHS Property Services is changing the way we charge our customers for property costs and the way we invoice them. This guide sets out changes that take effect from the beginning of the 2016/17 financial year and what customers can expect to see when they receive their invoices.





## Cost recovery: three years of continuity

Throughout the company's first three years of operation, NHS Property Services has charged the majority of our customers on a cost-recovery basis, meaning that the cost of running each building has been split between the occupants in proportion to the space they occupy.

Using the cost-recovery model of charging helped our customers to make a smoother transition when the Health and Social Care Act came into operation on 1 April 2013.

Consistent with initiatives being introduced more widely in central government to improve utilisation and value for money in property occupancy, properties held by NHS Property Services are to be put onto market-based rental arrangements from 1 April 2016.

## The benefits of the market rent approach

The market rent model offers substantial benefits for our customers and the NHS – including:

- It helps the NHS to reflect the true cost of providing and managing estate in its plans and decisions about the best locations from which to provide services.
- It will drive better and more efficient use of space.
- The rent is one of a set of actual costs applied transparently to each occupation, allowing invoices to be clearly itemised.
- Itemised invoicing provides clarity about costs for the use of space and services, enabling any inconsistencies to be identified.

The change to a market-rent model has been approved by both the Department of Health and NHS England.

## How will the market rent be determined?

The market-rent model applies the standard method of charging in the property industry. The rent paid by each customer depends on the value of the space they use and the terms they have agreed.

Each customer's rent is determined by applying both:

- The area used by the customer calculated according to their net internal area (NIA) including their proportion of shared areas and applying the relevant valuation principles specific to the use of the building, as defined by the Royal Institution of Chartered Surveyors (RICS); and
- The market rental rate for that letting, taking account of either the values of properties in that location and use type or the bespoke nature of that building, as well as the terms that have been agreed.

How the market rent is applied for our occupiers depends on whether NHS Property Services has a leasehold or freehold/virtual freehold interest in the property:

- **Freehold/virtual freehold:** Each customer's market rent will be assessed by an external valuer registered with the Royal Institution of Chartered Surveyors applying recognised professional standards.
- **Leasehold:** The level of rent payable will be based on our head lease rent. Our customers' rents will be subject to the same review patterns as our head lease, providing certainty on rent levels between these review periods.

Customers who have formalised their occupations by way of a lease will find that the terms give them greater certainty on future costs.

The Department of Health has agreed with NHS England that it will meet any increase in property costs at a national level. [See next page](#) for more details.



## What does this mean for occupiers' budgets?

### Ongoing property costs

Commercial occupiers (ie those who are not occupying buildings to provide NHS-commissioned services) are already charged on the basis of market rents.

For those customers who will move from cost recovery to market rent, total property costs will not necessarily be any higher than at present but may vary on a region/area basis.

The Department of Health has agreed with NHS England that it will meet any increase in property costs at a national level. The mechanism for compensating commissioners and providers of NHS services is the responsibility of NHS England and will be included in their budget guidelines.

Clarity brought by the new approach will allow customers to agree the appropriate level of funding or reimbursement with their commissioners.

### Dilapidations and reinstatement

Dilapidation and reinstatement works reflect a tenant's obligation to restore the premises to the standard of repair set out in their lease (and any licence for alterations) when returning

their premises to the landlord. These are usually assessed towards the end of the lease term. The occupier must carry out the works specified or pay compensation instead of carrying out those works.

In all cases, the dilapidations costs will be agreed with each customer on a case-by-case basis, applying established market practice.

## Clearer invoices

The introduction of market rents coincides with a clear separation of property costs on invoices into:

### Rent

What each occupier pays for the space they use.

### Capital investment

Capital investment on a tenant's own space is normally funded by the tenant. In the past, former PCTs sometimes applied an alternative approach where they funded tenants' improvements. NHS Property Services will continue to provide customers with the opportunity of funding tenants' improvements, where the cost of such capital investment will be recovered through a charge in addition to the rent. This charge will be captured in invoices under the 'Rent' category and

labelled as 'Depreciation' in the backing documentation. The charge will be amortised over a period which will be the shorter of the useful life of the asset or the period until the expiry of the lease. In the event of a lease ending earlier than the lease expiry date, any remaining balance will be chargeable at the earlier date.

### Service charge

A service charge arises in multi-occupied sites or buildings and is each occupier's share of the costs incurred by the landlord in maintaining the common parts of the building and providing services that benefit all occupiers.

The service charge includes core landlord services – such as heating, lighting, cleaning, security and waste management – and the costs of building maintenance and repairs. Our service charge also includes rates, utilities and insurance. These costs are apportioned without profit according to the net internal area attributable to each occupier.

We will include a management fee of 10% of the service charge to reflect our costs in arranging and managing the services provided to the building save for business rates, utilities and the Superior Landlord's service charge, for which NHSPS' management fee will be at 5%.

### Facilities management services

The amount charged for FM services to each customer will be the all-inclusive cost of delivering the services to them.

### Management charge for our leasehold properties

Where NHS Property Services holds a property by way of a lease, a management charge of 5% of the rent will be made. This reflects our additional costs and responsibilities in managing a leasehold property on behalf of our customers – such as dealing with our landlord.

### VAT

A building can be 'opted to tax' by a person with an interest within it – ie by its owner or a person with a leasehold interest in it – in order to recover any VAT incurred on their own expenses. Our invoices will include VAT for applicable services or where the relevant building has been 'opted to tax'.

### Frequency of invoices

Invoices for rent and landlord service charge are issued quarterly in advance and are due to be paid within 15 days of the invoice date. These quarterly invoices are followed by a year-end reconciliation – an additional invoice or credit note – to take account of the actual cost of services provided.



NOTE OF POLICE CRIME PANEL MEETING 09 DECEMBER 2016 AND  
INFORMAL MEETING HELD 3 JANUARY 2017

1. The main topic of the meeting was to consider the draft Policing Plan submitted by the PCC. The Panel was not happy with the plan and whilst in agreement with the aims and aspirations it was not considered to be sufficiently focused nor did it contain sufficient detail on how those aims were to be achieved. This was the current PCC's first attempt. The acceptance of the plan is necessary to support the budget which the PCC will be putting before the Panel on 09 February.
2. It was agreed that the PCC would take on board the views of the panel and submit a revised plan for consideration by a group of Panel members. This was done and a meeting with the PCC, senior members of her staff and 4 members of the Panel (2 from Cornwall and 2 from Devon) took place on 3 January. I was one of the Devon reps. A few small amendments were suggested and the new plan, much more focused will be presented at the PCP on 9 February.
3. The PCC is keen to have much more involvement with the various local authorities and is looking into a system of 'Councillor Advocates' to better inform her of policing, crime and safety issues. She is also setting up a system of geographical identity where members of her staff will be designated to have an overall view for specific areas. Her aim is to make the police more 'Accessible, Responsive, Informative and Supportive'. That is her 'local policing promise'
4. The original plan can be accessed online. The revised plan will be available when the agenda for the next PCP meeting is circulated.
5. Sean Sawyer, the Chief Constable, also attended the meeting on 09 December and made a presentation on the structure of the D&CC. In 2010 there were 3,556 police officers, this had fallen to 2,920 by 2011 and the assumption is that this number will fall to 2,849 by 2019-20. PCSO numbers, 360 will be maintained to 2019-20. Other police staff have fallen from 2,071 to 1,779 and planned reductions will further deplete this to 1,725. The current terrorism situation has required an increased in armed officers by a total of 36 in order to provide an additional 24 hour cover by 2 ARVs. These officers have had to come from current resources but he stressed that when on duty the ARVs are general duty response units and can be deployed to any incident unless there is an armed incident that requires them. The nature of crime has changed dramatically and people are now more at threat from cyber-crime that 'attacks' them in their home. Police officers are not necessarily the best equipped to combat this threat.

6. There is a continuing commitment to improve the 101 system. The average wait for the initial answer is between 4 and 5 minutes and the average wait to speak to someone to deal with the issue has fallen. The last figures show that 90% were dealt with within 10 minutes. But 120 minutes is a very long time when hanging on a telephone call.
7. The police is also looking to improve its technology. At the present time anything that needs 'reporting' by a police officer has to be done at a police station. They are exploring the use of tablets and similar devices to allow real time reporting of incidents.
8. The PCC is committed to supporting the Community Safety Panels and intends to maintain her financial support at current levels. She is also keen to harness community involvement and will require the police to support her by making it easier for communities to set up things like speed watch.
9. The PCP will continue to use the 'Select Committee' style in respect to scrutinise performance in specific areas of concern.
10. I will report again to EDDC Scrutiny soon after the meeting on 09 February.

Tom Wright  
Budleigh Ward  
Portfolio Holder Corporate Business  
EDDC member on the PCP

**Report to:** **Scrutiny Committee**

**Date of Meeting:** 2 February 2017

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 11

**Subject:** **Scoping of topics suggested by committee – reviewed rental of Sports and Activities Clubs; and the Thelma Hulbert Gallery.**

**Purpose of report:** To set out the options available to the committee in allocating work to the topics requested. Two topics have been scoped so far.

**Recommendation:**

- 1. Any examination of the reviewed rental of Tenanted Non-Residential Property – Sports and Activities club, and its associated rent support grant scheme, is premature at this stage and scoping should be completed after the outcome report on the scheme is reported to Cabinet on 8 February 2017;**
- 2. Examination of the Thelma Hulbert Gallery is not necessary because the gallery is demonstrating an increase in footfall and income, as well as delivery of projects and services in line with their agreed Service Plan.**

**Reason for recommendation:** Topics put forward by the committee for future work are always scoped initially. In scoping the changes in rent levels for sports and activities clubs, due process has been undertaken to review each site, consult with existing tenants, and offer a rent support grant scheme to help existing clubs as well as make transparent the element of support the Council gives to such organisations. A complete picture will be available once the Cabinet is presented with the outcomes of the support scheme and at this stage, the committee is better placed to consider if the move to rental changes has been handled to their satisfaction.

In scoping the Thelma Hulbert Gallery, the committee made clear that their primary interest was in the basic measurable elements of income and footfall, with the offer of services and delivery of projects to the community being secondary. In reviewing the recent reporting on the gallery's activities to the Arts and Culture Forum and Cabinet, as well as clear evidence of increasing income and footfall, I concluded that any further review at this stage was not necessary.

**Officer:** Debbie Meakin, Democratic Services Officer [dmeakin@eastdevon.gov.uk](mailto:dmeakin@eastdevon.gov.uk)

**Financial implications:** No direct implications at this stage.

**Legal implications:** There are no direct legal implications arising.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:** Links to related reports are in the body of the report.

**Link to Council Plan:** Continuously improving to be an outstanding council.

## Report in full

### 1. Sports and activity clubs who rent council assets

- 1.1. As part of the delivery of the council's Asset Management Plan, a review of the Tenanted Non-Residential Property (TNRP) portfolio has been undertaken. The portfolio was split into different asset clusters of which Sports & Activity Clubs is one.
- 1.2. [Cabinet received a report on 17 June 2015](#) outlining:
  - Rents paid were below market value and heavily subsidised by the Council;
  - There were inconsistencies across rents applied to clubs, historical differences that had no clear explanation on file;
  - Work was undertaken to establish what the open market rent should be, based on existing use;
  - The Council had already agreed to seek commercial return on property holdings;
  - An opportunity for tenants to apply for rent support grant.
- 1.3. The key points discussed and agreed from that meeting covered:
  - The acknowledgement of the value to local communities that clubs make;
  - Looking to those clubs having good financial and governance practices;
  - Rent support grant should show transparency of funding, and be handled by the Community Fund Panel with a clear scoring system for assessing each application.
- 1.4. Cabinet recommended that a rent support grant scheme be adopted following consultation with tenants, which was subsequently agreed at Council. Tenants would not be charged market rates until they had taken the opportunity to apply for the rent support grant.
- 1.5. Cabinet received a further report to advise of the launch of the rent support scheme at their [meeting on the 11 May 2016](#).
- 1.6. The Community Fund Panel have met on the 7 November 2016 to assess the first round of applications for rent support and Cabinet agreed their recommendations on the 11 January 2017. This included agreement that the Asset Management Forum assess this first round fully. There is therefore a danger of some duplication of work if the committee decides to undertake a review of this topic.
- 1.7. Cabinet have in their forward plan for 8 February a report on the outcomes of the rent and rent support scheme for sports and activities clubs. I recommend that the committee halts scoping of the topic until this report is published, as it should give a clear picture of the outcome of the work undertaken and determine if any further work is required in refining or revising the rent support scheme.

### 2. Thelma Hulbert Gallery

- 2.1. Regular reporting on the progress made by the THG is made to both the [Arts and Culture Forum](#) and directly to Cabinet. This includes key outputs and achievements, as well as income and footfall numbers.
- 2.2. The most recent developments have been documented in reports to the Forum and the Cabinet, as well as work through a Think Tank in assisting to help the THG find additional income, in order to help offset the cost of providing the gallery.
- 2.3. Further information can be found in the report made to [Cabinet on the 7 January 2015](#) and to [Cabinet on the 10 February 2016](#).
- 2.4. Basic information on budget, and some comparison statistics (where available) has been set out in the next two tables, but this only simplifies the picture – those numbers do not give a full picture of the social, wellbeing and economic benefits that the THG clearly continues to provide and works to increase. Examples of these benefits are set out in the reports to Cabinet referenced above.

2.5. Budget estimates/actuals

<b>Thelma Hulbert Gallery</b>	<b>Discretionary</b>		<b>To Month 9</b>		
<b>Service</b>	<b>2017/18 Budget</b>	<b>2016/17 Budget</b>	<b>2016/17 Actual</b>	<b>2015/16 Budget</b>	<b>2015/16 Actual</b>
Employees	85,580	84,110	61,993	82,000	84,327
Premises	17,060	17,550	14,680	17,000	32,883
Transport	1,510	2,000	1,564	1,990	1,654
Supplies & Services	20,340	24,390	18,293	30,620	36,822
Service Recharges	8,860	9,830	9,830	9,510	9,510
<b>Total Expenditure</b>	<b>133,350</b>	<b>137,880</b>	<b>106,360</b>	<b>141,120</b>	<b>165,196</b>
Fees and charges Income	(47,500)	(39,020)	(36,147)	(32,250)	(38,465)
Grants/Contributions/Other	(8,000)	(12,000)	(3,920)	(13,500)	(750)
<b>Net Expenditure</b>	<b>77,850</b>	<b>86,860</b>	<b>66,293</b>	<b>95,370</b>	<b>125,981</b>
Corporate Support Services	24,780	26,070	26,070	19,590	19,590
Less: Recharges to Other Services	0	0		-	
Capital Charges	0	1,450	1,450	1,470	114,785
<b>Net Cost of Service - Revenue</b>	<b>102,630</b>	<b>114,380</b>	<b>93,813</b>	<b>116,430</b>	<b>260,356</b>
Add Capital programme 2017/18					
External Capital funding					
<b>Total cost of Service/Asset</b>	<b>102,630</b>	<b>114,380</b>	<b>93,813</b>	<b>116,430</b>	<b>260,356</b>

Depreciation

## 2.6 Statistics comparison

	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
Visitors to the Gallery	10, 645	9,719	7,000
Engaged through our Outreach Programme	2,595		
Exhibitions	6	7	6
Workshops/creative activities	148	40	30
Donations	£5,300		
Artists and makers exhibiting and selling work in gallery	211	60	
Fundraised	£36,870	£15,000 for local charities	
Gallery shop takings	£34,749		
Awarded	'Small Attraction of the Year'; 'Access and Inclusivity' at the Visit Devon Tourism Awards Star Performer Award		Gold award and Winner of Winners at Devon Tourism Awards

Statistics are extracted from reporting in budget books for the three financial years



- 2.7 The committee indicated that their primary concern was evidence in an increase in footfall and in income. There has clearly been an increase in both, and taking into account the work of the gallery team, particularly in receiving recent awards, the evidence is that this increasing trend is likely to continue.
- 2.8 On that basis, I do not consider that at the current time, a review of the gallery by the committee is necessary.

**Agenda Item 12****Scrutiny Committee****Scrutiny Committee Forward Plan 2016/17**

<b>Date of Committee</b>	<b>Report</b>	<b>Lead</b>
2 Mar 2017	Broadband update Performance monitoring report Quarter 3	Cllr Phil Twiss
30 Mar 2017	Modern Day Slavery  Community Safety Partnership update and future of Community Safety Partnership Scrutiny Panel	Ch Inspector Sarah Johns and Inspector Julian Pezzani  Gerry Moore
9 May 2017		

**Work for allocation to the Forward Plan as appropriate:**

<b>Proposed date</b>	<b>Topic</b>
tbc	Portfolio Holder update reports being sought; committee can then subsequently ask the PH to attend committee on specific aspects of their portfolio
Summer 2017	Service Lead Planning Strategy and Development Management report back on performance indicator queries
tbc	Update on all beach management plans – general updates are included in the performance monitoring reports.

## Work to scope:

- East Devon Citizens Advice Bureau
- Current media protocol/communication team resource allocation